

Annual Report 2014

Swaraj Automotives Limited

Swaraj Automotives Limited

Company Secretary
RAJESH KUMAR KAPILA

Auditors
M/S J.S.CHOPRA & ASSOCIATES
Chartered Accountants

Bankers
STATE BANK OF PATIALA
AXIS BANK LIMITED

Registered Office
Phase-IV, Industrial Area
S.A.S.Nagar (Mohali)
Punjab -160 055

Works
Nabha (Distt. Patiala)
Punjab -147 201

Website
www.swarajenterprise.com

BOARD OF DIRECTORS

RAJESH JEJURIKAR
Chairman

A.K.MAHAJAN

G.RATHINAM

S.C.BHARGAVA

HARDEEP SINGH

S.DURGASHANKAR

ANNUAL GENERAL MEETING

on Thursday, 31st July, 2014
at 4.30 P.M. at Swaraj Engines Limited,
Plot No. 2, Industrial Phase IX,
S.A.S. Nagar (Mohali)
Punjab 160 062

CONTENTS	PAGE NO.
Notice of Annual General Meeting	3
Report of the Directors	13
Balance Sheet	18
Statement of Profit and Loss	19
Significant Accounting Policies	20
Notes on Accounts	22
Cash Flow Statement	36
Auditors' Report	38

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of Swaraj Automotives Limited will be held on **Thursday, the 31st day of July, 2014 at 4.30 P.M.** at Swaraj Engines Limited, Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab 160062 to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To note the retirement by rotation of Shri S.C. Bhargava (DIN 00020021), Director. Shri Bhargava has expressed his desire not to seek re-appointment. It is not intended to fill the vacancy caused by the retirement of Shri Bhargava.
4. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 139 of the Companies Act, 2013, M/s J.S.Chopra & Associates, Chartered Accountants (ICAI Registration No. 008849N), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS

5. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 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, Shri Hardeep Singh (DIN 00088096), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 30th July, 2019, not liable to retire by rotation."

6. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**

"RESOLVED that Shri S.Durgashankar (DIN 00044713), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 18th June, 2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 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, Smt. Neera Saggi (DIN 00501029), who was appointed by the Board of Directors as an Additional

Director of the Company with effect from 1st October, 2014 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company with effect from 1st October, 2014 to hold office for five consecutive years for a term up to 30th September, 2019, not liable to retire by rotation."

8. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid a remuneration of Rs.30,000/- (Rupees thirty thousand only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To consider and, if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment of Shri Arun Arora as Manager of the Company for a period of 5 years with effect from 29th April, 2014 on a remuneration of Rs.51.43 lakhs per annum which may include salary, perquisites and allowances, performance pay, contribution to Provident Fund and other retrials benefits, and such other allowances, benefits, amenities and facilities etc., as per the Company's / Mahindra Group Companies' Policy.

Provided that:

- Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of overall ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Encashment of earned leave at the end of tenure as per the rules of the Company shall not be included in the computation of overall ceiling on remuneration.
- The value of the perquisites would be evaluated as per Income-tax Rules, 1962 as amended from time to time wherever applicable and at cost in the absence of any such Rules.

FURTHER RESOLVED that approval of Company be accorded to the Board of Directors of the Company (herein referred to as 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) to revise the remuneration payable to Shri Arun Arora (herein after referred to as "the appointee"), subject to the same does not exceed the limits laid down under Section 197 read with Schedule V of the Act including any statutory modification(s) or re-enactment thereof.

FURTHER RESOLVED that where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company may pay to the appointee, the above remuneration as the minimum remuneration for a period not exceeding 3 years from the date of appointment by way of salary as specified above subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

NOTES

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. The Company's Registrar and Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Limited having their office at Sri Venkatesh Bhawan, F-65, First Floor, Okhla Industrial Area, Phase 1, New Delhi - 110020.
5. The Register of Members and Share Transfer Books of the Company will be closed from 12th July, 2014 to 18th July, 2014 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after 1st August, 2014 to those shareholders or their mandates :
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 11th July, 2014 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agents on or before 11th July, 2014.
7. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be made available at the Meeting.
9. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for and upto the financial year ended 31st March, 2006 to the Investor Education and Protection Fund (IEPF). The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 30th July, 2013 (date of last Annual General Meeting) on the website of the Company (www.swarajenterprise.com). Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof.

10. 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 their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH-13 duly filled in to Company's Registrar and Share Transfer Agent, MCS Limited at their above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
12. Payment of Dividend through ECS :
 - a) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
 - b) Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by 20th July, 2014 to Company's Registrar and Share Transfer Agent, MCS Limited. Members located in places where ECS/NECS facility is not available may submit their bank details to enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
13. For receiving all shareholder communications faster, including annual reports, the shareholders are requested to kindly register/update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with Company's Registrar and Share Transfer Agent, MCS Limited.
14. Members are requested to:
 - Intimate to the Company's Registrar and Share Transfer Agent, MCS Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form.
 - Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc., at an early date, in case of shares are held in dematerialised form. The Company will not take cognizance of any such requests directly from shareholders.
 - Quote their folio numbers / Client ID / DP ID in all correspondence.
 - consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

15. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 39th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Open email and open attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Open the internet browser by typing the URL: <https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder - Login
 - (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - (vi) Password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vii) Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.
 - (viii) Select "EVEN" (E-Voting Event Number) of Swaraj Automotives Limited which is 100426. Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ajaykcs@gmail.com with a copy marked to evoting@nsdl.co.in
- B. For the members whose email IDs are not registered with the Company/Depository Participants(s):
- (i) Initial password alongwith physical copy of the Notice of AGM is being sent separately in the permitted mode.
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of www.evoting.nsdl.com
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- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on 23rd July, 2014 (9:00 am) and ends on 25th July, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 27th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, the 27th June, 2014.
- VI. Shri Ajay K Arora, Practicing Company Secretary (Membership No.2191), Proprietor - M/s. A.Arora & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith.
- VIII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.swarajenterprise.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Delhi Stock Exchange Limited, where the shares of the Company are listed.
16. Appointment / Re-appointment of Directors
- Shri Hardeep Singh, Shri S.Durgashankar and Smt. Neera Saggi do not hold any Equity Shares in the Company.
- None of the Directors of the Company are inter-se related to each other.

Regd.Office:
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab - 160 055
Email: kapila.rajesh@mahindraswaraj.com
Dated: 27th June, 2014
CIN: L45202PB1974PLC003516

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)
Company Secretary

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the items of the Special Business.

Item No. 5

Shri Hardeep Singh is a Non-Executive-Independent Director retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 ("the Act") proposing his candidature for the office of Director of the Company.

Pursuant to the provisions of Section 149 of the Act, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Further, Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an Independent Director on its Board.

The Company has received a declaration from Shri Hardeep Singh that he meets with the criteria of independence as prescribed under Section 149(6) of the Act. In the opinion of the Board, Shri Singh fulfills the conditions specified in the Act and the Rules framed thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Shri Hardeep Singh holds a Bachelor's degree with honours in Economics and Advanced Management Program from Kellogg School of Management. He has served as Chairman, Cargill India Pvt. Ltd. and was responsible for Cargill businesses in India & Pakistan. Prior to this, he was Director- Rallis India Ltd. He has intimate involvement with managing agricultural businesses, international trade and food processing businesses.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Hardeep Singh and, therefore, recommends his appointment as Independent Director to the Members in terms of Resolution set out in Item No. 5 of the Notice.

Copy of the draft letter for appointment of Shri Hardeep Singh as an Independent Director setting out the terms and conditions would be available for inspection by members at the Registered Office of the Company during normal business hours on working days.

Shri Hardeep Singh does not hold any shares in the Company.

Except Shri Hardeep Singh, none of the Directors, key managerial personnel of the Company or their relatives is interested or concerned in the resolution.

Item No. 6

Shri S.Durgashankar was appointed by the Board as an Additional Director with effect from 18th June, 2014. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act"). The Company has received a notice in writing from a member under Section 160 of the Act proposing the appointment of Shri Durgashankar as a Director of the Company.

Shri Durgashankar is a Chartered Accountant and is currently Executive Vice President- Merger & Acquisitions (M&A) and Secretarial and Member of the Group Executive Board at Mahindra & Mahindra Ltd. (M&M). Having over 30 years of experience, he has handled a wide spectrum of Corporate Finance assignments at senior levels. As CFO of Mahindra Satyam, he provided critical leadership in setting up systems and processes in Finance, Accounts, Treasury, and Commercial Operations in addition to tackling other multiple complex matters. Before joining M&M Group he was the Group CFO of a group of businesses, with interest in the power sector.

The Board is of the view that Shri Durgashankar's knowledge and experience will be of immense value to the Company and, therefore, recommends his appointment to the members in terms of Resolution set out in Item No. 6 of the Notice.

Shri Durgashankar does not hold any shares in the Company.

Except Shri S.Durgashankar, none of the Directors, key managerial personnel of the Company or their relatives is interested or concerned in the resolution.

Item No. 7

Smt. Neera Saggi was appointed by the Board as an Additional Director with effect from 1st October, 2014. The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 ("the Act") proposing the appointment of Smt. Saggi as a Director of the Company.

Pursuant to the provisions of Section 149 of the Act, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an Independent Director on its Board. Further, as per the provisions of Section 149 (1) of the Act, the Company should have atleast one woman Director.

The Company has received a declaration from Smt. Neera Saggi that she meets with the criteria of independence as prescribed under Section 149(6) of the Act. In the opinion of the Board, Smt. Saggi fulfills the conditions specified in the Act and the Rules framed thereunder for her appointment as Independent Director of the Company and is independent of the management.

Smt. Neera Saggi belongs to Indian Administrative Services (IAS) and has served in various capacities, both in Government of India and State of West Bengal. Before taking voluntary retirement in 2008, she has handled various important assignments including Secretary to Governor of West Bengal, Deputy Chairperson - Jawaharlal Nehru Port Trust, Chairman cum Managing Director - Hindustan Diamond Company Pvt. Ltd. and Development Commissioner - SEZ, Ministry of Commerce, Govt. of India.

The Board is of the view that Smt. Saggi's knowledge and experience will be of immense value to the Company and, therefore, recommends her appointment as Independent Director to the members in terms of Resolution set out in Item No.7 of the Notice.

Copy of the draft letter for appointment of Smt. Neera Saggi as an Independent Director setting out the terms and conditions would be available for inspection by members at the Registered Office of the Company during normal business hours on working days.

Smt. Neera Saggi does not hold any shares in the Company.

Except Smt. Neera Saggi, none of the Directors, key managerial personnel of the Company or their relatives is interested or concerned in the resolution.

Item No. 8

The Board of Directors has approved the appointment of M/s Aggarwal Vimal & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 and the Board, subject to the ratification by the members, approved the remuneration of Rs.30,000/- (Rupees thirty thousand only) plus applicable taxes and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

The Board recommends the Resolution for the approval of the members in terms of Resolution set out in Item No. 8 of the Notice.

None of the Directors, key managerial personnel of the Company or their relatives is concerned or interested in the resolution.

Item No. 9

The Board of Directors in its meeting held on 29th April, 2014 has, subject to the approval of members, appointed Shri Arun Arora as Manager of the Company for a period of 5 years with effect from 29th April, 2014 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Terms of remuneration of Shri Arun Arora are set out in the Special Resolution under Item No. 9.

The Board recommends this resolution as Special Resolution for the approval of the members in terms of Resolution set out in Item No. 9 of the Notice.

Except Shri Arun Arora, none of the Directors, key managerial personnel of the Company or their relatives is interested or concerned in the resolution.

The following additional information as required by Schedule V to the Act is given below :

I. General Information

(1) Nature of Industry

The Company is in the business of manufacture of seats, seat mechanisms and agriculture implements.

(2) Date or expected date of commencement of commercial production

The Company was incorporated on 20th November, 1974 and commercial production started in the year 1977.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not Applicable

(4) Financial performance based on given indicators - as per audited financial results for the year ended 31st March, 2014

Particulars	(Rs. in crores)
Turnover & Other Income	81.26
Net profit as per Statement of Profit & Loss (After Tax)	2.35
Profit as computed under Section 198 of the Act	3.55
Net Worth	24.34

(5) Foreign investments or collaborations, if any

Nil

II. Information about the appointee

(1) Background details

Shri Arun Arora

Shri Arun Arora is a Mechanical Engineer having an experience of 28 years in the automobile and tractor industry. He joined Mahindra Group in Apr. 2007 and is looking after the operations of Swaraj Automotives Limited since Nov. 2010.

(2) Past remuneration during the financial year ended 31st March, 2014

Not applicable, fresh appointment with effect from 29th April, 2014.

(3) Recognition or awards

Career profile already covered in the section "Background details".

(4) Job Profile and his suitability

Shri Arun Arora, Manager is looking after operations of the Company. Taking into consideration his qualifications and experience in relevant fields, he is suited for the responsibilities currently assigned to him by the Board of Directors.

(5) Remuneration proposed

Remuneration of Rs.51.43 lakhs per annum which may include salary, perquisites and allowances, performance pay, contribution to Provident Fund and other retrials benefits, and such other allowances, benefits, amenities and facilities etc., as per the Company's / Mahindra Group Companies' Policy.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Taking into consideration the size of the Company and its future business plans, the profile of Shri Arun Arora and the responsibilities assigned, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointee(s) in other companies in the industry.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Besides the remuneration proposed to be paid to him, Shri Arora does not has any other pecuniary relationship with the Company or relationship with any of its managerial personnel.

III. Other Information

(1) Reasons of loss or inadequate profits

In view of the competitive auto components industry market scenario, the Company has posted a profit before tax of Rs.3.55 crores and net profit after tax of Rs.2.35 crores for the year ended 31st March, 2014.

(2) Steps taken or proposed to be taken for improvement and

(3) Expected increase in productivity and profits in the measurable terms

The Company posted an operating profit of Rs.4.00 crores for the year ended 31st March, 2014 and is focusing on widening its product portfolio to improve the profits going forward.

Regd.Office:
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab - 160 055
Email: kapila.rajesh@mahindraswaraj.com
Dated: 27th June, 2014
CIN: L45202PB1974PLC003516

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)
Company Secretary

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their 39th Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2014.

FINANCIAL RESULTS :

	(Rs. in Crores)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Net Revenue from Operations	80.64	74.94
Other Income	0.62	0.55
Total Revenue	81.26	75.49
Profit before Depreciation, Finance Charges and Tax	4.62	4.21
Finance Costs	0.02	0.02
Depreciation & Amortization Expense	1.06	0.89
Profit for the year	3.54	3.30
Prior period adjustments	(+) 0.01	(+) 0.08
Profit Before Tax	3.55	3.38
Tax Provision		
– Current	1.15	1.38
– Deferred	(0.01)	(0.30)
– Short tax provision of earlier years	0.06	0.02
Profit After Tax	2.35	2.28
Surplus – Opening Balance	3.85	2.91
Profit for the year	2.35	2.28
Surplus available for appropriation	6.20	5.19
Appropriations:		
Proposed Dividend	0.84	0.72
Tax on Dividend	0.14	0.12
Transfer to General Reserve	0.50	0.50
Surplus - Closing Balance	4.72	3.85

REVIEW OF OPERATIONS

Members may kindly note that while domestic tractor industry witnessed revival in demand during FY 2013-14, the automobile industry continued to battle with weak demand conditions. In the automobile industry, car and commercial vehicle were the worst hit segments and these industry trends had also impacted your Company's business. However, with Company's endeavor to widen its product range, setting up of facilities for agriculture implements - rotavator and rice transplanter - completed during the year and start of volume production in Q4 has helped to some extent in offsetting the impact of subdued demand trends from the automobile industry.

SWARAJ AUTOMOTIVES LIMITED

In the backdrop of above factors, your Company has posted total net revenue of Rs.81.26 crores for the year under review as against the previous year's revenue of Rs.75.49 crores. On these revenues, while profit before interest, depreciation and tax for the year under review stood at Rs.4.62 crores (previous year - Rs.4.21 crores), profit before tax for FY 2013-14 reached to Rs.3.55 crores (previous year - Rs.3.38 crores). Profit after tax for the year was Rs.2.35 crores (previous year - Rs.2.28 crores). These post tax earnings translates into an Earning Per Share (EPS) of Rs.9.79 (previous year - Rs.9.48).

DIVIDEND

Your Directors have recommended a dividend of Rs.3.50 per Equity Share of face value of Rs.10.00 each for the financial year 2013-14, as against Rs.3.00 per share declared and paid in the previous year. The dividend would be payable to those Members whose names shall appear in the Register of Members as on Book Closure date. The dividend including dividend distribution tax, surcharge and education cess would absorb a sum of Rs.0.98 crore (previous year - Rs.0.84 crore).

FINANCE

Your Directors report that the fund position of the Company stayed comfortable throughout the financial year 2013-14. As a result, after meeting routine capital expenditure and working capital requirements to support the operations, net interest income for the year was Rs.0.50 crore against Rs.0.48 crore for the previous year.

INDUSTRIAL RELATIONS

Industrial relations were cordial throughout the year under review.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company is committed towards excellence in Safety, Occupational Health and Environment. This is also to ensure sustainable business growth. The Company has a well-established Safety, Occupational and Environmental Policy which inter alia ensures safety of public, employees, plant and equipment by ensuring compliance with all statutory rules and regulations on regular basis. Your Company also imparts training to its employees as per the predefined training calendar, carries out statutory safety audits of its facilities as per legal requirement and promotes eco-friendly activities. In reiteration of its commitment to improve the well being of the employees, Medical Check-ups, both curative and preventive have been organized regularly, including educating the employees on Industrial Hygiene at the work place. The Company's Plant is ISO 14001 : 2004 and OHSAS 18001 : 2007 certified.

CORPORATE SOCIAL RESPONSIBILITY

Keeping with the Company's core value of Good Corporate Citizenship, your Company is committed to display its social responsibility by taking various initiatives benefiting the society at large. These initiatives include organizing medical camps, awareness campaign on ill effects of tobacco, plantation of trees at various locations etc.

SUSTAINABILITY INITIATIVES

Your Company is conscious of its responsibility towards preservation of natural resources and continuously taking various initiatives to reduce the consumption of electricity and water.

DIRECTORS

Consequent upon his resignation, Dr. Pawan Goenka ceased to be Director of the Company with effect from 9th April, 2014. Your Board has placed on record its deep appreciation of the valuable guidance and notable contributions of Dr. Goenka as Director and Chairman of the Company.

Shri Rajesh Jejurikar was appointed as Chairman of the Company by the Board of Director in their meeting held on 29th April, 2014.

Shri V.S.Parthasarathy, consequent upon his resignation, ceased to be Director of the Company with effect from 29th April, 2014. Your Board has placed on record its deep appreciation of the immense contributions of Shri Parthasarathy as Director of the Company.

Shri S.C.Bhargava and Shri Hardeep Singh retire by rotation at the forthcoming Annual General Meeting. Shri S.C.Bhargava has expressed his desire not to seek re-appointment. The Company does not intend to fill the vacancy caused by the retirement of Shri S.C.Bhargava. Pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, Shri Hardeep Singh, is appointed as an Independent Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on representations received from the Operating Management, and after due enquiry, confirm that :

- a) in the preparation of Annual Accounts, the applicable accounting standards have been followed;
- b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis.

AUDITORS

M/s J.S. Chopra & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and they are not disqualified for re-appointment. The Members are requested to appoint Auditors and fix their remuneration.

COST AUDITORS

In conformity with the directives of Central Government, the Board of Directors of the Company appointed M/s Aggarwal Vimal & Associates, Cost Accountants, as Cost Auditors of the Company for conducting the cost audit for the year ended 31st March, 2014. Subsequently, their appointment was also approved by the Central Government.

Further, pursuant to Section 148(3) of the Companies Act, 2013, the Board of Directors has re-appointed M/s Aggarwal Vimal & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year ending on 31st March, 2015. M/s Aggarwal Vimal & Associates have confirmed that their appointment, if approved, will be within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from disqualification specified under Section 141(3) of the Companies Act, 2013.

The Board of Directors of the Company has also received a certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

The Cost Audit Report for the financial year ended 31st March, 2013 was filed on 24th September, 2013.

DEPOSITS

The Company has not accepted deposits from the public or its employees during the year under review.

The Company has not made any loans / advances and investment in its own shares, associates, etc. during the year which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

Particulars relating to energy conservation, technology absorption and foreign exchange outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the Annexure to this report.

PARTICULARS OF EMPLOYEES

There was no employee covered by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975, as amended, who was in receipt of remuneration of Rs.60,00,000 or more per annum and was employed throughout the year ended 31st March, 2014 or Rs.5,00,000 or more per month and was employed for a part of the financial year 2013-14.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 29th April, 2014

RAJESH JEJURIKAR
Chairman

ANNEXURE TO DIRECTORS' REPORT**(Year ended 31st March, 2014)****Particulars as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2014****A. CONSERVATION OF ENERGY:**

(a) Energy Conservation measures taken:

Some of the initiatives taken by the Company during the year for conservation of energy are given below:

1. Installation of lower MT hydraulic pneumatic press in Recliner Shop.
2. Replacement of higher HP motors with lower HP motors in Heat Treatment Shop.
3. Design modification of heat treatment fixtures to optimize the charge lots.
4. Improvement in components carrying capacity of hangers used in Paint Shop.
5. Upgradation of programming for PU Machine to avoid idle running during pouring process.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil

(c) Impact of the measures taken / to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Total annual estimated savings - Rs.6.50 lacs

(d) Total energy consumption and energy consumption per unit of production as per Form-A to the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable.

B. TECHNOLOGY ABSORPTION:**Research & Development:**

1. Areas in which Research & Development is carried out: Seats & seat mechanisms and agriculture implements
2. Benefits derived as a result of the above efforts: Improvement in the business.
3. Future plan of action : Continuous focus on seats & seat mechanisms and agriculture implements
4. Expenditure on R&D

The Company spent revenue expenditure of Rs.3.45 lacs on Research & Development work during the year, which was 0.04% of the total turnover.

Technology absorption, adaptation and innovation:

On-going programmes on product improvement for performance, reliability and upgradation of products with customer as focus continued with vigour.

No technology has been imported during the last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No. 2.31 of Notes on Accounts.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 29th April, 2014

RAJESH JEJURIKAR
Chairman

BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs. in Lacs)

Particulars	Note	2014	2013
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	239.77	239.77
Reserves & Surplus	2.2	2193.57	2056.90
Non-Current Liabilities			
Other Long-term Liabilities	2.3	11.35	15.05
Long-term Provisions	2.4	272.10	265.58
Current Liabilities			
Trade Payables	2.5	1866.96	1558.37
Other Current Liabilities	2.6	154.71	167.51
Short-term Provisions	2.7	235.01	229.73
TOTAL		4973.47	4532.91
ASSETS			
Non-Current Assets			
Fixed Assets	2.8		
– Tangible Assets		1012.06	961.51
– Intangible Assets		0.36	3.02
– Capital Work-in-progress		34.21	126.33
– Capital Spares		1.12	1.53
Deferred Tax Assets (Net)	2.9	68.77	67.57
Long-term Loans & Advances	2.10	27.76	17.77
Current Assets			
Inventories	2.11	431.83	424.42
Trade Receivables	2.12	2116.08	1699.74
Cash & Cash Equivalents	2.13	847.09	902.92
Short-term Loans & Advances	2.14	434.19	328.10
TOTAL		4973.47	4532.91
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached

The Notes referred to above form an integral part of these financial statements.

For J. S. CHOPRA & ASSOCIATES
Chartered Accountants (FRN008849N)

FOR AND ON BEHALF OF THE BOARD

J.S. CHOPRA
Partner
Membership No. 087476

RAJESH K. KAPILA
Company Secretary

RAJESH JEJURIKAR
Chairman

KULVINDER S. DHIMAN
Manager - Finance

SANJEEV GOYLE
Director

Chandigarh, 29th April, 2014

Mumbai, 29th April, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014 (Rs. in Lacs)

Particulars	Note	2014	2013
Revenue from Operations (Gross)	2.15	9088.52	8509.64
Less : Excise Duty		<u>1024.97</u>	<u>1015.65</u>
Net Revenue from Operations		8063.55	7493.99
Other Income	2.16	62.52	54.90
Total Revenue		<u>8126.07</u>	<u>7548.89</u>
Expenses			
Cost of Materials Consumed	2.17	5800.37	5408.73
Changes in Inventories of Finished Goods and Work-in-Progress	2.18	(28.72)	(46.65)
Employee Benefits Expense	2.19	1317.84	1235.09
Finance Costs	2.20	2.47	1.77
Depreciation & Amortization Expense	2.8	105.86	88.74
Other Expenses	2.21	573.81	<u>531.86</u>
Total Expenses		<u>7771.63</u>	<u>7219.54</u>
Profit for the year		354.44	329.35
Prior period adjustments		(+) 0.93	(+) 8.15
Profit Before Exceptional and Extraordinary items and Tax		355.37	337.50
Exceptional and Extraordinary items		—	—
Profit Before Tax		355.37	337.50
Tax Expense			
– Current Tax	115.04		138.29
– Deferred Tax (Net)	(1.20)		(29.83)
– Short Tax provision of earlier year	6.68	120.52	<u>1.62</u>
Profit After Tax		234.85	227.42
Earning per Equity Share	2.27		
Basic / Diluted Earning Per Share (Rs.)		9.79	9.48
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached

For J. S. CHOPRA & ASSOCIATES
Chartered Accountants (FRN008849N)J.S. CHOPRA
Partner
Membership No. 087476RAJESH K. KAPILA
Company SecretaryKULVINDER S. DHIMAN
Manager - Finance

Chandigarh, 29th April, 2014

The Notes referred to above form an integral part of these financial statements.

FOR AND ON BEHALF OF THE BOARD

RAJESH JEJURIKAR
ChairmanSANJEEV GOYLE
Director

Mumbai, 29th April, 2014

1. SIGNIFICANT ACCOUNTING POLICIES**1.1 BASIS OF ACCOUNTING**

The financial statements are prepared in accordance with historical cost convention and on accrual basis, and as per applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

1.2 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the year. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known and are reflected in the financial statements in the period in which these changes are made.

1.3 REVENUE RECOGNITION

- i) Sales are recognised at the time of despatches to customers or their respective transporters for onward despatches to customers. Impact of variation in selling price with respect to despatched goods are recognised as and when confirmed. Sales include excise duty, wherever applicable. Sales are recorded net of Trade Discounts, Rebates & Sales Tax. In respect of Toolings developed for the customers to be used for the production of components, sale is recognised on completion of such Toolings.
- ii) Incomes from services rendered are booked based on agreements / arrangements with the concerned parties.

1.4 PROVISIONS & CONTINGENT LIABILITIES

Provisions are recognised if reliably estimated, and when there is a present legal obligation resulting from past events, and it is probable that there will be an outflow of resources to settle the obligation.

Contingent Liabilities are not recognised but disclosed in the Notes.

1.5 FIXED ASSETS / DEPRECIATION

- i) Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on a Straight-Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for the fixed assets mentioned in para (ii) to (v) below. Cost is inclusive of Freight, Duties, Levies and any other directly attributable cost of bringing the assets to their working condition for intended use.
- ii) Depreciation on dies manufactured by the Company is charged @ 20%. Depreciation on vehicles (cars) is charged @ 25%.
- iii) Intangible Assets (Others than Software) are stated at cost less accumulated amortisation. These are amortised over a period of 6 years, which is the estimated useful life of the asset. Software expenditure capitalised during the year is amortised over 3 years from the date of its capitalization.
- iv) Capital spares are amortised in a systematic manner over the useful life of the assets to which it relates.
- v) Assets individually costing up to Rs.5000/- are depreciated at 100% in the year of purchase.
- vi) Capital Work in progress includes cost of assets not ready for intended use before the year end.

1.6 INVENTORIES

- i) Stores, Spare Parts, Loose Tools, Raw Materials, Components and Packing Materials are valued at material cost determined on the basis of moving weighted average cost method with due provisioning for non useable / obsolete items and impact of provisioning for price variation, if any.

- ii) Work-in-progress and Finished goods are valued at lower of cost or net realisable value as certified by Management. Cost includes material cost and an appropriate portion of manufacturing overheads, wherever applicable, incurred in bringing them to their present location and condition. Finished goods include excise duty, wherever applicable.
- iii) Scrap / damaged goods value is incorporated in books on the basis of expected realisable value.

1.7 EMPLOYEE BENEFITS

Long-term and Short-term Employee Benefits

- i) All employee benefits payable within twelve months of receiving the employee services are classified as Short-term employee benefits and benefits payable after twelve months of receiving the employee services are classified as Long-term employee benefits.

These include salaries and wages, bonus, gratuity and workmen / staff welfare etc.

- ii) Contributions to various contributions schemes such as provident fund and other funds are charged to the profit and loss account, as incurred. The Company contributes to Life Insurance Corporation of India to cover its liability towards its master policies of employees' superannuation and gratuity. Payment of gratuity at the time of retirement is routed through the trust created by the company.

Leave encashment liability & gratuity has been provided on actuarial basis by Independent actuary.

1.8 RESEARCH & DEVELOPMENT

Revenue expenditure on research and development is charged to Profit & Loss Account in the year in which it is incurred.

1.9 TAXATION

- i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961.
- ii) Deferred Tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax charge or credit is recognised using current tax rate.
- iii) Deferred Tax assets arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of realisation of such amount. Other Deferred Tax assets are recognised only to the extent there is certainty of realisation in future.

1.10 GRANTS-IN-AID

Capital grants received in previous years are allocated to income over the periods and in proportions in which the depreciation on those assets is charged.

1.11 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at exchange rates prevailing at the date of transaction. Exchange differences, if any, arising on settlement of transactions except those relating to fixed assets are recognized as income or expense in the year in which they arise. In case of fixed assets, the cost is adjusted for exchange differences arising on payment of liabilities incurred for the purpose of acquiring such fixed assets.

1.12 PRODUCT WARRANTY

In respect of warranty given by the Company on sale of agricultural implements - Rice Transplanter and Rotavator, the estimated costs of this warranty are accrued at the time of sale. The estimates for accounting of warranty are reviewed and revisions are made as required.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

2.1 SHARE CAPITAL

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Authorised		
Equity Shares, Rs.10/- par value		
30,00,000 (2013 - 30,00,000) Equity Shares	300.00	300.00
Redeemable Cumulative Preference Shares, Rs.100/- par value		
50,000 (2013 - 50,000) Redeemable Cumulative Preference Shares	50.00	50.00
	350.00	350.00
Issued, Subscribed & Paid-up		
Equity Shares, Rs.10/- par value		
23,97,713 (2013 - 23,97,713) Equity Shares fully paid-up	239.77	239.77
	239.77	239.77

The Company has issued only one class of shares referred to as Equity Shares having a par value of Rs.10/-. Each Equity Shareholder is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. The Board of Directors, in their meeting held on 29th April, 2014 proposed a dividend of Rs.3.50 per equity share. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2014 amounted to Rs.98.18 lacs including corporate dividend tax of Rs.14.26 lacs (2013 - Rs. 84.15 lacs including corporate dividend tax of Rs.12.22 lacs).

Equity Shares held by Holding Company on 31-03-2014 :

– Name of Holding Company	Mahindra & Mahindra Limited
– Shares Held	17,06,925 (71.19%)

Equity Shareholders holding more than 5% shares :

Name	31.03.2014		31.03.2013	
	No. of Shares Held	% of Shareholding	No. of Shares Held	% of Shareholding
Mahindra & Mahindra Limited	1,706,925	71.19%	1,706,925	71.19%
CDC-PTL Holdings Limited	204,132	8.51%	204,132	8.51%

Reconciliation of number of Equity Shares outstanding and the amount of Share Capital :

	31.03.2014		31.03.2013	
	No. of Shares	Share Capital (Rs. in Lacs)	No. of Shares	Share Capital (Rs. in Lacs)
Number of equity shares at the beginning	2,397,713	239.77	2,397,713	239.77
Movement in equity shares during the year	–	–	–	–
Number of equity shares at the closing	2,397,713	239.77	2,397,713	239.77

In the last 5 years, the Company has not :

- allotted any shares as fully paid up pursuant to contract(s) without being received in cash,
- allotted any bonus shares,
- bought back its shares.

2.2 RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at 31st March			
	2014		2013	
Capital Reserve - Opening Balance	–		1.38	
Less : Transfer to General Reserve	–	–	1.38	–
General Reserve - Opening Balance	1672.24		1620.86	
Add : Transferred from Capital Reserve	–		1.38	
Transferred from Surplus	50.00	1722.24	50.00	1672.24
Surplus - Opening Balance	384.66		291.39	
Add : Profit for the Year	234.85		227.42	
	619.51		518.81	
Less : Appropriations				
Proposed Dividend	83.92		71.93	
Tax on Proposed Dividend	14.26		12.22	
Transfer to General Reserve	50.00	471.33	50.00	384.66
		2193.57		2056.90

2.3 OTHER LONG TERM LIABILITIES

(Rs. in Lacs)

Particulars	As at 31st March			
	2014		2013	
Grants-in-Aid (Refer Note 1.10)				
Capital Grant				
Opening Balance	15.04		18.74	
Less : Depreciation	3.70	11.34	3.70	15.04
Deposits & Earnest Money		0.01		0.01
		11.35		15.05

Capital Grant represents the un-appropriated portion of grant-in-aid received in kind, in 1997-98, from United Nations Office for Project Services for implementation of United Nations Development Programme Montreal Protocol for phasing out of CFC's in the manufacture of cold cured PU Foam.

The un-appropriated portion of grant-in-aid in previous year was as per terms and conditions of agreement between Government of India and UNDP dated 06.01.1997.

2.4 LONG TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Provision for Employee Benefits (Refer Note 1.7)		
– Provision for Gratuity (Refer Note 2.32)	189.80	189.18
– Provision for Leave Encashment	82.30	76.40
	272.10	265.58

SWARAJ AUTOMOTIVES LIMITED**2.5 TRADE PAYABLES (Refer Note 2.33)****(Rs. in Lacs)**

Particulars	As at 31st March	
	2014	2013
Trade Payables - Micro & Small Enterprises	90.85	32.25
Trade Payables - Other than Micro & Small Enterprises	1776.11	1526.12
	<u>1866.96</u>	<u>1558.37</u>

2.6 OTHER CURRENT LIABILITIES**(Rs. in Lacs)**

Particulars	As at 31st March	
	2014	2013
Grants-in-Aid (Refer Note 1.10 & 2.3)		
– Capital Grant	3.70	3.70
Deposits & Earnest Money	1.18	0.83
Advances from Customers	0.65	24.88
Unpaid / Unclaimed Dividend *	3.02	2.78
Other Liabilities		
– Salary & Other Employee Benefits Payable	81.83	70.64
– Expenses Payable	42.72	47.24
– Statutory Dues Payable	21.61	17.44
	<u>146.16</u>	<u>135.32</u>
	<u>154.71</u>	<u>167.51</u>

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2014.

2.7 SHORT-TERM PROVISIONS**(Rs. in Lacs)**

Particulars	As at 31st March	
	2014	2013
Provision for Employee Benefits (Refer Note 1.7)		
– Provision for Gratuity (Refer Note 2.32)	59.41	72.28
– Provision for Leave Encashment	76.35	64.95
	<u>135.76</u>	<u>137.23</u>
Others		
– Proposed Dividend	83.92	71.93
– Tax on Proposed Dividend	14.26	12.22
– Provision for Warranty	1.07	–
– Income Tax (net of provisions) (Refer Note 1.9)	–	8.35
	<u>99.25</u>	<u>92.50</u>
	<u>235.01</u>	<u>229.73</u>

2.8 FIXED ASSETS

(Rs. in Lacs)

(Refer Note 1.5)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as at 01.04.2013	Additions during the year	Sale/ Adjust- ments during the year	Cost as at 31.03.2014	As at 01.04.2013	Provided during the year	Disposal/ Adjust- ments during the year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
A) TANGIBLE ASSETS										
Land - Freehold	451.81	-	-	451.81	-	-	-	-	451.81	451.81
Buildings	368.65	47.21	-	415.86	234.94	13.51	-	248.45	167.41	133.71
Plant & Machinery	889.20	101.30	-	990.50	627.07	62.11	(0.19)	688.99	301.51	262.13
Electrical Installations	117.11	6.85	-	123.96	92.02	4.06	(0.01)	96.07	27.89	25.09
Furniture & Fixtures	10.27	0.79	-	11.06	8.91	0.16	-	9.07	1.99	1.36
Office Equipments	114.64	3.93	-	118.57	76.06	10.81	(0.02)	86.85	31.72	38.58
Vehicles	139.22	-	(15.19)	124.03	90.39	12.55	(8.64)	94.30	29.73	48.83
TOTAL (A)	2090.90	160.08	(15.19)	2235.79	1129.39	103.20	(8.86)	1223.73	1012.06	961.51
B) INTANGIBLE ASSETS										
Software	26.42	-	-	26.42	23.40	2.66	-	26.06	0.36	3.02
TOTAL (B)	26.42	-	-	26.42	23.40	2.66	-	26.06	0.36	3.02
GRAND TOTAL (A+B)	2117.32	160.08	(15.19)	2262.21	1152.79	105.86	(8.86)	1249.79	1012.42	964.53
Previous Year	2068.23	109.33	(60.24)	2117.32	1109.76	88.74	(45.71)	1152.79	964.53	958.47
Capital Work-in-progress									34.21	126.33
Capital Spares									1.12	1.53

Disposal / adjustment during the year include and amount of Rs.0.22 lacs over charged in earlier years.

Depreciation for the year on Motor vehicles, Air Conditioners and Coolers, Office Equipment and certain Plant & Machinery costing Rs.348.78 lacs (2013 - Rs. 338.27 lacs) has not been charged since 95% of its original cost has already been charged to depreciation.

SWARAJ AUTOMOTIVES LIMITED**2.9 DEFERRED TAX**

(Refe Note No. 1.9)

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Deferred Tax Liabilities		
– Difference between book & tax depreciation	78.14	87.30
Deferred Tax Assets		
– Provision for Employees Cost	(135.56)	(133.91)
– Others	(11.35)	(20.96)
Deferred Tax Liabilities / (Assets)	(68.77)	(67.57)

Pursuant to Accounting Standard 22 – Accounting for taxes on income, the Company estimates deferred tax liability / (asset) using the applicable rate of taxation based on the impact of timing differences between financial statements and taxable income for the current year.

2.10 LONG-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Capital Advances	6.94	–
Security Deposits		
– Considered Doubtful	1.94	1.94
Less : Provision for doubtful security deposits	1.94	–
– Others	16.54	17.03
Prepaid Expenses	4.28	0.74
	27.76	17.77

2.11 INVENTORIES

(Refer Note 1.6)

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Raw Materials & Components	241.00	268.06
Work-in-Progress	123.53	106.59
Finished Goods	31.61	19.83
Stores and Spares	24.86	21.23
Loose Tools	10.83	8.71
	431.83	424.42

Inventory as at 31st March, 2014 has been physically verified and certified by the Management.

2.12 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Debts outstanding from the date they are due for payment		
Unsecured		
For more than six months		
– Considered Doubtful	32.45	62.06
Less : Provision for doubtful debts	<u>32.45</u>	<u>62.06</u>
– Considered good	<u>140.66</u>	<u>156.28</u>
Unsecured		
For less than six months		
– Considered good *	<u>1975.42</u>	<u>1543.46</u>
	<u>2116.08</u>	<u>1699.74</u>

* Include dues from Holding Company & Associate Companies amounting to Rs.737.06 lacs (2013 - Rs.327.54 lacs) (Refer Note 2.26).

Provision for doubtful debts - as at 31st March, 2014 :

The Company periodically evaluates Trade Receivables due from its customer for their recoverability. Provision for Doubtful Debts is assessed on the basis of various factors like ability of the customer to pay and risk perception of the industry, etc. Provision for doubtful debts, at the Balance Sheet date, normally pertains to debt or dues outstanding for six months or longer from the invoice date.

2.13 CASH & CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Cash on hand	1.44	0.88
Balances with Banks		
– In Current Accounts	243.98	347.91
Balance with Banks held as Margin Money and		
Deposit against Guarantees	24.43	30.03
Other Bank Balances		
– Deposit Account with more than 12 months maturities	401.00	254.85
– Deposit Account with less than 12 months maturities	138.22	242.33
– Interest Accrued on Fixed Deposits	<u>35.00</u>	<u>24.14</u>
Unpaid/Unclaimed Dividend Accounts	<u>3.02</u>	<u>2.78</u>
	<u>847.09</u>	<u>902.92</u>

Cash and cash equivalents comprise cash balances on hand, bank balance and term deposits with banks.

Deposits are with State Bank of Patiala and Axis Bank, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Cash and cash equivalents as of 31st March, 2014 include restricted cash and bank balances of Rs.27.45 lacs (2013 - Rs.32.81 lacs). The restrictions are primarily on account of cash and bank balances held as margin money and deposits against guarantees and unpaid / unclaimed dividends.

2.14 SHORT-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

(Rs. in Lacs)

Particulars	As at 31st March	
	2014	2013
Deposit with Excise & Taxation Authorities	29.65	4.89
Insurance Claim recoverable	1.36	1.80
Prepaid Expenses	8.27	4.44
Advances to Suppliers	21.41	11.25
Advances to Employees	1.70	2.09
Balance with Excise Authorities	20.94	24.12
Security Deposits	11.70	9.70
Value Added Tax Recoverable	338.97	269.81
Income Tax (net of provisions) (Refer Note 1.9)	<u>0.19</u>	<u>-</u>
	<u>434.19</u>	<u>328.10</u>

SWARAJ AUTOMOTIVES LIMITED**2.15 REVENUE FROM OPERATIONS****(Rs. in Lacs)**

Particulars	Year ended 31st March	
	2014	2013
Sale of Products (Refer Note 2.30 A)	9009.16	8418.69
Other Operating Revenues		
– Sale of Scrap	79.36	90.95
	9088.52	8509.64

2.16 OTHER INCOME**(Rs. in Lacs)**

Particulars	Year ended 31st March	
	2014	2013
Interest Income	52.33	49.42
Profit on Sale of Fixed Assets	2.69	–
Miscellaneous Income	7.50	5.48
	62.52	54.90

2.17 COST OF MATERIALS CONSUMED

(Refer Note 2.30 B)

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2014	2013
Opening Stock	276.77	219.71
Add : Purchases	5686.27	5323.46
Job Charges	89.16	142.33
	5775.43	5465.79
	6052.20	5685.50
Less : Closing Stock	251.83	276.77
	5800.37	5408.73

2.18 CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS**(Rs. in Lacs)**

Particulars	Year ended 31st March	
	2014	2013
Opening Stock	126.42	79.77
Less : Closing Stock	155.14	126.42
	(28.72)	(46.65)

2.19 EMPLOYEE BENEFIT EXPENSE

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2014	2013
Salaries & Wages	1066.81	967.82
Contribution to Provident & Other Funds	61.35	60.75
Gratuity & Superannuation (Refer Note 1.7)	35.73	75.51
Workmen & Staff Welfare	153.95	131.01
	<u>1317.84</u>	<u>1235.09</u>

2.20 FINANCE COSTS

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2014	2013
Interest on Overdraft	–	0.01
Bank Charges	0.04	1.62
Other Interest Cost	2.43	0.14
	<u>2.47</u>	<u>1.77</u>

2.21 OTHER EXPENSES

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2014	2013
Power, Fuel & Water Charges	170.96	143.20
Consumption of Stores & Spares	34.62	52.90
Rent	4.68	10.59
Rates and Taxes	2.94	4.81
Insurance	3.39	3.16
Repairs and Maintenance		
– Buildings	3.80	1.54
– Machinery	34.75	15.13
– Others	26.25	20.10
Postage & Telephone	3.66	3.99
Printing & Stationery	8.30	9.04
Legal and Professional Charges	2.99	4.24
Advertisement	5.06	5.80
Freight Outward	168.56	169.66
Sales Promotion Expenses	5.44	6.31
Travelling & Conveyance Expenses	45.92	43.09
Provision for Doubtful Debts	24.20	11.82
Auditors' Remuneration		
– Statutory Audit Fees	0.90	0.90
– Other Services	0.77	0.77
– Reimbursement of Expenses	0.73	0.47
Tax Auditors' Fees	0.20	0.20
Cost Auditors' Fees	0.30	0.30
Directors' Sitting Fees	0.50	0.60
Design & Development Expenses	0.46	0.24
Warranty Claims	4.00	0.45
Loss on Fixed Assets Written Off	-	13.63
Miscellaneous Expenses	20.43	8.92
	<u>573.81</u>	<u>531.86</u>

2.22 The Company is having Nil outstanding as on 31st March, 2014 (2013 - Nil) against Cash Credit limit from State Bank of Patiala, secured by pari-passu first charge over stocks in trade, stores, spares and book debts and additional charge over the fixed assets of the Company.

2.23 CONTINGENT LIABILITIES & COMMITMENTS

(Not provided for in Accounts as certified by the Management)

Contingent Liabilities

Particulars	As at 31st March	
	2014 (Rs. in Lacs)	2013 (Rs. in Lacs)
Claims against the Company, not acknowledged as debts.		
i) Telephone & Telex (Disputed Amount)	1.47	1.47
ii) Employees / Workers dispute	8.00	8.00
iii) Excise / Service Tax / Sales Tax demand (pending in appeal)	124.55*	30.63
Counter guarantees to bank	11.54	18.69

*Includes Rs.99.04 lacs against demand order raised by Sales Tax Authorities on account of short submission of C Forms related to assessment of FY 2009-10. Against the said Order, the Company has filed an appeal before the Appellate Authority after depositing Rs.24.76 lacs being 25% of demand raised for considering all the balance C Forms available for re-assessment.

Commitments

Particulars	As at 31st March	
	2014 (Rs. in Lacs)	2013 (Rs. in Lacs)
Estimated amount of contracts remaining to be executed on capital account (net of advances)	86.79	15.75

2.24 CURRENT ASSETS

Parties' accounts are subject to reconciliation and confirmation by them.

2.25 As the Company's principal business activity fall within a single primary business segment, viz. "Automobile Components", the disclosure requirements of Accounting Standard - 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.

2.26 In accordance with Accounting Standard -18, the related party disclosures for the year ended 31st March, 2014 are as follows :

i) Holding Company	Mahindra & Mahindra Limited
ii) Associate Company	Swaraj Engines Limited
iii) Key Management Personnel	Shri Sanjeev Goyle

iv) Transactions with related parties :	(Rs. in Lacs)	
	Holding Company	Associate Company
a) Sale of finished goods	3795.54 (2564.37)	542.83 (420.39)
Mahindra & Mahindra Limited	3795.54 (2564.37)	– (–)
Swaraj Engines Limited	– (–)	542.83 (420.39)
b) Purchase of fixed assets	– (11.67)	– (–)
Mahindra & Mahindra Limited	– (11.67)	– (–)
c) Reimbursement in respect of services received	96.69 (98.31)	10.43 (8.87)
Mahindra & Mahindra Limited	96.69 (98.31)	– (–)
Swaraj Engines Limited	– (–)	10.43 (8.87)
d) Inter-Corporate Deposit paid	– (–)	– (–)
e) Interest paid	– (–)	– (–)
f) Dividend Paid	51.21 (51.21)	– (–)
Mahindra & Mahindra Limited	51.21 (51.21)	– (–)
Aggregate balances outstanding as at the year end		
– Receivables	656.30 (252.52)	80.76 (75.02)
– Advances Recoverable	– (–)	– (–)

Previous year's figures are given in brackets.

2.27 EARNING PER SHARE (EPS)

Particulars	Year ended 31st March	
	2014	2013
Profit attributable to equity shareholder (Rs. in lacs)	234.85	227.42
Basic/Weighted average number of equity shares	23,97,713	23,97,713
Basic / Diluted Earning Per Share (Face Value Rs.10/- per share)	Rs.9.79	Rs.9.48

2.28 Miscellaneous income under Other Income includes a sum of Rs.3.70 lacs (2013 - Rs.3.70 lacs) being the depreciation on Plant & Machinery received as Capital Grant in aid which is adjusted against the grant received.

2.29 Trade Receivables includes debts aggregating to Rs.32.45 lacs, which may be doubtful of recovery. Adequate provisions for doubtful balances have been made in financial statements. Out of provision for doubtful debts made in current / earlier years, Rs.53.81 lacs (2013 - Nil) has been written off during the year.

2.30 Information with regard to Production, Sales & Stocks, as certified by the management.

A. Production, Sales & Stock of Finished Goods

Particulars	Unit	Year ended 31st March	
		2014	2013
i) Seats for Light Commercial Vehicles			
Opening stock	Sets	9	92
Production	"	7156	9148
Sales	"	6997	9231
Closing stock	"	168	9
ii) Seats Others			
Opening stock	Nos.	392	617
Production	"	136356	109810
Sales	"	136460	110035
Closing stock	"	288	392
iii) Seat Components			
Opening stock	Nos.	4826	1541
Production	"	2310372	2383525
Sales	"	2310089	2380240
Closing stock	"	5109	4826
iv) Agricultural Implements			
Opening stock	Nos.	-	-
Production	"	267	-
Sales	"	267	-
Closing stock	"	-	-
v) Sales of Products (including Excise Duty)			
		2014	2013
		(Rs. in Lacs)	(Rs. in Lacs)
Seat Components		4169.11	4535.36
Seats of Light Commercial Vehicles		468.40	656.94
Tools, Dies & Fine Blanking Components		106.31	182.32
Exhaust Brake & Cover Service Hole		23.37	146.37
Tractor Parts		4014.30	2884.17
Combine Parts		0.17	13.53
Agricultural Implements		227.50	-
		9009.16	8418.69

B (a) Consumption of Raw Materials & Components

Particulars	Unit	Year ended 31st March			
		2014		2013	
		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
PU Foam Material	MT	174.95	288.14	170.58	263.00
CRCA Sheet & Steel Sheet	MT	1511.01	845.44	1883.41	1062.26
Paints & Chemicals	MT	119.94	184.02	97.79	144.90
Trim Comp., Frames & Silencer etc.	Nos.	6.36	481.76	6.80	525.49
	(in lacs)				
Stopper, B. Plates, Arm Plate, H Plate	"	50.21	551.09	58.32	700.50
Guide Block, Sect-disc Lever etc.	"	61.28	506.33	59.00	543.09
Upper Rail, Lower Rail, Pawl Lock etc.	"	20.72	344.67	24.18	515.40
Tractor Seat Parts	-		1280.12		998.02
Packing Materials	-		88.54		78.70
Job Work Charges	-		89.16		142.33
Others	-		1141.10		435.04
			<u>5800.37</u>		<u>5408.73</u>

Notes:

- i) It is not possible to furnish quantitative information of all the components in view of large number of items varied in size and nature.
- ii) Quantities and values of all items in Analysis of Raw Materials consumed represent the issues from stores made during the year. The figure of others is a balancing figure, based on total consumption shown in Note 2.17 and includes adjustments for excess / shortage found on physical verification.

(b) Value of imported and indigenous Raw Materials & Components, Stores and Spares etc. consumed & percentage of each to total consumption

Particulars	Year ended 31st March			
	2014		2013	
	%age	Rs. in Lacs	%age	Rs. in Lacs
a) Raw material & Components				
i) Imported	–	–	–	–
ii) Indigenous	100.00	5800.37	100.00	5408.73
	<u>100.00</u>	<u>5800.37</u>	<u>100.00</u>	<u>5408.73</u>
b) Stores & Spares				
i) Imported	–	–	5.75	3.04
ii) Indigenous	100.00	34.62	94.25	49.86
	<u>100.00</u>	<u>34.62</u>	<u>100.00</u>	<u>52.90</u>

2.31 Value of Import on CIF Basis

Particulars	Year ended 31st March	
	2014	2013
	(Rs. in Lacs)	(Rs. in Lacs)
Raw Materials & Components	–	2.42
Stores & Spares	–	2.30
	<u>–</u>	<u>4.72</u>

2.32 Employee Defined Benefits:

Defined benefit plans - as per Actuarial Valuation

	Gratuity Plan	
	2014	2013
	(Rs. in Lacs)	(Rs. in Lacs)
I. Expenses Recognised in the Statement of Profit & Loss Account		
1. Current Service Cost	20.11	19.65
2. Interest	40.15	31.73
3. Expected Return on plan assets	(18.98)	(16.81)
4. Actuarial (Gain) / Loss	(8.65)	35.40
5. Total Expense	32.63	69.97
II. Net Asset / (Liability) recognised in the Balance Sheet		
1. Present value of Defined Benefit Obligation	476.57	454.61
2. Fair Value of plan assets	227.36	193.14
3. Funded Status [Surplus / (Deficit)]	(249.21)	(261.47)
4. Net Asset / (Liability)	(249.21)	(261.47)
III. Change in the obligation during the year		
1. Present value of Defined Benefit Obligation as at beginning of the year	454.61	416.41
2. Current service cost	20.11	19.65
3. Interest Cost	40.15	31.73
4. Benefit payments	(31.63)	(49.37)
5. Actuarial (Gain) / Loss	(6.66)	36.19
6. Present value of Defined benefit Obligation as at end of the year	476.57	454.61
IV. Change in the Fair Value of Assets		
1. Fair Value of plan assets at the beginning of the year	193.14	187.91
2. Expected return on plan assets	18.98	16.81
3. Contribution by employer	44.88	37.00
4. Actual benefits paid	(31.63)	(49.37)
5. Actuarial Gain / (Loss) on Plan assets	1.99	0.79
6. Fair value of plan assets at the end of the year	227.36	193.14
7. Actual return on plan assets	20.97	17.60
V. The major categories of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
1. Imputed Rate	9.15%	8.10%
2. Expected rate of return on plan assets	9.50%	9.25%
3. In-service Mortality	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
4. Turnover Rate	5.00%	5.00%
5. Salary Rise - Officers/workers	10% / 7.5%	10% / 7.5%
6. Remaining Working life	14.28 Yrs	11.20 Yrs

2.33 Micro, Small & Medium Enterprises have been identified by the Company on the basis of information available. Total Outstanding dues of Micro & small enterprises, which are outstanding for more than stipulated period, are given below :-

	(Rs. in Lacs)	
S.No Particulars	2014	2013
(a) Dues remaining unpaid as at 31st March		
– Principal	–	–
– Interest on above	–	–
(b) Interest paid in terms of section 16 of the act along with the amount of payments made to the supplier beyond the appointed date during the year		
– Principal paid beyond the appointed date	36.95	–
– Interest paid in terms of section 16 of the act	0.09	–
(c) Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	–	–
(d) Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	–	–
(e) Amount of interest accrued and remaining unpaid as at 31st March	–	–

2.34 Prior period adjustments includes income / expenses pertaining to earlier years amounting to Rs. 0.93 lacs (2013 - Rs.8.15 lacs).

2.35 Previous year figures have been regrouped / recast, wherever necessary, so as to correspond with those of the current year.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Rs. in Lacs)

	2014		2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary Items		355.37		337.50
Adjustments for :				
Depreciation	105.86		88.74	
Interest Paid	2.43		0.14	
Provision for Earned Leave & Gratuity	5.05		50.61	
Provision for Doubtful Debts & Warranty	25.27		11.80	
Interest Income	(52.33)		(49.42)	
Profit on Sale of Assets	(2.69)		-	
Adjustment in fixed assets	(0.22)		14.53	
Capital grant-in-aid	(3.70)	79.67	(3.70)	112.70
Operating Profit before Working Capital Changes		435.04		450.20
Adjustments for:				
Trade Receivables	(440.54)		120.97	
Inventories	(7.41)		(103.01)	
Loans & Advances	(115.89)		(41.03)	
Trade Payables	295.79	(268.05)	74.42	51.35
Cash Generated From Operations		166.99		501.55
Direct taxes refund/(paid)		(130.26)		(154.49)
Net Cash From Operating Activities		36.73		347.06
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(67.55)		(235.91)	
Sale of Fixed Assets	9.24		-	
Interest received	52.33	(5.98)	49.42	(186.49)
Net Cash Used in Investing Activities		(5.98)		(186.49)

(Rs. in Lacs)

	2014	2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Corporate Loans	–	–
Dividend paid	(84.15)	(83.60)
Interest Paid	<u>(2.43)</u>	<u>(0.14)</u>
Net Cash Used in Financing Activities	(86.58)	(83.74)
Net Increase/(Decrease) in Cash & Cash Equivalents	<u>(55.83)</u>	<u>76.83</u>
Opening Cash & Cash Equivalents (#1)	902.92	826.09
Closing Cash & Cash Equivalents (#2)	847.09	902.92
#1 Cash & Bank Balances	902.92	826.09
Cash Credit Account	–	–
Opening Cash & Cash Equivalents	<u>902.92</u>	<u>826.09</u>
#2 Cash & Bank Balances	847.09	902.92
Cash Credit Account	–	–
Closing Cash & Cash Equivalents	<u>847.09</u>	<u>902.92</u>

Notes:

- 1 The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- 2 Figures in bracket indicates the cash outgo.
- 3 Previous year figures have been regrouped wherever found necessary.

As per our report of even date attached

For J. S. CHOPRA & ASSOCIATES
Chartered Accountants (FRN008849N)

J.S. CHOPRA
Partner
Membership No. 087476

RAJESH K. KAPILA
Company Secretary

KULVINDER S. DHIMAN
Manager - Finance

Chandigarh, 29th April, 2014

FOR AND ON BEHALF OF THE BOARD

RAJESH JEJURIKAR
Chairman

SANJEEV GOYLE
Director

Mumbai, 29th April, 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SWARAJ AUTOMOTIVES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Swaraj Automotives Limited ('the Company') which comprise the Balance Sheet as at 31 March 2014, the statement of Profit and Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the Directors as on 31st March 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For J.S. CHOPRA & ASSOCIATES
Chartered Accountants
(FRN 008849N)

JAGDEEP S. CHOPRA, FCA
Partner
Membership No. : 087476

Place : Chandigarh
Dated : 29th April, 2014

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Swaraj Automotives Limited ('the Company') for the year ended 31 March 2014. We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us, the management has a policy of physical verification of fixed assets in a phased manner. Some of these fixed assets have been physically verified by the management during the current year and the discrepancies noticed on comparison between book records and physical inventory were not material and have been properly dealt with in the books of accounts. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. (a) The inventories have been physically verified by the management during the year and at the year end. In our view, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the records of inventories, we are of the opinion that the Company has maintained proper records of inventories. According to the information and explanations given to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records, and these have been properly dealt with in the books of accounts.
3. According to the information and explanation given to us, the Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control system.
5. We have been informed that the Company has not made any transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of business of the Company.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

9. In respect of statutory dues:

- (a) According to information and explanations given to us, and the records of the Company, examined by us, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues where applicable, have been generally regularly deposited during the year with the appropriate authorities.

According to information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding for a period of more than six months as at 31 March, 2014 from the date they became payable.

- (b) The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are reported below. According to the information and explanations given to us, the following dues of Excise Duty, Service Tax, Sales Tax have not been deposited by the Company on account of disputes.

S.No.	Name of the Statute	Nature of the dues	Amount of Tax Liability (Rs. Lacs)	Period to which the amount relates	Forum where dispute is Pending
1.	Central Excise	Excise Duty	0.34	2005-06	Appellate Tribunal
2.	Central Excise	Excise Duty	9.78	2005-06 to April 2008	Appellate Tribunal
3.	Central Excise & Service Tax	Excise Duty on Depot handling Charges	15.39	2008-09 to July 2009	Excise – Chandigarh
4.	Sales Tax	Assessment Case – Demand Notice for short Submission of "C" Forms	99.04	2009-10	DETC – Patiala
	Total		124.55		

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to information and explanations given to us, the Company has not given any guarantee during the year, for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
16. According to information and explanation given to us, the Company did not have any term loans outstanding during the year.
17. In our opinion and according to information and explanation given to us, during the year the Company has not used the funds raised on short term basis for long term investment and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For J.S. CHOPRA & ASSOCIATES
Chartered Accountants
(FRN 008849N)

Place : Chandigarh
Dated : 29th April, 2014

JAGDEEP S. CHOPRA, FCA
Partner
Membership No. 087476

SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Registered Office :

Phase-IV, Industrial Area, S.A.S. Nagar (Mohali), Punjab-160 055

39th Annual General Meeting - 31st July, 2014

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

NAME OF THE SHAREHOLDER/PROXY
ADDRESS

Folio No.

No. of Shares held :

DP ID*

Client ID*

I hereby record my presence at the 39th ANNUAL GENERAL MEETING of the Company at Swaraj Engines Limited, Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab -160 062 on Thursday, the 31st July, 2014 at 4:30 p.m.

*To be used for shares held in
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Regd. Office: Phase IV, Industrial Area, S.A.S.Nagar (Mohali), Punjab-160055

Email:salinvestor@mahindraswaraj.com, Website: www.swarajenterprise.com

Name of the Member (s):
Registered Address:
Email id:
Folio / DP ID-Client ID No:

I/We, being the member(s) of _____ shares of the above named Company hereby appoint :

- (1) Name _____ Address _____
E-mail id _____ Signature _____ or falling him;
- (2) Name _____ Address _____
E-mail id _____ Signature _____ or falling him;
- (3) Name _____ Address _____
E-mail id _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39th Annual General Meeting of the Company, to be held on Thursday, 31st July, 2014 at 4.30 p.m. at Swaraj Engines Limited, Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab - 160062 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions

Optional*

Resolutions		For	Against
1	Adoption of Financial Statements for the year ended 31st March, 2014, Reports of the Directors and Auditors		
2	Declaration of Dividend on Equity Shares		
3	To note the retirement by rotation of Shri S.C.Bhargava, Director. Shri Bhargava has expressed his desire not to seek re-appointment. It is not intended to fill the vacancy caused by the retirement of Shri Bhargava.		
4	Appointment of Auditors and fix their remuneration		
Special Business			
5	Appointment of Shri Hardeep Singh as an Independent Director		
6	Appointment of Shri S.Durgashankar as Director		
7	Appointment of Smt. Neera Saggi as an Independent Director		
8	Approval of the remuneration of Cost Auditors		
9	Appointment of Shri Arun Arora as Manager		

Signed this _____ day of _____ 2014

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 39th Annual General Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in the above box before submission.