

ANNUAL REPORT 2017



SWARAJ AUTOMOTIVES LIMITED

Swaraj Automotives Limited

Company Secretary

GAGAN KAUSHIK

Auditors

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

Bankers

STATE BANK OF PATIALA
AXIS BANK LIMITED

Registered Office

C-127, IV Floor, Satguru Infotech
Phase VIII, Industrial Area,
S.A.S.Nagar (Mohali)
Punjab -160 071

Works

Nabha (Distt. Patiala)
Punjab -147 201

Website

www.swarajautomotive.com

BOARD OF DIRECTORS

J.B. KAPIL

Chairman

R.K. SHARMA

Managing Director

JEEVAN MAHALDAR

Executive Director

JAMIL AHMAD

RAJIV SHARMA

NAMRATA JAIN

ANNUAL GENERAL MEETING

on Friday, 11th August, 2017
at 3.00 P.M. at Hotel Cama,
S.C.O. 13-18, Phase-3A, Sector 53,
S.A.S. Nagar (Mohali)
Punjab 160 059

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of Swaraj Automotives Limited will be held on **Friday, the 11th day of August, 2017 at 3.00 P.M.** at Hotel Cama, SCF-13-18, Sector-53, Phase-3A, S.A.S Nagar (Mohali), Punjab-160059 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017 including the Audited Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss and Cash Flow 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 appoint a Director in place of Mr. Jamil Ahmad (DIN: 07171910) who retires by rotation and, being eligible, offers himself for re-appointment.
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 the provisions of Section 139, Section 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Audit Committee, M/s Mangla Associates, Chartered Accountants (ICAI Registration No. 006796C), be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting ('AGM'), until the conclusion of the fifth consecutive AGM of the Company to be held in year 2022 (subject to ratification of the appointment by the Members at every AGM), 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 Resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, 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) and pursuant to the recommendation of the Audit Committee, the remuneration payable to M/s Aggarwal Vimal & Associates, Cost Accountants having Firm Registration No. 000350, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, amounting to Rs.50,000/- (Rupees Fifty 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, be ratified and confirmed.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, matters and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to SEBI (Issue of Sweat Equity) Regulations, 2002, Section 54, and other applicable provisions, if any, of the Companies Act, 2013, applicable rules and in accordance with the provisions of Articles of Association of the Company, consent of the shareholders be and are hereby accorded to issue and allot 8.82 percent of the existing equity share capital i.e. 211, 478 Equity Shares of the Company by way of Sweat Equity to Mr. Jeevan Mahaldar, Executive Director of the Company."

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FURTHER RESOLVED THAT the Sweat Equity shares shall be issued subject to compliance of applicable laws and regulations and as soon as the promoters have reduced their shareholding to 75% in the Company, which shall not be later than a year from the date of the resolution passed by the Board of Directors in their meeting held on 10th February, 2017.

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 for such purpose and with power on behalf of the Company and to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the shareholders of the Company, 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 & Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Share Transfer Agent Limited having their office at 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 15th July, 2017 to 21st July, 2017 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after 12th August, 2017 to those shareholders or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 14th July, 2017 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 14th July, 2017.
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 125 of the Companies Act, 2013, the Company has transferred unclaimed dividends for and up to the financial year ended 31st March, 2009 to the Investor Education and Protection Fund (IEPF). The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 10th August, 2016 (date of last Annual General Meeting) on the website of the Company (www.swarajautomotive.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 Share Transfer Agent 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 21st July, 2017, to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent 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, M/s MCS Share Transfer Agent Limited.
 14. Members are requested to:
 - Intimate to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent 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.
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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, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 42nd 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 shareholders may cast their vote using an electronic voting system from a place other than the venue of the meeting ("Remote e-voting").

The instructions for remote 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 the 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. 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 Participant(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 or call on toll free number 1800-222-990.
- 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 remote e-voting period commences on 8th August, 2017 (9:00 am) and ends on 10th August, 2017 (5:00 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 4th August, 2017, 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 or cast the vote again. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- V. The facility for voting through ballot will also be made available at the AGM and shareholders attending the AGM who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM.
- VI. 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 4th August, 2017.
- VII. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 4th August, 2017, may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or Registrar and Share Transfer Agent of the Company.

If the shareholder is already registered with NSDL for remote e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.

- VIII. Mr. 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 and he has communicated his willingness to be appointed and will be available for same purpose.
- IX. The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- X. As per Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the results of e-voting are to be communicated to the BSE Limited, where the equity shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.swarajautomotive.com and on the website of NSDL.
- XI. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 11th August, 2017.

16. Re-appointment of Directors

Mr. Jamil Ahmad shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Jamil Ahmad does not hold any Equity Shares in the Company.

None of the Directors of the Company are inter-se related to each other.

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In respect of the information to be provided under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to the Directors being re-appointed, Members are requested to kindly refer to the chapter on Corporate Governance in the Annual Report.

17. The route map of the venue of the Meeting is attached to the Notice.

Regd. Office :
C-127, IV Floor, Satguru Infotech
Phase-VIII, Industrial Area,
S.A.S.Nagar (Mohali), Punjab - 160 071
Tel: 0172-4650377, Fax: 0172-4650377
Email: kaushik.gagan@swarajautomotive.com
Website: www.swarajautomotive.com
CIN: L45202PB1974PLC003516

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)
Company Secretary

Ghaziabad, 12th May, 2017

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

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s Aggarwal Vimal & Associates, Cost Accountants, (FRN : 000350) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 and the Board, subject to the ratification by the members, approved the remuneration of Rs.50,000/- (Rupees Fifty 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. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Board recommends the Resolution for the approval of the members in terms of Resolution set out in Item No. 5 of the Notice.

Item No. 6

The Board of Directors in its meeting held on 10th February, 2017 has, subject to the approval of members, approved to issue 8.82 percent of the existing equity share capital i.e. 211,478 equity shares of Company by way of sweat equity to Mr. Jeevan Mahaldar, Executive Director of the Company.

Mr. Jeevan Mahaldar has been appointed Executive Director of the Company with effect from 4th February 2016. Mr. Jeevan Mahaldar has over 30 years of senior management experience in automotive parts industry in India and overseas. He retains high regard of managerial, sales capabilities in the Industry and enjoys relationships at highest levels in the Industry.

With his joining, Mr. Mahaldar thus brings value addition to the Company by sharing his industry knowledge, business association & relationship in India and abroad. Thus Continuation of Mr. Jeevan Mahaldar will be critical for development of business and its growth plans including new areas of business.

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Accordingly, the Board of Directors has decided that Mr. Jeevan Mahaldar be given 8.82 percent of the existing equity share capital i.e. 211,478 equity shares of Company by way of sweat equity, in lieu of the value addition that he brings to the Company.

These sweat equity shares shall be issued subject to compliance of applicable laws; regulations; and approval of shareholders; and as soon as the promoters have reduced their shareholding to 75% in the Company, which shall not be later than a year from date of resolution passed by the Board of Directors in their meeting held on 10th February, 2017.

Summary of the proposed issue as per SEBI (Issue of Sweat Equity) Regulations, 2002 and other applicable laws and guidelines as below :

| Sr.No. | Particulars | Details |
|--------|---|---|
| 1. | The total number of shares to be issued as sweat equity. | 2,11,478 Equity shares |
| 2. | The current market price of the shares of the company. | Rs.52.90 * |
| 3. | The value of the intellectual property rights or technical know-how or other value addition to be received from the employee or director along with the valuation report / basis of valuation. | 365.22 Lakhs |
| 4. | The names of the employees or directors or promoters to whom the sweat equity shares shall be issued and their relationship with the company. | Mr. Jeevan Mahaldar, Executive Director |
| 5. | The consideration to be paid for the sweat equity. | Non cash consideration i.e. in the form of value addition by Mr. Jeevan Mahaldar |
| 6. | The price at which the sweat equity shares shall be issued. | Rs. 172.70 per share ## |
| 7. | Ceiling on managerial remuneration, if any, which will be affected by issuance of such sweat equity. | NA # |
| 8. | Diluted Earnings per Share pursuant to the issue of securities to be calculated in accordance with International Accounting Standards / standards specified by the Institute of Chartered Accountants of India. | Rs. 8.55 (Based on PAT for the year ending March 2017) |

*market rate of share on BSE on the date of BM approved the notice has been consider

the said issue does not attract managerial remuneration ceiling as the Company will capitalize the value addition and being a part of assets as per regulation 11 of SEBI (Issue of Sweat Equity Regulations), 2002.

value is derived by dividing Mr. Jeevan Mahaldar's value addition by the number of shares offered to him.

The members may further be informed that the company shall adhere to the accounting policies as prescribed by the relevant authorities from time to time.

The valuation report (dated 20th October, 2016) carried out by a registered valuer M/s Corporate professional capital private Limited is given below:-

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EXECUTIVE SUMMARY & VALUE RECOMMENDATION

Background

Swaraj Automotives Limited (SAL) was initially incorporated as Punjab Scooters Limited in 1974 to manufacture Scooters. However, SAL later discarded the unviable scooter line and then ventured into the manufacturing of Automobile Seats, Seat Mechanisms and other related products. The Company's name was also changed to Swaraj Automotives Limited from Punjab Scooters Limited in 1998. SAL is now making seats and seat mechanism for tractors, commercial vehicles for leading automobile companies in the country. The Company was part of "SWARAJ Group Of Companies".

In 2007 Swaraj group was taken over by Mahindra group and subsequently Mahindra & Mahindra increased its shareholding to 71.19% in SAL.

On 16th October 2015, M/s. b4S Solutions Private Limited (referred as Acquirer) acquired 71.19% stake from Mahindra & Mahindra by entering into Share Purchase Agreement (SPA) at a price of INR 145.50 per equity share. Pursuant to SPA, Acquirer made Public Announcement (PA) to acquire 28.81% paid up equity share capital of the Company pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 at a price of INR 145.50 per equity share. During the Open Offer period Acquirer acquired 17.09% equity stake of the Company. Now as on 30th June, 2016 Acquirer holds 88.28% stake in SAL.

The shares of the Company are listed at BSE. However, we understand that its shares at present are infrequently traded.

We have been represented by the management that the Company wants to derive the fair value of the efforts and contributions of Mr. Jeevan Mahaldar (Executive Director) which helped the Company to gain various tangible & intangible benefits paving the way for the Company for its growth and prosperity. Thus, in this respect, we as a SEBI Registered (Category I) Merchant Banker have been appointed by Company to determine the value of value-additions that can be attributed to the efforts and leadership for the purpose of issue of sweat equity shares pursuant to Rule 8(7) of Companies (Share Capital and Debentures) Rules, 2014.

This Valuation analysis and result relies upon the information pertaining to the Company substantially contained herein and which inter alia has been provided to us by the key management of the Company as well as the information available in public domain till the valuation date only. Any new information after the valuation date may impact the value recommendation significantly and we cannot comment on the same.

It is pertinent to mention that the accurate quantification of the intangible gains made by the Company consequent to the contribution of Mr. Jeevan Mahaldar is difficult to be ascertained in absolute numerical terms and involves careful consideration and review of various parameters that directly and / or indirectly contribute to business expansion with consequent accretion in value. These include the general economic outlook as well as the current and expected conditions in the business environment and the industry's relationship with the economy, the competitive environment prevailing within the industry, the relative competitive advantages of the business in terms of its service capability, management capabilities and the quality of the clients of the entity, the management of the Company, the historical financial and operational performance of the business, etc.

Valuation Methodologies Adopted:-

The following is the summary with respect to use of methodology considered by us to calculate valuation of the value-additions to the Company. All other popular methods of valuation were considered inappropriate or suboptimal for current analysis.

Discounted Free Cash Flow (DFCF) Methodology: We have considered DFCF method in our valuation analysis on the basis of the Management certified projected financial statements of the Company (with and without Contribution of Mr. Jeevan Mahaldar) provided to us factoring in the Projected Capital expenditure and Revenue plan of the next five years starting from 1st July 2016 and ending 31st March 2021. We have further made necessary adjustments in derived equity value to calculate Net Value Additions solely due to efforts of Mr. Jeevan Mahaldar.

The valuation of Sweat Equity is summarized below :

| Particulars | Amount INR Lacs |
|---|-----------------|
| Equity Value of the Company as per DFCF Methodology (With Contribution of Mr. Jeevan Mahaldar) | 5,334.33 |
| Equity Value of the Company as per DFCF Methodology (Without induction of Mr. Jeevan Mahaldar) | 4,065.91 |
| Incremental value by Mr. Jeevan Mahaldar and team members | 1,268.41 |
| Less: 70 % being attributable to team members & company branding | 887.89 |
| Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar | 380.52 |
| Less: Remuneration paid from 4th February 2016 to 30th June 2016 to Mr. Jeevan Mahaldar | 15.30 |
| Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar over and above the remuneration | 365.22 |

Notes:

1. We have been appraised that the size of the Management team is about 10 in number.
2. Mr. Jeevan Mahaldar has drawn remuneration from 4th February 2016 to 30th June 2016 of INR 15.30Lacs which has been duly adjusted.

Based on our Analysis of the Company and subject to our comments and caveats as further detailed in this report, we have arrived at the value of the value-additions made by Mr. Jeevan Mahaldar (Executive Director) in his personal capacity over and above the remuneration paid to him upto 30th June, 2016 is INR 365.22 Lacs

Please note that our Value Recommendation should not be construed as an Investment Advice and specifically we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

PURPOSE OF VALUATION, SCOPE & LIMITATIONS

ABOUT THE TRANSACTION:-

Based on the discussions held with the Management and Key Managerial Personnel (KMP's), we understand that the Company believes that the efforts and contributions of Mr. Jeevan Mahaldar, a Qualified MBA & Mechanical Engineer who has helped the Company to gain various intangible benefits over and above the tangible benefits which paved the way for the Company for its growth and prosperity. Thus, in this respect, we as a SEBI Registered (Category I) Merchant Banker have been appointed by Company to determine the value of value-additions that can be attributed to the efforts and leadership of Mr. Jeevan Mahaldar pursuant to Rule 8(7) of Companies (Share Capital and Debentures) Rules, 2014.

BRIEF PROFILE OF MR. JEEVAN MAHALDAR:-

Mr. Jeevan Mahaldar a BE - Mechanical and Master in Business Administration with specialization in Marketing and Business Development, Certified Lead Auditor from TQMI, and Tata Group joined Swaraj Automotive Limited's board on 3rd February, 2016 and was appointed Executive Director on 4th February, 2016. During his industry working of 36 years Mr. Mahaldar had worked with renowned business groups/companies. Since July'2014 he is working as Consulting Advisor Automotive for Navis Capital Partners, Malaysia advising them on engineering and automotive business worldwide.

During the period from January 2007 to July 2014 he was associated with Minda group as Managing Director of MindaValeo, Pune (a JV with Valeo, France) from April 2013 to July 2014 and as Managing Director of Minda Corporation from January 2007 to March 2013. During his tenure with Minda group he achieved notable milestones. At the helm of affairs of Minda Corporation, he led the company to grow from Rs. 175 crores to Rs 1,100 crores business in the span of 6 years. He received ACMA GOLD INNOVATION AWARD for two years in a row, guided IT department to prepare IT road map and implemented SAP in the group, acquired technology

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for PEPS and Door Latches, created successfully JVs with Valeo of France, NEC of Japan, Murakami of Japan, Ficosa of Spain, Orbital of Australia and Castellon of Spain. He led the team to raise funds for Minda Corporation through private equity. In September 2013 was awarded Mahindra supplier Evaluation Award which enhanced Minda's ranking as preferred automotive supplier.

During the period from 1998 to 2006, he has worked as CEO with TATA Ficosa Automotive and converted the organization from RED (with 70% equity dilution) to BLACK. During the period of 5 years company's financials changed from Rs. 27 MN carry forward losses to Rs. 70 MN profit on Rs. 950 MN turnover. Mr. Mahaldar led acquisition of Mirror business of MagnetiMarelli group of Italy and WILKE of Germany. He spearheaded technology transfer negotiation with Murakami Corporation of Japan. He was given Technology Innovation Award by Toyota.

Mr. Mahaldar worked with MindaHuf Ltd. as Sr. Vice President during the period from June 1992 to February 1998, under his leadership through extensive re-engineering turnover increased ten times and also handled creation of JV with HUF of Germany.

During the period from 1980 to 1992, Mr. Mahaldar worked with Singer India, Shriram Pistons and Molins India (subsidiary of Molins, UK). He was instrumental behind implementation of benchmarking practice in Singer world, negotiated technology transfer from SUP Taiwan to Singer India, upgraded quality standard in Singer India at par with other Singer global standard.

Mr. Mahaldar is a true business leader and result oriented Manager, he got expertise on forming long term and short terms business strategies, extensive international exposure. He is strong on Change Management, Customer Relationship Management and Operation Management. He got command on HR/ER issues. He has excellent track record on quality control process and have uplifted quality standards. He got sound understanding of Kaizen, TQM, 5S, Lean Manufacturing.

Contribution of Mr. Jeevan Mahaldar on SAL business

Mr. Mahaldar was key instrumental behind acquisition of SAL by b4S group. After his coming on SAL's board, team SAL is excited and energized. He has given new direction to the operational team, under his guidance SAL has adopted new strategy for preparation of Annual Operating Plans with new given below strategy

| | | |
|-------|----------|--------|
| 3 | 2 | 3 |
| ↓ | ↓ | ↓ |
| Three | Double | Triple |
| Years | Turnover | Profit |

Under the leadership and guidance of Mr. Mahaldar, go forward business strategy has been crafted and department wise operational strategies has been developed and implementation is in process. Manufacturing processes are being re-engineered, R & D department has been strengthened and focus has been assigned the job to develop new products which are compatible with the latest technology used by automobile industry. Dashboards has been developed for all the departments and being reviewed regularly to monitor the progress of the defined KPIs to achieve the desired performance level.

Cost Reduction strategy has been crafted, CRE (Cost Reduction Engineering) targets taken by all the departments to bring down the cost of manufacturing to make it comparable with market leaders and finally become the benchmark for other manufacturers. Mr. Mahaldar reviews the progress regularly to ensure that team is right on the track to achieve the set goals.

Under revised sales strategy, Agriculture Equipment segment has got high focus, under B2C model SAL's own sales network through distributor channel is being set up to sell Agriculture products. Sales team has been planned in major states having agriculture base, strengthened R & D department is working on development of new agriculture products to enlarge Agriculture products basket and take advantage of the agriculture implement growth in coming years as per the direction of PM to uplift the agriculture and improve contribution of agriculture growth in Indian GDP.

SCOPE OF SERVICES:-

This valuation report has been prepared by M/s Corporate Professionals Capital Private Limited, SEBI Registered (Category - I), Merchant Banker to determine the value of value-additions that can be attributed to the efforts and leadership of Mr. Jeevan Mahaldar.

SOURCES OF INFORMATION RELIED UPON:-

- Review and analysis of corporate documents including but not limited to;
 - a) Discussions with KMP's of the Company;
 - b) Provisional Balance Sheet of the Company as on 30th June, 2016;
 - c) Provisional Profit and Loss Account of the Company for the period ended 30th June, 2016;
 - d) Management Representation Letter provided to us;
 - e) Capitaline Database and other information in public domain.

LIMITATION OF REPORT:-

This valuation report has been prepared on the basis of the provisional financial statement for the period ended 30th June, 2016 and other information provided by the management.

The Valuation exercise was carried out under the following limitations:

- The Valuation analysis of equity shares is based upon the values appearing in the provisional financial statement of the Company for the period ended 30.06.2016 and is based upon various assumptions made by Company relating to the operations of its business and any change in these assumptions may have an impact on the conclusion of this report.
- Our Valuation & Analysis and the conclusions drawn there are further based on number of factors which are largely dependent upon the prevailing business and Industry conditions as on the valuation date and explanations provided by the Management. We presume that the Board of Company has taken reasonable care to ensure that all relevant information which could have an impact over the Valuation has been duly disclosed & made available to us.
- We have solely relied on the information provided by the management in respect of its past activities and future business plans.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the Company.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

VALUATION METHODOLOGIES, APPROACH AND ANALYSIS

It is pertinent to mention that the accurate quantification of the intangible gains made by the Company consequent to the contribution of Mr. Jeevan Mahaldar is difficult to be ascertained in absolute numerical terms and involves careful consideration and review of various parameters that directly and / or indirectly contribute to business expansion with consequent accretion in value. These include:

- The general economic outlook as well as the current and expected conditions in the business environment and the industry's relationship with the economy.
 - The competitive environment prevailing within the industry.
 - The relative competitive advantages of the business in terms of its service capability.
 - Management capabilities and the quality of the clients of the entity.
 - The management of the Company.
 - The historical financial and operational performance of the business, etc.
-

METHODOLOGY CONSIDERED FOR VALUATION ANALYSIS

- Discounted Free Cash Flow (DFCF) Methodology

The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DFCF method using the FCF, values Company as an overall. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the WACC. The DFCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms. In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. As this methodology is focused at finding the value of the Firm so the interest charges (post tax) should be added back.

We have been provided the projected financial statements considering business plan of the company based on which, we have calculated the Enterprise value of the company under DFCF and then derived the Equity value by adjusting debts and cash balance as on the date of valuation.

The following box provides generalized steps for using discounted free cash flows to estimate the value of the firm and then to derive the value of equity shareholders of the Company.

STEPS FOR FINDING FCF TO VALUE EQUITY SHARES

| | |
|-----------------------------|---|
| Profit before tax | Step 1: Arrive at Profit Before Tax |
| - Taxes | Step 2: Less tax. |
| = Profit after tax | |
| + Non-cash costs | Step 3: Add back non-cash costs (already subtracted in step 1). |
| - Capital expenditures | Step 4: Subtract capital expenditures. |
| - Increase in NCWC | Step 5: Subtract Increases in non-cash working capital. |
| + Interest Tax (Post Tax) | Step 6: Adding Interest cost (post Tax) |
| + Terminal Value | Step 7: Add the terminal value accruing in the final year. |
| = Free Cash Flow to Firm | |
| = DFCF | Step 8: Discount the FCF for each year with WACC |
| = Enterprise Value | Step 9: Value of the Firm |
| + Cash as on Valuation Date | Step 10: Adding Cash |
| - Debt as on Valuation Date | Step 11: Subtract Debt |
| = Equity Value | Step 12: Value to equity share holders |

For the purpose of valuation of equity shares in this transaction through DFCF methodology, we have spare relied upon the projections provided by the management for five years starting 1st July 2016 and ending 31st March 2021 duly supplemented by its Terminal Value based on the Gordon Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 4.00 percent to perpetuity.

To arrive at Cost of capital (WACC), we have calculated the cost of equity K_e to be 19.85 % after providing 3.00 % additional risk premium. For calculating the Cost of equity as per Modified CAPM model i.e. $[K_e = R_f + B(R_m - R_f) + CSR_P]$, we have considered the Risk Free rate as per 10 year government bond yield, the return from the market is taken as 20 years average return from the Indian Sensex, since the Company's shares are newly listed at BSE, hence for the purpose of valuation we have ignored Company's Beta and considered it as 1.

SWARAJ AUTOMOTIVES LIMITED

1. Discounted Free Cash Flow of Swaraj Automotives Limited(With Contribution of Mr. Jeevan Mahaldar)
(Amount in INR Lacs)

| Financial Year Ending | 2017(9M) | 2018 | 2019 | 2020 | 2021 | Terminal |
|---|-----------------|------------------|------------------|------------------|------------------|-----------------|
| Turnover | 8,569.45 | 14,889.24 | 20,704.41 | 25,513.77 | 30,041.73 | – |
| Profit Before Tax (PBT) | 384.63 | 686.56 | 1,009.39 | 1,526.21 | 2,095.03 | – |
| Less : Direct Taxes Paid | 87.46 | 201.91 | 293.46 | 451.24 | 623.24 | – |
| Profit After Tax (PAT) | 297.17 | 484.66 | 715.94 | 1,074.97 | 1,471.79 | – |
| Add : Depreciation | 77.88 | 114.48 | 137.31 | 155.04 | 179.64 | – |
| Less :Capital Expenditure | 249.48 | 285.47 | 144.12 | 157.69 | 140.34 | – |
| Add : Interest (Post Tax) | 1.65 | 1.45 | 1.77 | 1.76 | 1.76 | – |
| Less: Net change in Non- cash working capital | 77.85 | 287.57 | 612.77 | 711.91 | 616.50 | – |
| Free Cash Flow | 49.36 | 27.55 | 98.13 | 362.16 | 896.34 | 8,776.55 |
| Discounting Factor | 0.87 | 0.73 | 0.61 | 0.51 | 0.42 | 0.42 |
| Present value of Cash flow | 43.10 | 20.06 | 59.64 | 183.66 | 379.26 | 3,713.58 |
| Enterprise Value | 4,399.31 | | | | | |
| Add: Cash as on 30.06.2016 | 935.02 | | | | | |
| Less: Debt as on 30.06.2016 | – | | | | | |
| Equity Value | 5,334.33 | | | | | |

2. Discounted Free Cash Flow of Swaraj Automotives Limited (Without Contribution of Mr. Jeevan Mahaldar)
(Amount in INR Lacs)

| Financial Year Ending | 2017(9M) | 2018 | 2019 | 2020 | 2021 | Terminal |
|---|-----------------|------------------|------------------|------------------|------------------|-----------------|
| Turnover | 8,095.95 | 13,051.28 | 16,072.48 | 18,967.09 | 21,656.49 | – |
| Profit Before Tax (PBT) | 363.60 | 606.32 | 899.09 | 1,157.85 | 1,464.30 | – |
| Less : Direct Taxes Paid | 79.46 | 174.60 | 269.26 | 346.54 | 433.82 | – |
| Profit After Tax (PAT) | 284.14 | 431.72 | 629.83 | 811.31 | 1,030.49 | – |
| Add : Depreciation | 67.01 | 92.81 | 104.63 | 127.46 | 158.08 | – |
| Less :Capital Expenditure | 199.48 | 149.40 | 219.16 | 245.28 | 257.49 | – |
| Add : Interest (Post Tax) | 1.66 | 1.46 | 1.75 | 1.75 | 1.76 | – |
| Less: Net change in Non- cash working capital | (66.72) | 362.11 | 491.84 | 458.74 | 332.91 | – |
| Free Cash Flow | 220.05 | 14.47 | 25.21 | 236.50 | 599.92 | 6,000.91 |
| Discounting Factor | 0.87 | 0.73 | 0.61 | 0.51 | 0.42 | 0.42 |
| Present value of Cash flow | 192.11 | 10.54 | 15.32 | 119.93 | 253.84 | 2,539.14 |
| Enterprise Value | 3,130.89 | | | | | |
| Add: Cash as on 30.06.2016 | 935.02 | | | | | |
| Less: Debt as on 30.06.2016 | – | | | | | |
| Equity Value | 4,065.91 | | | | | |

SWARAJ AUTOMOTIVES LIMITED

The valuation of Sweat Equity is summarized below :

| Particulars | (Amount INR Lacs) |
|---|-------------------|
| Equity Value of the Company as per DFCF Methodology (With Contribution of Mr. Jeevan Mahaldar) | 5,334.33 |
| Equity Value of the Company as per DFCF Methodology (Without induction of Mr. Jeevan Mahaldar) | 4,065.91 |
| Incremental value by Mr. Jeevan Mahaldar and team members | 1,268.41 |
| Less: 70% being attributable to team members & company branding | 887.89 |
| Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar | 380.52 |
| Less: Remuneration paid from 4th February 2016 to 30th June 2016 to Mr. Jeevan Mahaldar | 15.30 |
| Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar over and above the remuneration | 365.22 |

Notes:

1. We have been appraised that the size of the Management team is about 10 in number.
2. Mr. Jeevan Mahaldar has drawn remuneration from 4th February 2016 to 30th June 2016 of INR 15.30 Lacs which has been duly adjusted.

Based on our Analysis of the Company, we have arrived at the value of the value-additions upto 30th June, 2016 by Mr. Jeevan Mahaldar (Executive Director) as INR 365.22 Lacs.

CAVEATS

- This Report has been issued on the specific request of 'Swaraj Automotives Limited' to ascertain the value equity shares of the Company for the purpose of issue of sweat equity shares. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this nor its content may be used for any other purpose without prior written consent of M/s Corporate Professionals Capital Private Limited.
- No Investigation of the Company's claim to title of assets has been made for the purpose of this Report and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matter of legal nature.
- In Accordance with the customary approach adopted in Valuation exercise. We have summarized the Valuation Analysis of Equity Shares of the Company based on the information as was provided to us by the management of the Company both written, verbal and other publically available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion.
- This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- We have not carried out Valuation of land and building of the Company and solely relied upon the information provided to us by the management of the Company.
- We and our affiliates in the past might have provided or in the future may provide Investment Banking or consulting services on a professional capacity and disclaim holding any interest in the Company.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- We have given opportunity to the management of Swaraj Automotives Limited to read our report (without

the conclusion) and they have given their consent that the facts mentioned in the report are true and correct.

- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted herein, which might be relevant in the context of the transaction and which a wider scope might uncover.
- Our Valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

ANNEXURE: FINANCIAL STATEMENTS

Provisional Balance Sheet as on 30th June, 2016

| Particulars | Provisional (All Amount in INR Lacs) 30.06.2016 |
|-------------------------------------|---|
| Equity & Liabilities | |
| Share Capital | 239.77 |
| Reserve and surplus | 2,433.01 |
| Non-Current Liabilities | 233.87 |
| Current liabilities | 2445.94 |
| Total Equity and Liabilities | 5,352.59 |
| ASSETS | |
| Non-Current Assets | 1,148.01 |
| Current Assets | 4,204.58 |
| Total Assets | 5,352.59 |

Provisional Profit & Loss Account for the period ended 30th June, 2016

| For the Period Ended | Provisional (All Amount in INR Lacs) |
|--|---------------------------------------|
| Revenue from Operations (Gross) | 2,695.39 |
| Less : Excise Duty | 257.54 |
| Net Revenue from Operations | 2,437.85 |
| Other Income | 16.59 |
| Total Revenue | 2,454.44 |
| Total Expenses | 2,375.20 |
| Profit Before Tax (PBT) | 79.24 |
| Tax Expenses | 25.58 |
| Profit After Tax (PAT) | 53.66 |

Except Mr. Jeevan Mahaldar, none of the Directors, key managerial personnel of the Company or their relatives are, in anyway, interested or concerned, financially or otherwise, in the resolution set out at Item No 6 of the Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

Regd. Office :
C-127, IV Floor, Satguru Infotech
Phase-VIII, Industrial Area,
S.A.S.Nagar (Mohali), Punjab - 160 071
Tel: 0172-4650377, Fax: 0172-4650377
Email: kaushik.gagan@swarajautomotive.com
Website: www.swarajautomotive.com
CIN: L45202PB1974PLC003516
Ghaziabad, 12th May, 2017

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)
Company Secretary

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their 42nd Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2017.

FINANCIAL RESULTS :

| | Year ended 31 st March, 2017 | Year ended 31 st March, 2016 (Rs. in Crores) |
|--|--|---|
| Net Revenue from Operations | 92.99 | 95.64 |
| Other Income | 0.99 | 0.84 |
| Total Revenue | 93.98 | 96.48 |
| Profit before Depreciation, Finance Charges and Tax | 4.16 | 3.88 |
| Finance Costs | 0.02 | 0.02 |
| Depreciation & Amortization Expense | 0.75 | 0.80 |
| Profit for the year | 3.39 | 3.06 |
| Prior period adjustments | (0.04) | (0.08) |
| Profit Before Tax | 3.35 | 2.98 |
| Tax Provision | | |
| – Current | 1.10 | 1.06 |
| – Deferred | 0.02 | (0.12) |
| Profit After Tax | 2.23 | 2.04 |
| Surplus - Opening Balance after adjustment for carrying value of assets | 5.58 | 5.05 |
| Surplus available for appropriation | 7.80 | 7.09 |
| Appropriations: | | |
| Proposed Dividend | – | 0.84 |
| Tax on Dividend | – | 0.17 |
| Transfer to General Reserve | – | 0.50 |
| Surplus - Closing Balance | 7.80 | 5.58 |

REVIEW OF OPERATIONS

The auto ancillary sector is heavily dependent on the auto sector which in turn is influenced by various factors like economic growth, monsoon, etc. impacting the purchasing power of the buyers of the automobiles. Demand swings in any of the segments (cars, tractors, commercial vehicles) have an impact on auto ancillary demand. Demand is derived from original equipment manufacturers (OEM) as well as the replacement market. The agri-implement segment too is predominantly dependent on monsoon among other factors.

Despite competitive market conditions and factors like demonetization which affected the economy of the country as well as automobile industry, the Company's tractor and commercial vehicle seat segment has registered growth of 25% during the year 2016-17. However, there has been a de-growth in car seat mechanisms segment and the agri-implement segment by 15% and 33% respectively during the year.

In the above backdrop, total net operating revenue for the financial year 2016-17 reduced to Rs. 92.99 crores against the previous year's revenue of Rs. 95.64 crores. However, Profit before tax for the year has increased to Rs. 3.35 crores against previous year PBT of Rs. 2.98 crores, which is primarily on account of various cost saving initiatives taken by the management. Profit after tax for the year was Rs. 2.23 crores (previous year - Rs.2.04 crores) which gives an Earning per Share (EPS) of Rs. 9.31 (previous year - Rs. 8.48).

During the year under review, your Company has launched Tractor tailor and building up its own dealer network for sale. The Board of Directors has also approved in its meeting held on 12th May, 2017, setting up of new seat frame manufacturing facilities at Dharwad, Karnataka to serve its clients in the West and South Region. The plant will start its operations in the last quarter of 2017-18. Initially it will manufacture seat frames only and eventually seats & other products manufacturing will also start at this plant.

DIVIDEND

Your Directors have recommended a dividend of Rs.4.00 per Equity Share of face value of Rs.10.00 each for the financial year 2016-17, against Rs 3.50 per Equity Share of face value of Rs. 10.00 each 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. 1.15 crores (previous year - Rs. 1.01 crores). Further, the Board of your Company has decided not to transfer any amount to the General Reserves for the year under review.

FINANCE

The fund position of the Company stayed comfortable throughout the financial year 2016-17. As a result, after meeting routine capital expenditure and working capital requirements to support the operations, net interest income for the year was Rs.0.65 crore against Rs.0.59 crore for the previous year.

CURRENT YEAR'S REVIEW

With optimistic forecast of good monsoon the tractor industry is expected to maintain its growth trends. The automobile industry is also likely to grow with anticipated favourable market conditions. The Company's business is expected to move in line with industry trend and Company is also exploring new business opportunities to generate additional revenue.

OFFER FOR SALE BY PROMOTER

As members are aware, b4S solutions Private Limited ("b4S" or "the promoter") acquired the entire equity stake of 71.19% held by Mahindra & Mahindra Limited ("M&M"), one of the then promoters of the Company ("the Seller"), by entering into Share Purchase Agreement with M&M on 16th October 2015. b4S subsequently also acquired the entire equity stake of 2.99% held by the then other promoter, Punjab State Industrial Development Corporation (PSIDC). Thereafter, pursuant to SEBI (SAST) Regulations, 2011, b4S made an open offer to the shareholders of the Company. The entire process completed on 1st February 2016 and b4S's total equity holding in the Company stood at 88.28%. To comply with the requirements applicable regulations to restore public shareholding in the Company to a minimum of 25%, the promoter divested 158,359 equity shares to the public via three offers for sale during the period December 2016 and January 2017 which has brought down the promoter's shareholding in the Company to 81.68% as on March 31, 2017. The promoter propose to meet its obligation to divest the remaining 6.68% of its shareholding in near future.

SHARE CAPITAL

The Issued and Paid-up Share Capital of the Company remained unchanged during the year and stood at Rs.2.40 crores at the end of the financial year 2016-17.

There were no instances of issue of shares with differential voting right, buy back of shares or bonus issues of shares during the year.

SWARAJ AUTOMOTIVES LIMITED

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, the Company has not extended any loans, given guarantees or provided securities and made investment pursuant to Section 186 of the Companies Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

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 employees, plant, equipment and public at large 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 plantation of trees at various locations, awareness campaign on ill effects of tobacco, organizing medicines, beds and sheets to destitute people's home etc.

During the year under review, the Company was not covered under the provisions of Section 135 of the Companies Act, 2013 related to Corporate Social Responsibility.

SUSTAINABILITY INITIATIVE

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. During the year energy audit was conducted and initiatives has been planned for energy savings.

DIRECTORS

In terms of Section 152 of the Companies Act, 2013, Mr. Jamil Ahmad shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

All the Independent Directors of the Company have submitted declaration under Section 149(7) of the Companies Act, 2013 that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there has been no change in the circumstances which may affect their status as Independent Director during the year

EVALUATION OF THE BOARD

Pursuant to the provision of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a system has been put in place to carry out performance evaluation of the Board, its Committees and individual Directors. Criteria for performance evaluation are covered in the Corporate Governance Report.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee (NRC), framed policies on appointment of Directors and Senior Management and their remuneration. The remuneration policy is covered in the Corporate Governance Report.

DIRECTORS' MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, four meetings of Board and Four meetings of the Audit Committee were convened and held. The details are covered in the Corporate Governance report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The Independent Directors of the Company meet at least once in every financial year without the presence of Non-Independent Directors, Executive Directors and any other management personnel. The meeting(s) is conducted in an informal manner to enable the Independent Directors to discuss matter pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties. During the year, one meeting of Independent Directors was held.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors in terms of Section 134(5) of the Companies Act, 2013 state that:

- a) in the preparation of Annual Accounts, for the financial year 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any;
- b) in the selection of the accounting policies, consulted the Statutory Auditors and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the Company have been laid down, which are adequate and operating effectively;
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee comprises of the following Directors viz. Mr. Jai Bhagwan Kapil (Chairman of the Committee), Mr. Rajiv Sharma and Mr. Jeevan Mahaldar. Except Mr. Jeevan Mahaldar, all the members are

SWARAJ AUTOMOTIVES LIMITED

Independent Directors. The Company Secretary of the Company is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

KEY MANAGERIAL PERSONNEL

Mr. Rama Kant Sharma, Managing Director, Mr. Jeevan Mahaldar, Executive Director, Mr. Gagan Kaushik, Company Secretary, and Mr. Jagdish Lal, Chief Financial Officer are the Key Managerial Personnel (KMP) of the Company as per Companies Act, 2013.

There was no change in KMPs during FY 2016-17.

INTERNAL FINANCIAL CONTROL SYSTEMS

The Company has laid down adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in their operating effectiveness was observed. Pursuant to the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is having risk management framework covering identification, evaluation, and control measures to mitigate the identified business risk.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism through Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The detail of the policy is explained in the Corporate Governance Report and the policy is also posted on the website of the Company.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year 2016-17 were in the ordinary course of the business and were on arm's length basis. There were no materially significant related party transactions made by the Company which may have a potential conflict of the interest with its Promoters, Directors, Key Managerial Personnel or other persons. All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable. The policy on materiality of and dealing with related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company and the link for the same is <http://swarajautomotive.com/policies/>. Details of related parties and transactions with them during the year are covered at Note 2.28 of the Annual Accounts.

AUDITORS

M/s J.S. Chopra & Associates, Chartered Accountants (FRN:008849N), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting.

Pursuant to Section 139 of the Companies Act, 2013, the Board of Directors on the recommendation of Audit Committee has appointed M/s Mangla Associates, Chartered Accountants (ICAI Registration No. 006796C), as the Statutory Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting (AGM), until the conclusion of the fifth consecutive AGM of the Company (subject to ratification of their appointment by the Members at every AGM held after the ensuing AGM).

M/s Mangla 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 Members are requested to appoint Auditors and fix their remuneration.

The Audit Report issued by the Auditors of the Company forms part of the Annual Report and does not contain any qualification, reservation or adverse remark.

COST AUDITORS

Pursuant to Section 148(3) of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors on the recommendation of Audit Committee has appointed M/s Aggarwal Vimal & Associates, Cost Accountants (FRN: 000350), as the Cost Auditors of the Company for the financial year ending on 31st March, 2018. 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 Audit Committee has also received a certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company. As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the members in a General Meeting for their ratification. Accordingly, a resolution seeking members ratification for the remuneration payable to M/s Aggarwal Vimal & Associates, Cost Accountants is included in the Notice convening the Annual General Meeting.

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s A. Arora & Co., Company Secretaries in practice (CP No. 993) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure A. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark, except Minimum Public Shareholding criteria under Regulation 38 of SEBI (Listing Obligations and Disclosure requirements) Regulations 2015. The Promoter, in compliance of SEBI Circular CIR/CFD/CMD/14/2015 dated November 30, 2015, via offer for sale, sold their 6.60% shareholding as detailed above. Further, The Promotor propose to meet its obligation to divest the remaining 6.68% of its shareholding in near future.

DEPOSITS

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

The Company has not made any loans/advances, and investment in its own shares, associates, etc. during the year.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure B.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of the above activities stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure C.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure D. There was no employee who was in receipt of remuneration of not less than Rs. 1,02,00,000 during the year ended 31st March, 2017 or not less than Rs. 8,50,000 per month during any part of the year.

GENERAL

The Managing Director and the Executive Director are not receiving any commission neither from the Company nor from its Holding Company.

SWARAJ AUTOMOTIVES LIMITED

The Company has no subsidiary/Associate/Joint Venture Company in accordance with the provisions of the Companies act, 2013.

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events happened on these items during the year under review:

- a. issue of equity shares with deferential voting rights or sweat equity or stock options.
- b. significant or material orders passed by the Regulators / Courts/ Tribunal which impact the going concern status of the Company and its future operations.
- c. Material changes in commitments affecting the financial position of the company.
- d. Changes in the nature of business activities
- e. voting rights which are not directly exercise by the employees in respect of shares for the subscription/ purchase for which loan was given by the Company (as there is no scheme pursuant to which such person can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).
- f. Fraud reporting by the auditors.

ACKNOWLEDGMENT

Your Directors would like to thank various Government Authorities and Banks for the cooperation extended by them and also take this opportunity to express their deep sense of appreciation to all the stakeholders of the Company for the support provided by them during the year. The Directors also place on record the appreciation to all the employees of the Company for the efforts put in by them.

FOR AND ON BEHALF OF THE BOARD

Place : Ghaziabad
Date : 12th May, 2017

J.B. KAPIL
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

Swaraj Automotives Limited (SAL) is manufacturing seats for tractors & light commercial vehicles and seating mechanism systems for cars & passenger vehicles. The product line of the Company includes seats, seat adjusters/sliders, seat recliners, and agri implements.

FINANCIAL ANALYSIS (2016-17)

While details of financial position and performance are available in the Balance Sheet, Statement of Profit & Loss, along with related notes, key aspects are highlighted in the following paragraphs:

(A) Statement of Profit & Loss

Income:

Total revenue for the year was Rs.93.98 crores (previous year Rs.96.48 crores) with the following breakdown:

| | (Rs. in Crores) | |
|--|-----------------|--------------|
| | 2016-17 | 2015-16 |
| Seats, Seat mechanism & its components | 80.42 | 77.12 |
| Agriculture implements | 12.12 | 17.93 |
| Others | 0.45 | 0.59 |
| Net Revenue from Operations | 92.99 | 95.64 |
| Other Income | 0.99 | 0.84 |
| Total Revenue | 93.98 | 96.48 |

With a comfortable fund position throughout the Financial Year 2016-17 and after meeting operations requirement, interest income for the year was Rs 0.65 crore (previous year Rs. 0.59 crore). Other miscellaneous income for the year stood at Rs. 0.31 crore (previous year Rs.0.25 crore).

Expenses:

Material cost as a percentage of net revenue from operations at 71.3% was lower than last year's level of 73.9%.

Personnel cost during the year was Rs. 16.02 crores (previous year Rs.15.38 crores), and in terms of percentage of net revenue from operations comes to 17.2% (previous year 16.1%). The same was higher compared to last year primarily because of annual increments etc.

Other expenses, consisting of manufacturing expenses, administrative expenses and sales & distribution expenses during the year were Rs. 7.51 Crore (previous year Rs. 6.65 Crores), 8.1% in terms of percentage of net revenue from operations (previous year 6.9%). The same were higher as compared to last year mainly because of increased repair & maintenance expense, travelling, rent, sales promotion, provision for doubtful debts etc.

Depreciation for the year at Rs. 0.75 crore was lower as compared to last year's Rs. 0.80 crore.

Reflecting the above and after considering finance cost and prior period adjustments, Profit Before Tax reached Rs. 3.35 crores (previous year Rs.2.98 crores). After providing for corporate tax, Profit after Tax for the current year was Rs. 2.23 crores (previous year Rs.2.04 crores).

B) Balance Sheet

Equity & Reserves

The Company's net worth as on 31st March, 2017 stood at Rs. 28.42 crores comprising of an Equity component of Rs. 2.40 crores and Reserves & Surplus of Rs. 26.02 crores - a book value of Rs. 118 per share (previous year Rs. 109 per share).

Fixed Assets

Gross Block and Net Block of fixed assets on 31st March, 2017 stood at Rs. 25.83 crores (previous year Rs.23.96 crores) and Rs.10.25 crores (previous year Rs. 8.99 crores) respectively. Additions during the year were primarily towards plant & machinery, Software and development expense.

Capital work in progress / capital spares at the year-end stood at Rs.0.08 crore (previous year Rs. 0.87 crore).

Inventories

With continued focus on raw material & components and stores & spares, total year-end Inventories came down to Rs. 5.60 crores against previous year's Rs. 5.72 crores. The same in terms of number of days of operating revenue stood at 22 days (same as last year).

Trade Receivables

Due to increase in sale of agri implements at end of year, trade receivables of fiscal 2017 was Rs.19.32 crores against Rs. 16.31 crores of last year. The same in terms of number of days of operating revenue stood at 76 days (last year 62 days).

Trade Payables

Year-end trade payables stood at Rs. 19.39 crores (previous year Rs. 17.19 crores).

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has established procedures in place for internal control. The policies and procedures have been laid down with an objective to provide reasonable assurance that assets of the Company are safeguarded from risks of unauthorised use / disposition and the transactions are recorded and reported with proprietary, accuracy and speed. These aspects are regularly reviewed during internal audit and statutory audit. The Company has also laid down adequate internal financial controls. During the year, such controls were tested and no material weakness in their operating effectiveness was observed. The Company's Finance & Accounts function is adequately staffed with experienced and qualified personnel and they also participates in preparation/monitoring of the Company's budget. Internal Audit Reports are reviewed by the Audit Committee of the Board from time to time.

HUMAN RESOURCES

The Company has a highly committed, loyal and dedicated team. The Company promotes an atmosphere which encourages learning and informal communication within the organisation. The Company is having Performance Management System (PMS) to objectively measure the performance of the individual and the organization. The overall remuneration structure is linked with PMS. The Company also has a training need identification system in place for enhancing the learning and competency level of the employees from time to time. This has made a significant contribution to the Company's business. Industrial relations were cordial throughout the year under review.

Regular employee strength as on 31st March, 2017 stood at 206 (31st March, 2016 - 224).

INDUSTRY STRUCTURE AND DEVELOPMENTS

As the Company is in the business of supplying seats, seat mechanism systems and agriculture Implements to various tractor, LCV, Car and Agri product manufacturers. It would be appropriate to take a look at the trends that are prevailing in relevant automobile sectors.

Indian automobile industry is growing on a faster pace in the world, in terms of volume. While Car, Tractor and commercial vehicle industry have a mix of local and international players, in the Fiscal 2017, despite the factors like demonetization, the domestic tractor industry has shown an impressive growth of 18% against drop of 12% in fiscal 2016. Car industry has shown a growth of 9% in the consecutive fiscal 2017 compared to 8% growth in fiscal 2016. Commercial vehicle has shown a growth of 7% in fiscal 2017 against growth of 11% in fiscal 2016.

OUTLOOK AND OPPORTUNITIES

After remaining in de-growth trajectory for almost two years, the domestic tractor industry bounced back to growth track in FY 2016-17 and registered a handsome growth of 18%. The automobile industry also performed well and is sustaining its momentum. It is expected that the tractor and automobile industries will perform good in the near term. Factors like government continuous thrust on strengthening rural sector, infrastructure development, make in India, skill India, and launch of new models by vehicle manufactures, changing buying pattern, replacement demand etc. along with another good monsoon forecast and overall improvement in economic fundamentals will be the positive drivers for tractor and automobile industries in the medium to long term. The optimistic outlook of tractor and automobile industries will give boost to the demand for auto components as well and as a component supplier, the prospects of Company's business also looks good.

NEW DEVELOPMENTS

Under "Make in India" initiative of Indian government, India is poised to become manufacturing hub. The Automobile sector is one of the prominent sector to contribute to the manufacturing industry in India. Most of the international automobile giants have either set up their plants or they are in the process of setting up their manufacturing facility in India. Western and Southern regions of India has become manufacturing hub of automobile sector. Automobile Manufacturers (OEMs) prefer its suppliers to be nearby of their plant, so, your company has planned to put up another manufacturing facility in Dharwad, Karnataka to cater the increasing demand of seats and seat mechanisms. This plant will start its operations in the last quarter of 2017-18. Initially it will manufacture seat frames only and eventually seats and other products manufacturing will also start at this plant.

In the previous year your company was successful to receive an order from Indian railway to supply seats for its ambitious project called "Tejas train" and currently the seat is under development state, it is a great beginning and this area has huge potential of business.

According to the business strategy of the new management, your company has forayed into another strategic business segment of "Agriculture implements" which is a prominent segment with high growth potential. During the year the company has launched Tractor Tailor and is building-up its own dealer network for sale. Your company has already joined hands with renowned International manufacturer and is working on to bring high-tech agriculture implements in the Indian market.

THREATS, RISKS & CONCERNS

As your Company supplies components to tractor and automobile OE manufacturers, the Company would be directly affected by the factors impacting tractor industry and automobile industry. These would include issues like quantum of rains spread, Government policy on procurement, enforcement of safety / emission regulations, availability of credit, change in interest rates, commodity price trends, increasing intensity of competition etc.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis Report describing company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

CORPORATE GOVERNANCE REPORT

I Company's philosophy on Code of Governance

Swaraj Automotives Ltd. ("SAL") has been practicing the principles of good corporate governance, disclosure and transparency since its incorporation. It considers itself as the custodian and trustee for all its Stakeholders. SAL has always sought and will continue to seek corporate excellence and profits through ethics, passion and perseverance.

A report on compliance with the Code of Corporate Governance as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") is given below:

II Board of Directors

The Composition of the Board is in accordance with the Listing Regulations. The Company has an Independent Non-Executive Chairman and the number of Independent Directors is 1/3rd of the total number of Directors. The number of Non-Executive Directors is more than one half of the total number of Directors. The Non-Executive Directors bring wide range of experience and independent judgement to the Board's deliberations and decisions. Mr. Rama Kant Sharma and Mr. Jeevan Mahaldar are the Managing Director and Executive Director of the Company respectively.

Mrs. Namrata Jain, Non-Executive Director, is in the whole-time employment of b4S Solutions Pvt. Ltd. and draws remuneration from it. Shri Rama Kant Sharma, Managing Director, is also associated with b4S Group. b4S Solutions Pvt. Ltd. is the promoter of the Company.

Apart from the above and the re-imburement of expenses incurred in discharge of their duties and the remuneration that some of the Non-Executive Directors would be entitled to under the Companies Act, 2013, none of the Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management and associates which in their judgement would affect their independence. The Directors of the Company are not inter-se related to each other.

The primary role of the Board is that of trusteeship, to protect and enhance shareholders' value through strategic supervision of Company's operations. The Board also provides direction and exercises appropriate control to ensure that the Company fulfills the stakeholders' aspirations and societal expectations.

A. Composition of the Board

The Company's Board of Directors currently comprises 6 (six) members. While two members are Non-Independent Non-Executive Directors, the Managing Director and Executive Director are the Executive Directors of the Company and remaining two (including the Chairman of the Board) are Independent Directors.

The information on Composition of the Board, number of Board Meetings, attendance of Directors at Board Meetings / Annual General Meeting, Directorships and Committee positions held in Public companies is given below :

| Name of Director | Category | Financial Year 2016-17 | | Attendance at the last AGM | Total No. of Directorships [^] in public companies [#] | Committee ⁺ Position held in public companies [#] | |
|-------------------------|-----------------|------------------------|-------------------------|----------------------------|--|---|--------|
| | | Board Meetings held | Board Meetings attended | | | Chairman | Member |
| Non-Executive | | | | | | | |
| Mr. J.B.Kapil, Chairman | Independent | 4 | 4 | Yes | 1 | 1 | - |
| Mr. Jamil Ahmad | Non Independent | 4 | 4 | Yes | 1 | 1 | - |
| Mr. Rajiv Sharma | Independent | 4 | 4 | Yes | 1 | - | 1 |

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| Name of Director | Category | Financial Year 2016-17 | | Attendance at the last AGM | Total No. of Directorships [^] in public companies [#] | Committee ⁺ Position held in public companies [#] | |
|---|-----------------|------------------------|-------------------------|----------------------------|--|---|--------|
| | | Board Meetings held | Board Meetings attended | | | Chairman | Member |
| Mrs. Namrata Jain | Non Independent | 4 | 3 | No | 1 | - | - |
| Executive | | | | | | | |
| Mr. Rama Kant Sharma, Managing Director | Non Independent | 4 | 4 | Yes | 1 | - | 1 |
| Mr. Jeevan Mahaldar, Executive Director | Non Independent | 4 | 4 | Yes | 1 | - | 1 |

Excluding private, foreign and companies registered under Section 25 of the Companies Act, 1956 or Section 8 of the Companies Act, 2013.

+ Committees considered are Audit Committee and Stakeholders Relationship Committee, including that of Swaraj Automotives Ltd.

- a) None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in the Listing Regulations) across all the companies in which he is a Director.
- b) The Senior Management has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

B. Board Procedure

The Board meets at regular intervals and a detailed Agenda is sent to each Director prior to Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Board is apprised at every Meeting regarding the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any, adoption of quarterly/half-yearly/annual results, significant labour issues, and Minutes of Meetings of the Audit and other Committees of the Board. Details of familiarization programme of the Independent Directors are available on the Company's website www.swarajautomotive.com.

During the financial year 2016-17, 4 Board Meetings were held on 10th May, 2016, 10th August, 2016, 7th November, 2016, 10th February, 2017. The gap between two consecutive Meetings did not exceed 120 days.

The 41st Annual General Meeting (AGM) was held on 10th August, 2016.

C. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, a system has been put in place to carry out performance evaluation of the Board, its Committees and individual directors. An appraisal format has been devised covering various aspects of the Board's functioning such as adequacy of composition of the Board and its Committees, Board process, culture and accountability etc. Similarly, a separate format is also formulated for carrying out evaluation of the performance of individual Directors including the Chairman of the Board, which inter-alia include parameters such as level of engagement and contribution, understanding of industry and global trends, and independence of judgement etc.

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D. Directors Profile

The brief profile of the Company's Board of Directors is given below:

Mr. J.B.Kapil

Mr. J.B.Kapil joined the Company's Board in February, 2016.

Mr. J.B.Kapil is an Electric Engineer and having more than 51 years of experience. Mr. Kapil is currently associated with PSG Electricals Pvt. Ltd. as Technical and Commercial Consultant and had worked with Companies like Ghaziabad Engineering Company / Harsha Tractors, Hindustan Tin Works Ltd. and Vidhyut Control (India) Pvt. Ltd.

The details of Mr. Kapil's Membership in Committees are given below :

| S.No. | Name of the Company | Name of Committee | Position Held |
|-------|----------------------------|---|--------------------|
| 1. | Swaraj Automotives Limited | Audit Committee Nomination and Remuneration Committee | Chairman Member |

Mr. Kapil does not hold any share in the Company.

Mr. Jamil Ahmad

Mr. Jamil Ahmad joined the Company's Board in February, 2016.

Mr. Jamil Ahmad is from Indian Revenue Services and retired in 2010 as Chief Commissioner of Income Tax. During his service, he worked in the states of Madhya Pradesh, Punjab, Uttar Pradesh, Delhi, West Bengal and Chhattisgarh. After retirement, Mr. Ahmad was appointed as Financial and Taxation Advisor by Chhattisgarh Govt. owned power companies. Currently, he is associated with b4S Solutions Pvt. Ltd. as Finance and Taxation Consultant.

The details of Mr. Ahmad's Membership in Committees are given below :

| S.No. | Name of the Company | Name of Committee | Position Held |
|-------|----------------------------|---|--------------------|
| 1. | Swaraj Automotives Limited | Nomination and Remuneration Committee Stakeholders Relationship Committee | Member Chairman |

Mr. Jamil Ahmad does not hold any share in the Company.

Mr. Rajiv Sharma

Mr. Rajiv Sharma joined the Company's Board in February, 2016.

Mr. Rajiv Sharma is an MBA from Faculty of Management Studies, a Fellow Member of the Institute of Company Secretaries of India and has qualified examination of Certified Public Accountant from United States. He has experience of over 26 years in finance and financial services sector. He is currently working as CFO of Fairwinds Pvt. Equity, formerly Reliance Private Equity. Mr. Sharma had also worked with Axis Private Equity, BTS Investment Advisors, IFCI Financial Services etc.

The details of Mr. Rajiv Sharma's Membership in Committees are given below :

| S.No. | Name of the Company | Name of Committee | Position Held |
|-------|----------------------------|---|--------------------|
| 1. | Swaraj Automotives Limited | Nomination and Remuneration Committee Audit Committee | Chairman Member |

Mr. Rajiv Sharma does not hold any share in the Company.

Mrs. Namrata Jain

Mrs. Namrata Jain joined the Company's Board in February, 2016.

Mrs. Namrata Jain has done post graduate diploma in Finance & Marketing and is having 8 years of experience in corporate finance, project financing and financial research & analysis. She is currently working with b4S Solutions Pvt. Ltd.

Mrs. Jain does not hold any share in the Company.

Mr. Rama Kant Sharma

Mr. Rama Kant Sharma joined the Company's Board in February, 2016 and has been appointed as Managing Director for a period of 3 years with effect from 4th February, 2016.

Mr. Rama Kant Sharma is a Law Graduate and having 27 years of corporate experience. He is currently Director in b4S Solutions Pvt. Ltd., a leading Manpower providing company dealing in consultancy, outsourcing, and managing operations & maintenance in telecom industry.

Mr. Rama Kant Sharma is also a Director of, SAB Motors Private Limited, b4S Infratech Private Limited, Bhardwaj Packaging & Components Private Limited, Vascoda Holiday Resorts Private Limited.

The details of Mr. Rama Kant Sharma's Membership in Committees are given below :

| S.No. | Name of the Company | Name of Committee | Position Held |
|-------|----------------------------|-------------------------------------|---------------|
| 1. | Swaraj Automotives Limited | Stakeholders Relationship Committee | Member |

Mr. Rama Kant Sharma does not hold any share in the Company.

Mr. Jeevan Mahaldar

Mr. Jeevan Mahaldar joined the Company's Board in February 2016 and has been appointed as Executive Director for a period of 3 years with effect from 4th February, 2016.

Mr. Jeevan Mahaldar is a MBA & Mechanical Engineer, having experience of 33 years in engineering & automotive sector and had worked with Minda Group, TATA, Singer India Ltd., Shriram Piston and Rings etc. He is also Director in Institute for technology and Management, ITM Edutech (India) Limited, ITM Edutech Training Private Limited.

The details of Mr. Jeevan Mahaldar's Membership in Committees are given below :

| S.No. | Name of the Company | Name of Committee | Position Held |
|-------|----------------------------|-------------------|---------------|
| 1. | Swaraj Automotives Limited | Audit committee | Member |

Mr. Jeevan Mahaldar does not hold any share in the Company.

III Committees of the Board

A. Audit Committee

The Audit Committee comprising the following Directors of which two are independent Directors, including the Chairman of the Committee:

- Mr. J.B.Kapil, Chairman
- Mr. Rajiv Sharma
- Mr. Jeevan Mahaldar

All the Members of the Committee have vast experience and knowledge of corporate affairs & financial management and possess accounting and financial management expertise.

The role, terms of reference and the authority and powers of this Committee are in conformity with the requirements of the Companies Act 2013 and the Listing Regulations. The functions of the Audit Committee

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inter-alia include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of internal controls and regulatory compliances. It also reviews Company's financial reporting process, disclosure of financial information, observations of auditors and recommends the appointment of statutory auditors, their fees and reviews quarterly / annual financial statements before submission to the Board. It is also empowered to inter alia review Management Discussion and Analysis of financial condition, results of operations and related party transactions. Generally, all items listed in Regulation 18(3) of the Listing Regulations are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Regulation 18(2)(c) of the Listing Regulations. The meetings of the Audit Committee are also attended by the Company Secretary and other senior functionaries of the Company as and when required.

The Company Secretary acts as the Secretary to the Committee.

Mr. J.B. Kapil, the Chairman of the Audit Committee, attended the last Annual General Meeting held on 10th August, 2016.

During the financial year under review, 4 meetings of Audit Committee of the Board were held on 10th May, 2016, 10th August, 2016, 7th November, 2016, and 10th February, 2017. The gap between the two consecutive meetings did not exceed 120 days.

Attendance record of the Members of the Audit Committee for FY 2016-17 is as under :

| Name of the Member Director | No. of Meetings Held | No. of Meetings Attended |
|-----------------------------|----------------------|--------------------------|
| Mr. J.B.Kapil | 4 | 4 |
| Mr. Rajiv Sharma | 4 | 4 |
| Mr. Jeevan Mahaldar | 4 | 4 |

B. Stakeholders Relationship Committee

The Stakeholder Relationship Committee comprises the following Directors:

- Mr. Jamil Ahmad, Chairman
- Mr. R.K. Sharma

Mr. Jamil Ahmad, Non-Executive Director, is chairman of the committee.

Mr. Gagan Kaushik, Company Secretary, is the Compliance Officer of the Company.

The Committee meets at periodic intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review status of investors' grievances and the functioning of the Share Department/Registrar & Share Transfer Agents in order to render effective and quality services to investors.

During the financial year under review, one meeting of Stakeholders Relationship Committee was held on 7th November, 2016.

Attendance record of the members of the Stakeholders Relationship Committee for FY 2016-17 is as under :

| Name of the Member Director | No. of Meetings Held | No. of Meetings Attended |
|-----------------------------|----------------------|--------------------------|
| Mr. Jamil Ahmad | 1 | 1 |
| Mr. R.K. Sharma | 1 | 1 |

The Company had received 33 enquiries/complaints from the shareholders and all of them have been attended/resolved.

As on date, there are no shares pending for transfer received during the year under review.

C. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises following three Non-Executive Directors of which two are Independent, including the Chairman of the Committee:

- Mr. Rajiv Sharma, Chairman
- Mr. J.B. Kapil
- Mr. Jamil Ahmad

The purpose of the Committee inter-alia includes identification and selection of persons who may be appointed as directors / independent director(s) or as key managerial personnel or in senior management based on certain laid down criteria, formulate policy relating to the remuneration for the directors, key managerial personnel and other employees, to decide on the stock options to be granted, if any, to the eligible employees, directors including non-executive directors; and to deal with such other matters and functions as may be prescribed from time to time.

During the financial year, 3 meetings of Nomination and Remuneration Committee of the Board were held on 10th May 2016, 7th November, 2016 and 10th February, 2017.

Attendance record of the Members of the Nomination and Remuneration Committee for FY 2016-17 is as under :

| Name of the Member Director | No. of Meetings Held | No. of Meetings Attended |
|-----------------------------|----------------------|--------------------------|
| Mr. Rajiv Sharma | 3 | 3 |
| Mr. J.B.Kapil | 3 | 3 |
| Mr. Jamil Ahmad | 3 | 3 |

IV Remuneration to Directors

Remuneration Policy

The key provisions of the policies related to selection and appointment of Directors and their remuneration are given below:

a) Policy for Selection and appointment of Directors

i) Appointment of Directors

- The Nomination and Remuneration Committee (NRC) reviews and assesses Board composition and recommends the appointment of new Directors as and when required. In evaluating the suitability of individual Board member with regard to qualifications, positive attributes and independence of director, the NRC takes into account the following criteria that:
 1. All Board appointments are based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
- Based on recommendation of the NRC, the Board evaluates the candidature and decides on the selection of the appropriate member.

ii) Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the Company, the

SWARAJ AUTOMOTIVES LIMITED

NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

iii) Succession Planning

The successors for the Independent Directors shall be identified by the NRC. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit. The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

b) Policy for Remuneration to Directors

i) Non-Executive Director including Independent Directors:

The Nomination and Remuneration Committee (NRC) shall decide on the basis for determining the compensation, both Fixed and Variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and the Listing Regulations and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

ii) Whole Time / Executive Director(s):

The remuneration to Whole Time / Executive Director(s) shall be recommended by NRC to the Board. The remuneration may consist of fixed and variable compensation and may be paid as salary, perquisites & allowances, performance bonus and fringe benefits, if any, as approved by the Board and within the overall limits specified in the Shareholders resolution. The revision in compensation, if any, will be determined annually by the NRC based on their performance.

Remuneration Details

Sitting fees is paid to Independent Directors for attending the meetings of the Board of Directors and Committees thereof within the prescribed limits as decided by the Board and reimbursement of expenses incurred for attending the Board and Committee Meetings. Currently, the sitting fees is paid as under:

- Rs.30,000 for every Board Meeting
- Rs.20,000 for every Committee(s) Meeting (other than Stakeholders Relationship Committee)
- Rs.5000 for every Stakeholders Relationship Committee Meeting

The details of Directors' remuneration for 2016-17 is as follows;

Independent Non-Executive Directors

(Rs. in Lakhs)

| Name of the Directors who were in receipt of sitting fees during FY 2016-17 | Sitting Fees for Board and Committee Meetings paid during FY 2016-17 |
|---|--|
| Mr. J.B. Kapil | 2.60 |
| Mr. Rajiv Sharma | 2.60 |

Executive - Managing Director and Executive Director

(Rs.in Lakhs)

| Name of Director | Salary (Basic and Allowance) | Commission | Contribution to Provident | Otyher Perquisites | Stock Option | Total | Service Contract (Tenure) |
|--|------------------------------|------------|---------------------------|--------------------|--------------|-------|--|
| Mr. Rama Kant Sharma (Managing Director) | 10.71 | Nil | 1.29 | Nil | Nil | 12.00 | 4th February, 2016 to 3rd February, 2019 |
| Mr. Jeevan Mahaldar (Executive Director) | 37.50 | Nil | 4.50 | Nil | Nil | 42.00 | 4th February, 2016 to 3rd February, 2019 |

V General Body Meetings

Details of last three Annual General Meetings (AGMs) of the Company are given below:

| Year | Date | Time | Special Resolutions passed |
|------|------------------------------|--|---|
| 2014 | 31 July, 2014 4.30 P.M. | Swaraj Engines Ltd, Plot No 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab-160062 | Appointment of Mr. Arun Arora as Manager of the Company for a period of 5 years effective 29th April, 2014. |
| 2015 | 28 July, 2015 3.45 P.M. | Swaraj Engines Ltd, Plot No 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab-160062 | Payment of Commission upto 1% of the net profit of the Company to the Independent Directors for a period of 5 years w.e.f. 1st April, 2014. |
| 2016 | 10 August, 2016 3.00 P.M. | Hotel Dawat, SCO 10C, Phase-V, Sector 59, Phase IX, S.A.S.Nagar (Mohali)-160059 | Appointment of Mr. Rama Kant Sharma as Managing Director for a period of three years (from 4th February, 2016 to 3rd February, 2019) Appointment of Mr. Jeevan Mahaldar as Executive Director for a period of three years (from 4th February, 2016 to 3rd February, 2019) Approval and adoption of new Articles of Association of the Company |

No Extra-ordinary General Meeting was held during the past three years.

There was no matter which required to be passed through postal ballot during the year and the Company does not propose any special resolution to be conducted through postal ballot.

VI Means of Communication

- a) In compliance with the requirements of the Listing Regulations, the Company regularly intimates quarterly un-audited as well as audited financial results to the Stock Exchange immediately after they are taken on record by the Board. These financial results are normally published in the leading financial / national/ regional newspapers (Business Standard and Punjabi Tribune) and are also displayed on the Company's website **www.swarajautomotive.com**;
- b) The official news releases are displayed on the Company's website **www.swarajautomotive.com**;
- c) During the year ended 31st March, 2017, no presentations were made to institutional investors or analysts.

SWARAJ AUTOMOTIVES LIMITED

VII Shareholder Information

1. 42nd Annual General Meeting

Date : 11th August, 2017 (Friday)
Time : 3.00 P.M.
Venue : Hotel Cama, SCF 13-18, Sector-3A,
S.A.S. Nagar, (Mohali), Punjab-160059

2. Financial Calendar (tentative)

The Financial year covers the period from 1st April to 31st March.

Calendar for the Board Meetings to be held to review / approve the financial results of the Company for FY 2017-18 is given below:

- Quarter ending 30th June, 2017 Second week of August, 2017
- Half year ending 30th September, 2017 Second week of November, 2017
- Quarter ending 31st December, 2017 Second week of February, 2018
- Year ending 31st March, 2018 May, 2018

Note: The above schedules are indicative.

3. Dividend Payment

Will be paid/dispached between 12th August, 2017 to 19th August, 2017

4. Date of Book Closure

15th July, 2017 to 21st July, 2017 (both days inclusive)

5. Listing on Stock Exchange

BSE Ltd. (BSE)
25th Floor, P.J. Towers, Dalal Street, Mumbai - 400001
Listing Fee for F.Y. 2017-18 of BSE has been paid.

6. Stock Code

BSE Ltd. (BSE) : 539353

7. CIN: L45202PB1974PLC003516

8. Stock Price Data

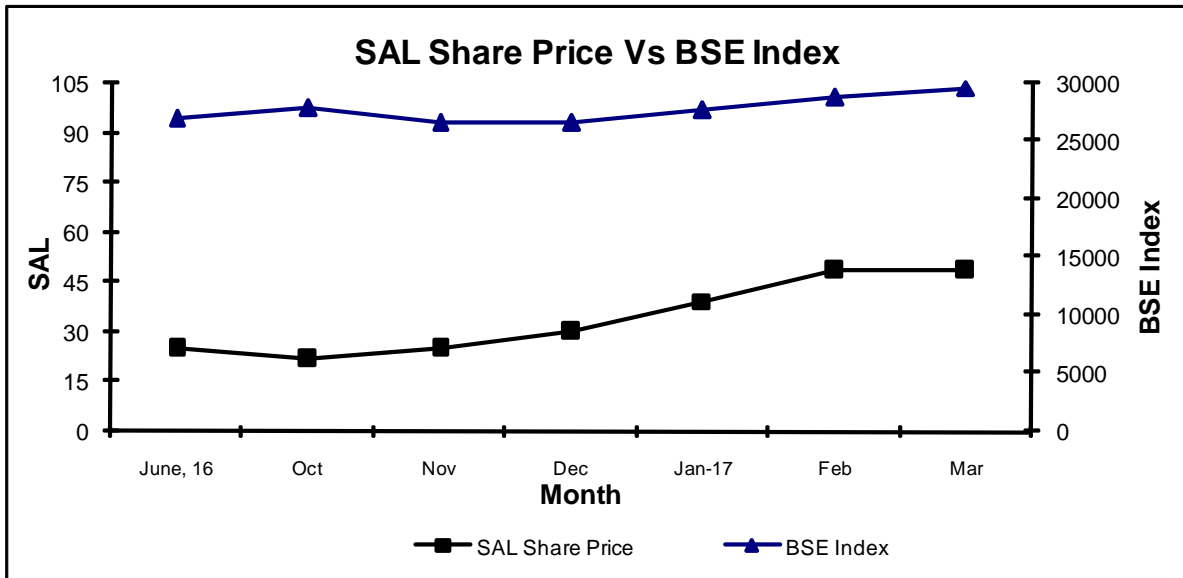
The Company's shares are listed at BSE Ltd. Accordingly, monthly High - Low Quotations of shares traded at BSE Ltd. are as under:

| Month | BSE Ltd. | |
|----------------|------------|-----------|
| | High (Rs.) | Low (Rs.) |
| April 2016 | – | – |
| May 2016 | – | – |
| June 2016 | 25.20 | 25.20 |
| July 2016 | – | – |
| August 2016 | – | – |
| September 2016 | – | – |
| October 2016 | 25.00 | 22.75 |
| November 2016 | 26.25 | 26.25 |
| December 2016 | 30.30 | 27.55 |
| January 2017 | 39.35 | 31.80 |
| February 2017 | 48.45 | 41.30 |
| March 2017 | 48.45 | 48.45 |

As for the month of April, May, July, August, September 2016 there was no trading.

9. Stock Price Performance

SAL Share Price performance relative to BSE Sensitive Index



As for the month of April, May, July, August, September 2016 there was no trading.

10. Registrar and Transfer Agents

M/s MCS Share Transfer Agent Limited (MCS), F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020 are the Registrar and Share Transfer Agent for physical shares of the Company. MCS is also the depository interface of the Company with both NSDL and CDSL.

Tel No. : 011 - 41406149
 Fax No. : 011 - 41709881
 Email address : helpdeskdelhi@mcsregistrars.com
 Contact Person: Mr. Amar Jit

Share Transfer & other Communication regarding Share Certificates, Dividends and Change of Address etc. may be addressed to Registrar, M/s MCS Share Transfer Agent Limited or to the Share Department of the Company at its Registered Office at C-127, IV Floor, Satguru Infotech, Industrial Area Phase-VIII, S.A.S.Nagar (Mohali), Punjab - 160071.

11. Transfer System for physical shares

Share transfers are being registered & returned within the stipulated timeline from the date of receipt, if the documents are valid in all respects.

Total number of shares transferred during 2016-17 was 417 (Previous Year - Nil).

The Company does not have any shares issued in physical form, which remain unclaimed

SWARAJ AUTOMOTIVES LIMITED**12. Shareholding Pattern as on 31st March, 2017**

| Category of Shareholders | No. of Share holders | No. of Shares Held | % of Holding |
|-----------------------------------|----------------------|--------------------|---------------|
| 1 Promoters | 1 | 19,58,371 | 81.68 |
| 2 Mutual Funds | 1 | 1,06,389 | 4.44 |
| 3 Financial Institutions / Banks | — | — | — |
| 4 Foreign Institutional Investors | — | — | — |
| 5 Bodies Corporate - Indian | 19 | 1,92,280 | 8.02 |
| 6 NRIs | — | — | — |
| 7 Indian Public | 729 | 1,40,673 | 5.86 |
| 8 OCB | — | — | — |
| Total | 750 | 23,97,713 | 100.00 |

13. Distribution Pattern of Shareholding as on 31st March, 2017

| No. of Equity Shares held | No. of Shareholders | | No. of Shares Held | |
|---------------------------|---------------------|---------------|--------------------|---------------|
| | Numbers | % total | Numbers | % total |
| 1 - 500 | 694 | 92.41 | 51,431 | 2.15 |
| 501 - 1000 | 28 | 3.73 | 23,850 | 0.99 |
| 1001 - 5000 | 19 | 2.53 | 47,077 | 1.96 |
| 5001 - 50000 | 6 | 0.8 | 1,20,595 | 5.03 |
| 50001 - 100000 | 1 | 0.13 | 90,000 | 3.75 |
| 100001 & above | 2 | 0.40 | 20,64,760 | 86.12 |
| Total | 750 | 100.00 | 23,97,713 | 100.00 |

14. Dematerialisation of Shares

The trading in Equity Shares of Swaraj Automotives Limited is permitted only in dematerialised form. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the trading. As on 31st March, 2017, 94.83% of the equity capital is held in electronic form.

International Securities Identification Number (ISIN): INE724G01014

(with NSDL and CDSL)

15. Outstanding GDR's / ADR's / Warrants / Convertible Instruments

Not Applicable.

16. Plant Location

Swaraj Automotives Limited
Kakrala Road,
Nabha, Distt. Patiala,
Punjab -147201

17. Address for correspondence**Registrar and Share Transfer Agent**

M/s MCS Share Transfer Agent Limited
Unit: Swaraj Automotives Ltd.
F-65, 1st Floor,
Okhla Industrial Area, Phase - I
New Delhi - 110 020
Email: helpdeskdelhi@mcsregistrars.com

Phone : 011 - 41406149

Fax : 011 - 41709881

Compliance Officer & Company Secretary

Mr. Gagan Kaushik, Company Secretary
Registered Office:
Swaraj Automotives Ltd.
C-127, IV Floor, Satguru Infotech,
Industrial Area Phase-VIII,
S.A.S.Nagar (Mohali), Punjab - 160071
Email: kaushik.gagan@swarajautomotive.com

Phone : 0172 - 4650377

Fax : 0172 - 4650377

18. Website Address: www.swarajautomotive.com**VIII Other Disclosures****A. Disclosure of transactions with Related Parties**

During FY 2016-17, all transactions entered into with related parties were in the ordinary course of business and on arms length basis. The Company has not entered into any transaction of material nature with the promoters, the directors or the management or their relatives etc. that may have potential conflict with the interests of the Company. The Company has no subsidiary. Details of related parties and transactions with them are covered at Note 2.28 of the Annual Accounts. The policy for related party transactions approved by the Board of Directors of the Company is available at the Company's website www.swarajautomotive.com

B. Details of non-compliance etc.

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other statutory authorities, on any matters related to capital market during the last three years.

C. Whistle Blower Policy

The Company is committed to conduct its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted a Code of Conduct for its employees including Members of the Board of Directors referred to as "the Code" and other Policies as may be applicable from time to time which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees in pointing out such violations of the Code/Policies cannot be undermined. Accordingly, the Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach the Chairman of the Audit Committee of the Company or Chairman of the Company.

All Employees of the Company are eligible to make Protected Disclosures under the Policy. Protected Disclosures may be in relation to matters concerning the Company. Protected Disclosures should be reported in writing and addressed to the Chairman of the Audit Committee of the Company or Chairman of the Company for investigation. During the year under review, no employee has approached the Audit Committee. The details of Whistle Blower Policy are available at the Company's website www.swarajautomotive.com.

D. Disclosure of Accounting Treatment in preparation of Financial Statements

In preparation of the financial statements, the Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006. The significant accounting policies which are consistently applied are set out under Note 1 of the Annual Accounts.

E. CEO / CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Executive Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2017.

F. Management Discussion and Analysis Report

Management Discussion and Analysis Report has been attached to the Directors' Report and forms part of this Annual Report.

G. Risk Management

Business risk evaluation and management is an ongoing process within the Company. For each function, the impact and probability of various risks are made and necessary control measures are identified to mitigate these risks, thereby reducing the impact and probability of the risk. The Board is apprised on the risk assessment and mitigation process followed by the Company.

H. Code for prevention of Insider Trading Practices

In compliance with SEBI's Regulations on prevention of insider trading, the Company has laid down a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

IX Compliance with Mandatory requirements

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under the Listing Regulations.

X Adoption of the non-mandatory requirements

a) Audit Qualifications

During the financial year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

b) Separate Posts of Chairman and CEO

The Company has separate persons to the post of Chairman, Managing Director, and Executive Director (CEO).

c) Internal Auditor

The internal auditor reports directly to the Audit Committee.

The Company has not adopted the other non-mandatory requirements as specified in Part E of Schedule II of the Listing Regulations during the year.

XI Code of Conduct

The Company's Board has laid down a well-defined Code of Ethics & Conduct (the "Code") to be followed by Board Members and employees of the Company for ethical professional conduct. The Code is available on the website of the Company (www.swarajautomotive.com). All Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Executive Director to this effect is enclosed at the end of this Report.

Ghaziabad, 12th May, 2017

**DECLARATION BY THE EXECUTIVE DIRECTOR UNDER
SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)
REGULATIONS, 2015**

To
The Members of Swaraj Automotives Limited

I, Jeevan Mahaldar, Executive Director of Swaraj Automotives Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

Ghaziabad, 12th May, 2017

Jeevan Mahaldar
Executive Director

Auditor's Certificate on Compliance with the Conditions of Corporate Governance

To
The Members of Swaraj Automotives Limited

We have examined the compliance of conditions of Corporate Governance by Swaraj Automotives Limited ("the Company") for the year ended 31st March, 2017, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as specified in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For J.S.Chopra & Associates
Chartered Accountants
(FRN 008849N)

Jagdeep S. Chopra, FCA
Partner
Membership No. 087476

Chandigarh, 12th May, 2017

ANNEXURE A TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,

The Members,
Swaraj Automotives Limited
C-127, 4th Floor, Sat Guru Infotech
Industrial Area, Phase VIII
S.A.S. Nagar, Mohali
Punjab-160071

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SWARAJ AUTOMOTIVES LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the SWARAJ AUTOMOTIVES LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SWARAJ AUTOMOTIVES LIMITED ("the Company") for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014: Not Applicable, as there are the company did not provide any shares based benefits to the employees during the year.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the company has not issued any securities during the financial year under review.

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including the amendments thereof- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
- h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air (Prevention and Control of Pollution) Act, 1981
- (x) The Water (Prevention and Control of Pollution) Act, 1974

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the year.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers and taken on record by the

Board of Directors in their meeting(s), I am of an opinion that:

1. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
2. Based on the examination of the relevant documents and records on test check basis the company has Complied with the following laws specifically applicable to the company:

SWARAJ AUTOMOTIVES LIMITED

- a) The Static and Mobile Pressure Vessels Rules, 1981
- b) The Gas Cylinder Rules, 1981, Amended 2004
- c) The Batteries (M&H) Rules, 2001

I further report that during the audit period the company passed a special resolution for alteration in the Articles of Association of the company.

I further report that consequent upon the takeover of the company, the public shareholding of the company has been less than 25% of the total share capital, throughout the year, during the financial year under review.

I further report that, there were no instances of

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

Place : Chandigarh

Date : 18.04.2017

For A. ARORA & COMPANY

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No.: 993

ANNEXURE B TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

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

FORM NO. MGT - 9

I. Registration and Other Details

| | |
|---|---|
| CIN | L45202PB1974PLC003516 |
| Registration Date | 20-11-1974 |
| Name of the Company | Swaraj Automotives Limited |
| Category / Sub-Category of the Company | Public Limited Company |
| Address of the Registered Office and contact details | C-127, IV Floor, Satguru Infotech, Industrial Area Phase VIII, S.A.S.Nagar (Mohali) Punjab - 160071 Tel. No. 0172-4650377 |
| Whether listed company | Yes |
| Name, address and contact details of Registrar and Transfer Agent, if any | M/s MCS Share Transfer Agent Limited F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi - 110020 Tel No. 011-41406149 |

II. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

| Name and Description of main products / Services | NIC Code of the Product/ Service | % to total turnover of the Company |
|--|----------------------------------|------------------------------------|
| Auto components | 2930 | 88.18% |
| Agri implements | 2821 | 11.82% |

III. Particulars of Holding, Subsidiary and Associate Companies

| Name and address of the Company | CIN | Holding / Subsidiary / Associates | % of shares held | Applicable Section |
|---------------------------------|-----------------------|-----------------------------------|------------------|--------------------|
| b4S Solutions Private Ltd.* | U74920DL1999PTC099070 | Holding | 81.68 | 2(46) |

SWARAJ AUTOMOTIVES LIMITED
IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year (as on 01-04-2016) | | | | No. of shares held at the end of the year (as on 31-03-2017) | | | | % Change during the year |
|---|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individuals/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | 2116730 | - | 2116730 | 88.28 | 1958371 | - | 1958371 | 81.68 | -6.60 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other... | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(1): | 2116730 | - | 2116730 | 88.28 | 1958371 | - | 1958371 | 81.68 | -6.60 |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other... | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(2): | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoters (A)=(A)(1)+(A)(2) | 2116730 | 0 | 2116730 | 88.28 | 1958371 | 0 | 1958371 | 81.68 | -6.60 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Fund | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | 106389 | - | 106389 | 4.44 | 106389 | - | 106389 | 4.44 | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1): | 106389 | 0 | 106389 | 4.44 | 106389 | 0 | 106389 | 4.44 | - |

SWARAJ AUTOMOTIVES LIMITED

| Category of Shareholders | No. of Shares held at the beginning of the year (as on 01-04-2016) | | | | No. of shares held at the end of the year (as on 31-03-2017) | | | | % Change during the year |
|--|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 3281 | 90100 | 93381 | 3.89 | 102180 | 90100 | 192280 | 8 | 4.13 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto Rs.2 lakh | 22674 | 34539 | 57213 | 2.39 | 83026 | 33647 | 116673 | 5 | 2.48 |
| ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh | 24000 | 0 | 24000 | 1 | 24000 | - | 24000 | 1 | 0 |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(2): | 49955 | 124639 | 174594 | 7.28 | 209206 | 123747 | 332953 | 14 | 6.61 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 156344 | 124639 | 280983 | 11.72 | 315595 | 123747 | 439342 | 18 | 6.61 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 2273074 | 124639 | 2397713 | 100 | 2273966 | 123747 | 2397713 | 100 | - |

(ii) Shareholding of Promoters

| Shareholders Name | Shareholding at the beginning of the year (as on 01-04-2016) | | | Shareholding at the end of the year (as on 31-03-2017) | | | % change in shareholding |
|-------------------------|--|----------------------------------|--|--|---|--------------------------------------|--------------------------|
| | No. of shares | % of total shares of the company | % of Shares Pledged/encumbered to total shares | No. of Shares the Company | % of total shares of encumbered to total shares | % of Shares Pledged/ during the year | |
| B4S Solutions Pvt. Ltd. | 2116730 | 88.28 | - | 1958371 | 81.68 | - | 6.60 |
| Total | 2116730 | 88.28 | - | 1958371 | 81.68 | - | 6.60 |

SWARAJ AUTOMOTIVES LIMITED

(iii) Change in Promoters Shareholding

| | Shareholding at the beginning of the year (as on 01-04-2016) | | Cumulative Shareholding during the year (01-04-2016 to 31-03-2017) | |
|---|--|----------------------------------|--|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares Purchase/(Sale) | % of total shares of the Company |
| At the beginning of the year | 2116730 | 88.28 | 2116730 | 88.28 |
| Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| decrease due to offer for sale by promoter dated 15/16 December, 2016 | | | (88444) | -3.69 |
| decrease due to offer for sale by promoter dated 5/6 January, 2017 | | | (51000) | -2.13 |
| decrease due to offer for sale by promoter dated 30/31 January, 2017 | | | (18915) | -0.79 |
| At the end of the year | 2116730 | 88.28 | 1958371 | 81.68 |

* M/s b4S Solutions Private Ltd. sold total 1,58,315 shares via offer for sale held on 15th and 16th December, 2016, 5th and 6th January, 2017, and 30th & 31st January, 2017 in compliance of SEBI (Listing Obligations and Disclosures Requirement) Regulations 2016.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Name of Shareholder | Shareholding at the beginning of the year (01-04-2016) | | Change in Shareholding (No. of Shares) | | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|--|--|------------------------------|--|---------------|--|------------------------------|
| | No. of Shares | % of total shares of Company | Increase/ Decrease | Date/ Reason* | Shares | % of total shares of Company |
| 1. ICICI Bank Limited | 106389 | 4.44 | - | - | 106389 | 4.44 |
| 2. Punjab Wireless Systems Limited | 90000 | 3.75 | - | - | 90000 | 3.75 |
| 3. Share India Securities Limited | 0 | 0 | | | | |
| | | | 20465 | 23-12-2016 | 30704 | 1.28 |
| | | | 24195 | 06-01-2017 | | |
| | | | 6928 | 12-01-2017 | | |
| | | | 14200 | 03-02-2017 | | |
| | | | (26780) | 17-02-2017 | | |
| | | | (5154) | 17-03-2017 | | |
| | | | (3150) | 24-03-2017 | | |
| 4. Sunstar Share Brokers Private Limited | | | 26392 | 31-03-2017 | 26392 | 1.10 |
| 5. Century Finvest Pvt. Ltd. | - | - | 25000 | 23-12-2016 | 25000 | 1.04 |
| | | | | | | |

SWARAJ AUTOMOTIVES LIMITED

| Name of Shareholder | Shareholding at the beginning of the year (01-04-2016) | | Change in Shareholding (No. of Shares) | | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|-------------------------------------|--|------------------------------|--|--|--|------------------------------|
| | No. of Shares | % of total shares of Company | Increase/ Decrease | Date/ Reason* | Shares | % of total shares of Company |
| 6 Rajendra Dhirajlal Gandhi | 24000 | 1 | - | - | 24000 | 1 |
| 7 Alok Jain | - | - | 805 6000 600 | 06-01-2017 13-01-2017 17-02-2017 | 7405 | 0.31 |
| 8 P P Zibi Jose | 6994 | 0.29 | 100 | 16-09-2016 | 7094 | 0.30 |
| 9 Gursharan Kaur | 5000 | 0.21 | - | - | 5000 | 0.21 |
| 10 Dharmesh Stock Broking Pvt. Ltd. | - | - | 2000 3000 | 31-12-2016 13-01-2017 | 5000 | 0.21 |

* reason for change in shareholding is transfer of shares.

Note: Top ten shareholders of the Company as on 31st March, 2016 has been considered for the above disclosure.

(v) Shareholding of Directors and Key Managerial Personnel

| Name of Director and KMP | Shareholding at the beginning of the year (as on 01-04-2016) | | Change in Shareholding (No. of Shares) | | Cumulative Shareholding during the year (01-04-2015 to 31-3-2016) | |
|--------------------------|--|------------------------------|--|--------------|---|------------------------------|
| | No. of Shares | % of total shares of Company | Increase/ (Decrease) | Date/ Reason | No. of Shares | % of total shares of Company |
| Directors | - | - | - | - | - | - |
| KMPs | - | - | - | - | - | - |

V. Indebtedness

The Company has not availed any loan during the year and is debt free Company.

VI. Remuneration of Directors and Key Managerial Personnel

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

SWARAJ AUTOMOTIVES LIMITED

| S. No. | Particulars of Remuneration | Mr. R.K. Sharma (Managing Director) | Mr. Jeevan Mahaldar (Executive Director) | Total Amount Amount |
|--------|---|--|---|------------------------|
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 12.00 | 42.00 | 54.00 |
| | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option* | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as % of profit | - | - | - |
| | - others | - | - | - |
| 5 | Others | - | - | - |
| | Total (A) | 12.00 | 42.00 | 54.00 |

(b) Remuneratio to other Directors :

1. Independent Directors

(Rs. in Lakhs)

| Particulars of Remuneration | Name of Directors | | Total Amount |
|--|-------------------|------------------|--------------|
| | Mr. J.B. Kapil | Mr. Rajiv Sharma | |
| - Fee for attending Board/Committee Meetings | 2.60 | 2.60 | 5.20 |
| - Commission | - | - | - |
| - Others - | - | - | - |
| Total (B)(1) | 2.60 | 2.60 | 5.20 |

2. Other Non-Executive Directors

(Rs. in Lakhs)

| Particulars of Remuneration | Name of Directors | Total Amount |
|--|-------------------|--------------|
| - Fee for attending Board/Committee Meetings | - | - |
| - Commission | - | - |
| - Others | - | - |
| Total (B)(2) | - | - |
| Total (B) = (B)(1) + (B)(2) | | |
| | | 5.20 |

Note: Remuneration paid to the directors/manager is well within the limit prescribed in the Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SWARAJ AUTOMOTIVES LIMITED

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in lacs)

| S. No. | Particulars of Remuneration | Mr. Gagan Kaushik (Company Secretary) | Mr. Jagdish Lal (CFO) | Total Amount |
|--------|---|--|--------------------------|--------------|
| 1 | Gross Salary | | | |
| (a) | Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 8.40 | 15.60 | 24 |
| (b) | Value of perquisites under Section 17(2) Income Tax Act, 1961 | - | - | - |
| (c) | Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option* | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as % of profit | - | - | - |
| | - others | - | - | - |
| 5 | Others | - | - | - |
| | Total (C) | 8.40 | 15.60 | 24 |

VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2017.

ANNEXURE C TO DIRECTORS' REPORT

Particulars as per the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2017

A. CONSERVATION OF ENERGY:

- (a) Initiatives taken for conservation of energy during the year:
1. Replacement of higher capacity motor with lower capacity motor in cooling tower.
 2. Replacement of old PU machine with new advanced technology PU machine in Foam Section which saves 36% energy and higher productivity.
 3. Optimal production usage of GC Furnace in Heat treatment shop to avoid idle running during non-working days / holidays
 4. Replacement of Tube lights with CFL at Shop Floor.
- Total annual estimated savings for the year - Rs.8.50 lakhs
- (b) Capital investments on energy conservation equipment: Rs. 23 lakhs
- (c) Arranged Energy audit through TERI (Tata Energy Research Institute) for henceforth implementation
- (d) Steps taken by the company for utilising alternate sources of energy: The Company is exploring potential of using alternate source of energy which may be considered for implementation in future.

B. TECHNOLOGY ABSORPTION:

- (a) The efforts made towards technology absorption:
- Under Continual approach towards up-gradation of technology, company has strengthened in-house R&D facility for designing of upgraded seat mechanisms. Your company has also partnered with leading design house for designing of high-end seats which leads to new design thinking and technology learning. Going forwards towards high-tech agriculture implements, the company has joined hands with renowned foreign manufacturer.
- The Company has benefited by way of cost reduction initiatives through process optimization and waste reduction.
- (b) Benefits derived as a result of the above efforts: Development of new products
- (c) Expenditure on R&D: The Company spent revenue expenditure of Rs 8.07 lakhs on Research & Development work during the year, which was 0.09% of the total turnover.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No. 2.32 of Notes on Accounts in the Annual Report.

FOR AND ON BEHALF OF THE BOARD

Place : Ghaziabad
Date : 12th May, 2017

J.B.KAPIL
Chairman

ANNEXURE - D TO DIRECTORS' REPORT

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| Sr. No. | Requirements | Disclosure |
|---------|---|---|
| 1 | The ratio of the remuneration of each director to the median remuneration of the employees for the financial year. | MD - 3 Times ED - 10 Times |
| 2 | The percentage increase in remuneration of each Director, CEO, CFO & CS. | MD - Nil ED - Nil CFO - Nil CS - Nil |
| 3 | The percentage increase in the median remuneration of employees in the financial year. | The median remuneration of the employees in the financial year was increased by 3%. The calculation of 3% increase in median remuneration is done based on comparable employees. |
| 4 | The number of permanent employees on the rolls of the company. | There were 206 permanent employees as on 31st March, 2017. |
| 5 | Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | The average percentage change in Managerial employees is 14% whereas the average percentage change in Non-Managerial employees is 3% in 2016-17. |
| 6 | Affirmation that the remuneration is as per the remuneration policy of the company. | Yes, it is affirmed. |

SWARAJ AUTOMOTIVES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2017

(Rs. in Lakhs)

| Particulars | Note | 2017 | 2016 |
|--|------|-----------------------|-----------------------|
| EQUITY & LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2.1 | 239.77 | 239.77 |
| Reserves & Surplus | 2.2 | <u>2602.55</u> | <u>2379.35</u> |
| Non-Current Liabilities | | | |
| Other Long-term Liabilities | 2.3 | 0.24 | 3.95 |
| Long-term Provisions | 2.4 | <u>266.77</u> | <u>230.85</u> |
| Current Liabilities | | | |
| Trade Payables | 2.5 | 1938.51 | 1719.04 |
| Other Current Liabilities | 2.6 | 41.49 | 52.48 |
| Short-term Provisions | 2.7 | <u>139.55</u> | <u>287.67</u> |
| TOTAL | | <u>5228.88</u> | <u>4913.11</u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | 2.8 | | |
| – Tangible Assets | | 961.93 | 898.94 |
| – Intangible Assets | | 63.22 | – |
| – Capital Work-in-progress | | 3.45 | 86.39 |
| – Capital Spares | | 4.50 | 0.49 |
| Deferred Tax Assets (Net) | 2.9 | 125.85 | 127.67 |
| Long-term Loans & Advances | 2.10 | <u>34.46</u> | <u>22.54</u> |
| Current Assets | | | |
| Inventories | 2.11 | 560.42 | 572.40 |
| Trade Receivables | 2.12 | 1931.94 | 1631.17 |
| Cash & Cash Equivalents | 2.13 | 1004.93 | 1049.57 |
| Short-term Loans & Advances | 2.14 | 522.18 | 503.10 |
| Other Current Assets | 2.15 | <u>16.10</u> | <u>20.84</u> |
| TOTAL | | <u>5228.88</u> | <u>4913.11</u> |
| 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

JAGDISH LAL RAHEJA
Chief Financial Officer

J.B. KAPIL
Chairman

R.K. SHARMA
Managing Director

GAGAN KAUSHIK
Company Secretary

JEEVAN MAHALDAR
Executive Director

Chandigarh, 12th May, 2017

Ghaziabad, 12th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017 (Rs. in Lakhs)

| Particulars | Note | 2017 | 2016 |
|--|---------------|-----------------------|----------------|
| Revenue from Operations (Gross) | 2.16 | 10303.50 | 10542.77 |
| Less : Excise Duty | | <u>1004.59</u> | <u>979.04</u> |
| Net Revenue from Operations | | 9298.91 | 9563.73 |
| Other Income | 2.17 | 99.44 | 84.57 |
| Total Revenue | | <u>9398.35</u> | <u>9648.30</u> |
| Expenses | | | |
| Cost of Materials Consumed | 2.18 | 6611.39 | 7124.34 |
| Changes in Inventories of Finished Goods and Work-in-Progress | 2.19 | 22.79 | (57.18) |
| Employee Benefits Expense | 2.20 | 1599.62 | 1530.58 |
| Finance Costs | 2.21 | 1.71 | 2.29 |
| Depreciation & Amortization Expense | 2.8 | 75.50 | 80.07 |
| Other Expenses | 2.22 | 748.16 | 662.34 |
| Total Expenses | | <u>9059.17</u> | <u>9342.44</u> |
| Profit for the year | | 339.18 | 305.86 |
| Prior period adjustments | | (-) 3.62 | (-) 8.25 |
| Profit Before Exceptional and Extraordinary items and Tax | | 335.56 | 297.61 |
| Exceptional and Extraordinary items | | — | — |
| Profit Before Tax | | 335.56 | 297.61 |
| Tax Expense | | | |
| – Current Tax | 110.08 | | 106.46 |
| – Deferred Tax (Net) | 1.81 | | (12.13) |
| – Short Tax provision of earlier year | 0.47 | 112.36 | <u>(0.04)</u> |
| Profit After Tax | | 223.20 | 203.32 |
| Earning per Equity Share | 2.29 | | |
| Basic / Diluted Earning Per Share (Rs.) | | 9.31 | 8.48 |
| 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.B. KAPIL
Chairman

J.S. CHOPRA
Partner
Membership No. 087476

JAGDISH LAL RAHEJA
Chief Financial Officer

R.K. SHARMA
Managing Director

GAGAN KAUSHIK
Company Secretary

JEEVAN MAHALDAR
Executive Director

Chandigarh, 12th May, 2017

Ghaziabad, 12th May, 2017

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, 2013.

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. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

1.3 REVENUE RECOGNITION

- i) Sales are recognised at the time of despatches to customers or their respective transporters for onward despatches and upon transfer of ownership to customers. Hence, finished goods despatched whose ownership has not been transferred to customers at the end of last working day of the period, have been considered as Finished Goods-In-Transit and are excluded from being recognized as operational revenue.
- ii) Impact of variation in selling price with respect to goods sold, 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 Tooling.
- iii) Incomes from services rendered are booked based on agreements / arrangements with the concerned parties.
- iv) Interest on fixed deposits is recognized on a time proportion basis taking into account the underlying interest rate.

1.4 PROVISIONS & CONTINGENT LIABILITIES

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised in the financial statements 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 based on useful life basis as specified and in the manner prescribed in Schedule II to the Companies Act, 2013, 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%.

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.

- iii. Capital spares are amortised in a systematic manner over the useful life of the assets to which it relates.
- iv. Assets individually costing up to Rs. 5000/- are depreciated at 100% within one year from the date of purchase.
- v. 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, with due provisioning for slow moving / obsolete items. 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) Finished Goods - In - Transit, whose ownership has not been transferred to customers at the end of last working day of the period and are not recognised for Sales revenue, are valued at cost plus taxes as applicable.
- iv) Scrap/damaged goods value is incorporated in books on the basis of expected realisable value.
- v) Rejected goods pending for quality approval are valued at 10% of the actual cost till further disposal/rework.

1.7 EMPLOYEE BENEFITS

(i) Defined contribution plans

The Company's contribution to Provident Fund is considered as defined contribution plan and is charged as an expense to the Statement of Profit and Loss for the year when the contributions are due. The Company contributes to

Life Insurance Corporation of India to cover its liability towards its master policies of employee's superannuation and gratuity. Payment of gratuity at the time of retirement is routed through the Gratuity Fund created by the company with LIC.

(ii) Defined benefit plans

The company operates a defined benefit plan for its employees in the form of gratuity fund. The cost of providing benefit under the plan is determined on the basis of actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses for defined benefit plan are recognized in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation.

(iii) Short-term employee benefits

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.

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognized during the period when the employee renders services. These benefits include salaries, bonus, leave travel allowance and performance incentives.

The employees of the Company are entitled to compensate absences. The Company has a policy for leave encashment, whereby the balance of leave is either availed or encashed in the following year, and hence the same is classified as short term. The short-term leave encashment liability has been measured based on the actual leave balance outstanding at the year end.

1.8 RESEARCH & DEVELOPMENT

Expenditure on Research and Development has been classified into Revenue and CWIP/Assets, and accordingly charged to Statement of Profit & Loss and depicted in Balance Sheet.

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. Advance tax and provision for current tax are presented in the balance sheet after off-setting advance tax paid and income tax provisions.
- (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. Deferred Tax charge or credit is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax liabilities are recognised for all timing differences.

Deferred Tax assets arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of that there will be sufficient future taxable income available to realise such assets.

Deferred Tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

Deferred Tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set-off.

Deferred Tax Assets are reviewed at each balance sheet date for their realisability.

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 agriculture implements - Rotavator and Trailer, 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.

1.13 Segment reporting

The Company identifies primary segments based on the dominant nature of products, risks and returns, category of customers dealt and the internal reporting system, organisation and management structure.

The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.

The Company's business is primarily dominated by Automobile components and Agriculture Implements and accordingly there is no reportable secondary segment. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

SWARAJ AUTOMOTIVES LIMITED

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

2.1 SHARE CAPITAL

(Rs. in Lakhs)

| Particulars | As at 31st March | |
|--|------------------|--------|
| | 2017 | 2016 |
| Authorised | | |
| Equity Shares, Rs.10/- par value | | |
| 30,00,000 (2016 - 30,00,000) Equity Shares | 300.00 | 300.00 |
| Redeemable Cumulative Preference Shares, Rs.100/- par value | | |
| 50,000 (2016 - 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 (2016 - 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 12th May, 2017 proposed a dividend of Rs. 4.00 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, 2017 amounted to Rs.115.43 lakhs including corporate dividend tax of Rs. 19.52 lakhs (2016 - Rs.101.00 lakhs including corporate dividend tax of Rs.17.08 lakhs).

Equity Shares held by Holding Company on 31-03-2017 :

| | |
|---------------------------|----------------------------|
| - Name of Holding Company | b4S Solutions Pvt. Limited |
| - Shares Held | 19,58,371 (81.68%) |

Equity Shareholders holding more than 5% shares :

| Name | As at 31st March | | | |
|-------------------------------|--------------------|-------------------|--------------------|-------------------|
| | 2017 | | 2016 | |
| | No. of Shares Held | % of Shareholding | No. of Shares Held | % of Shareholding |
| b4S Solutions Private Limited | 1,958,371 | 81.68% | 21,16,730 | 88.28% |

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

| | As at 31st March | | | |
|---|------------------|------------------------------|---------------|------------------------------|
| | 2017 | | 2016 | |
| | No. of Shares | Share Capital (Rs. in Lakhs) | No. of Shares | Share Capital (Rs. in Lakhs) |
| Number of equity shares at the beginning | 23,97,713 | 239.77 | 23,97,713 | 239.77 |
| Movement in equity shares during the year | - | - | - | - |
| Number of equity shares at the closing | 23,97,713 | 239.77 | 23,97,713 | 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.

SWARAJ AUTOMOTIVES LIMITED

2.2 RESERVES AND SURPLUS

(Rs. in Lakhs)

| Particulars | As at 31st March | | |
|--|------------------|---------|----------------|
| | 2017 | 2016 | |
| General Reserve - Opening Balance | 1822.24 | 1772.24 | |
| Add : Transfer from Surplus | 1822.24 | 50.00 | 1822.24 |
| Surplus - Opening Balance | 557.11 | 504.79 | |
| Less : Adjustment for carrying value of Assets | - | - | |
| | 557.11 | 504.79 | |
| Add : Profit for the Year | 223.20 | 203.32 | |
| | 780.31 | 708.11 | |
| Less : Appropriations | | | |
| Proposed Dividend | | 83.92 | |
| Tax on Proposed Dividend | | 17.08 | |
| Transfer to General Reserve | | 50.00 | 557.11 |
| | 780.31 | 50.00 | 557.11 |
| | 2602.55 | | 2379.35 |

2.3 OTHER LONG TERM LIABILITIES

(Rs. in Lakhs)

| Particulars | As at 31st March | | |
|---------------------------------|------------------|-------------|-------------|
| | 2017 | 2016 | |
| Grants-in-Aid (Refer Note 1.10) | | | |
| Capital Grant | | | |
| Opening Balance | 3.94 | 7.64 | |
| Less : Depreciation | 3.70 | 0.24 | 3.94 |
| Deposits & Earnest Money | | - | 0.01 |
| | | 0.24 | 3.95 |

Capital Grant represents the unappropriated 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 unappropriated 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 Lakhs)

| Particulars | As at 31st March | |
|---|------------------|---------------|
| | 2017 | 2016 |
| Provision for Employee Benefits (Refer Note 1.7) | | |
| – Provision for Gratuity (Refer Note 2.33) | 168.31 | 139.77 |
| – Provision for Leave Encashment | 98.46 | 91.08 |
| | 266.77 | 230.85 |

SWARAJ AUTOMOTIVES LIMITED**2.5 TRADE PAYABLES****(Rs. in Lakhs)**

| Particulars | As at 31st March | |
|--|------------------|---------|
| | 2017 | 2016 |
| Trade Payables - Micro & Small Enterprises (Refer Note 2.34) | 46.08 | 68.78 |
| Trade Payables - Other than Micro & Small Enterprises | 1732.36 | 1481.12 |
| Accruals | 160.07 | 169.14 |
| | 1938.51 | 1719.04 |

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

| Particulars | As at 31st March | |
|---|------------------|-------|
| | 2017 | 2016 |
| Grants-in-Aid (Refer Notes 1.10 & 2.30) | | |
| – Capital Grant | 3.70 | 3.70 |
| Deposits & Earnest Money | 1.27 | 1.35 |
| Advances from Customers | 0.65 | 4.89 |
| Unpaid / Unclaimed Dividend * | 4.38 | 4.01 |
| Other Liabilities | | |
| – Statutory Dues Payable | 31.49 | 38.53 |
| | 41.49 | 52.48 |

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2017.

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

| Particulars | As at 31st March | |
|---|------------------|--------|
| | 2017 | 2016 |
| Provision for Employee Benefits (Refer Note 1.7) | | |
| – Provision for Gratuity (Refer Note 2.33) | 52.96 | 90.79 |
| – Provision for Leave Encashment | 83.91 | 91.79 |
| | 136.87 | 182.58 |
| Others | | |
| – Proposed Dividend | | 83.92 |
| – Tax on Proposed Dividend | | 17.08 |
| – Provision for Warranty | 2.68 | 4.09 |
| – Income Tax (net of provisions) (Refer Note 1.9) | – | – |
| | 2.68 | 105.09 |
| | 139.55 | 287.67 |

2.8 FIXED ASSETS
(Refer Note 1.5)

(Rs. in Lakhs)

| DESCRIPTION | GROSS BLOCK | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|-----------------------------|--------------------------|---------------------------------|---|-----------------------------|---------------------|--------------------------------|---|---------------------|---------------------|---------------------|
| | Cost as at 01.04.2016 | Additions during the year | Sale/ Adjust- ments during the year | Cost as at 31.03.2017 | As at 01.04.2016 | Provided during the year | Disposal/ Adjust- ments during the year | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| A) TANGIBLE ASSETS | | | | | | | | | | |
| Land – Freehold * | 451.81 | - | - | 451.81 | - | - | - | - | 451.81 | 451.81 |
| Buildings ** | 415.86 | 4.25 | - | 420.11 | 285.59 | 8.21 | - | 293.80 | 126.31 | 130.27 |
| Plant & Machinery | 1089.55 | 76.21 | (6.00) | 1159.76 | 831.33 | 42.36 | (1.06) | 872.63 | 287.13 | 258.22 |
| Electrical Installations | 128.62 | 0.61 | - | 129.23 | 111.64 | 1.67 | - | 113.31 | 15.92 | 16.98 |
| Furniture & Fixtures | 19.08 | 4.77 | - | 23.85 | 12.10 | 1.24 | - | 13.34 | 10.51 | 6.98 |
| Office Equipments | 138.42 | 11.36 | (28.55) | 121.23 | 116.70 | 8.45 | (27.36) | 97.79 | 23.44 | 21.72 |
| Vehicles | 121.59 | 39.93 | - | 161.52 | 108.63 | 6.08 | - | 114.71 | 46.81 | 12.96 |
| TOTAL (A) | 2364.93 | 137.13 | (34.55) | 2467.51 | 1465.99 | 68.01 | (28.42) | 1505.58 | 961.93 | 898.94 |
| B) INTANGIBLE ASSETS | | | | | | | | | | |
| Software | 31.45 | 2.76 | 14.16 | 48.37 | 31.45 | 0.91 | 13.66 | 46.02 | 2.35 | 0.00 |
| Design & Development | - | 67.45 | - | 67.45 | - | 6.58 | - | 6.58 | 60.87 | 0.00 |
| TOTAL (B) | 31.45 | 70.21 | 14.16 | 115.82 | 31.45 | 7.49 | 13.66 | 52.60 | 63.22 | 0.00 |
| GRAND TOTAL (A+B) | 2396.38 | 207.34 | (20.39) | 2583.33 | 1497.44 | 75.50 | (14.76) | 1558.18 | 1025.15 | 898.94 |
| Previous Year | 2349.20 | 49.77 | (2.59) | 2396.38 | 1418.30 | 80.07 | (0.93) | 1497.44 | 898.94 | 930.90 |
| Capital Work-in-progress | | | | | | | | | 3.45 | 86.39 |
| Capital Spares | | | | | | | | | 4.50 | 0.49 |

SWARAJ AUTOMOTIVES LIMITED**2.9 DEFERRED TAX**

(Refer Note No. 1.9)

(Rs. in Lakhs)

| Particulars | As at 31st March | |
|--|------------------|-----------------|
| | 2017 | 2016 |
| Defferred Tax Liabilities | | |
| – Difference between book & tax depreciation | 74.34 | 66.88 |
| Defferred Tax Assets | | |
| – Provision for Employees Cost | (144.03) | (150.04) |
| – Others | (56.16) | (194.55) |
| Defferred Tax Liabilities / (Assets) | (125.85) | (127.67) |

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 Lakhs)

| Particulars | As at 31st March | |
|-------------------|------------------|--------------|
| | 2017 | 2016 |
| Capital Advances | 4.08 | – |
| Security Deposits | 29.19 | 19.61 |
| Prepaid Expenses | 1.09 | 2.93 |
| | 34.36 | 22.54 |

2.11 INVENTORIES

(Refer Note 1.6)

(Rs. in Lakhs)

| Particulars | As at 31st March | |
|----------------------------|------------------|---------------|
| | 2017 | 2016 |
| Raw Materials & Components | 227.11 | 218.29 |
| Work-in-Progress | 111.91 | 119.98 |
| Finished Goods | 128.29 | 115.66 |
| Finished Goods-in Transit* | 54.77 | 82.12 |
| Stores and Spares | 24.60 | 24.74 |
| Loose Tools | 13.74 | 11.61 |
| | 560.42 | 572.40 |

Inventory as at 31st March, 2017 has been physically verified and certified by the Management.

* Includes the goods where ownership has yet to be transferred to the customers

SWARAJ AUTOMOTIVES LIMITED

2.12 TRADE RECEIVABLES

(Rs. in Lakhs)

| Particulars | As at 31st March | | | |
|---|------------------|----------------|---------------|----------------|
| | 2017 | | 2016 | |
| Debts outstanding from the date they are due for payment | | | | |
| Unsecured for more than six months | | | | |
| – Considered Doubtful | 87.65 | | 48.28 | |
| Less : Provision for doubtful debts | <u>87.65</u> | – | <u>48.28</u> | – |
| – Considered good | | <u>102.83</u> | <u>102.83</u> | <u>110.84</u> |
| Unsecured for less than six months | | | | |
| – Considered good * | | <u>1829.11</u> | | <u>1520.33</u> |
| | | <u>1931.94</u> | | <u>1631.17</u> |

* Include dues from Holding Company amounting to Rs. Nil lakhs (2016 - Rs. Nil lakhs) (Refer Note 2.28).

Provision for doubtful debts - as at 31st March, 2017 (Refer Note 2.31)

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.

2.13 CASH & CASH EQUIVALENTS

(Rs. in Lakhs)

| Particulars | As at 31st March | | | |
|--|------------------|----------------|---------------|----------------|
| | 2017 | | 2016 | |
| Cash on hand | | 0.66 | | 1.27 |
| Balances with Banks | | | | |
| – In Current Accounts | | 138.18 | | 264.26 |
| Balance with Banks held as Margin Money and Deposit against Guarantees & Other Commitments | | 346.83 | | 353.26 |
| Other Bank Balances | | | | |
| – Deposit Account with more than 12 months maturities | 0.00 | | 0.00 | |
| – Deposit Account with less than 12 months maturities | <u>514.88</u> | <u>514.88</u> | <u>426.77</u> | <u>426.77</u> |
| Unpaid/Unclaimed Dividend Accounts | | <u>4.38</u> | | <u>4.01</u> |
| | | <u>1004.93</u> | | <u>1049.57</u> |

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

Deposits are with State Bank of India (erstwhile known as 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 Mar, 2017 include restricted cash and bank balances of Rs.351.21 lakhs (2016 - Rs.357.27 lakhs). 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 Lakhs)

| Particulars | As at 31st March | |
|---|------------------|---------------|
| | 2017 | 2016 |
| Deposit with Excise & Taxation Authorities | 4.89 | 4.89 |
| Insurance Claim recoverable | – | 1.47 |
| Prepaid Expenses | 5.36 | 7.27 |
| Advances to Suppliers | 30.53 | 10.98 |
| Advances to Employees | 2.71 | 1.59 |
| Balance with Excise Authorities | 31.47 | 36.73 |
| Security Deposits | 3.06 | 10.49 |
| Value Added Tax Recoverable | 422.71 | 414.87 |
| Income Tax (net of provisions) (Refer Note 1.9) | 7.97 | 8.19 |
| Others | <u>13.48</u> | <u>6.62</u> |
| | <u>522.18</u> | <u>503.10</u> |

SWARAJ AUTOMOTIVES LIMITED**2.15 OTHER CURRENT ASSETS****(Rs. in Lakhs)**

| Particulars | Year ended 31st March | |
|------------------------------------|-----------------------|--------------|
| | 2017 | 2016 |
| Interest Accrued on Fixed Deposits | 16.10 | 20.84 |
| | <u>16.10</u> | <u>20.84</u> |

2.16 REVENUE FROM OPERATIONS**(Rs. in Lakhs)**

| Particulars | Year ended 31st March | |
|---|-----------------------|-----------------|
| | 2017 | 2016 |
| Sale of Products (Refer Note 2.32 A) | 10253.89 | 10477.17 |
| Other Operating Revenues | | |
| – Sale of Scrap | 49.61 | 65.60 |
| | <u>10303.50</u> | <u>10542.77</u> |

2.17 OTHER INCOME**(Rs. in Lakhs)**

| Particulars | Year ended 31st March | |
|--------------------------------|-----------------------|--------------|
| | 2017 | 2016 |
| Interest Income | 64.71 | 59.47 |
| Profit on Sale of Fixed Assets | 3.96 | 0.48 |
| Miscellaneous Income* | 30.77 | 24.62 |
| | <u>99.44</u> | <u>84.57</u> |

*Includes written back of trade liabilities and reversal of excess provisions related to previous year.

2.18 COST OF MATERIALS CONSUMED

(Refer Note 2.32 B)

(Rs. in Lakhs)

| Particulars | Year ended 31st March | |
|----------------------|-----------------------|----------------|
| | 2017 | 2016 |
| Opening Stock | 229.90 | 297.20 |
| Add : Purchases | 6518.45 | 6920.15 |
| Job Charges | 103.89 | 136.89 |
| | <u>6622.34</u> | <u>7057.04</u> |
| | 6852.24 | 7354.24 |
| Less : Closing Stock | 240.85 | 229.90 |
| | <u>6611.39</u> | <u>7124.34</u> |

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

| Particulars | Year ended 31st March | |
|----------------------|-----------------------|----------------|
| | 2017 | 2016 |
| Opening Stock | 317.76 | 260.58 |
| Less : Closing Stock | 294.97 | 317.76 |
| | <u>22.79</u> | <u>(57.18)</u> |

SWARAJ AUTOMOTIVES LIMITED**2.20 EMPLOYEE BENEFITS EXPENSE****(Rs. in Lakhs)**

| Particulars | Year ended 31st March | |
|--|-----------------------|----------------|
| | 2017 | 2016 |
| Salaries & Wages | 1371.98 | 1323.31 |
| Contribution to Provident & Other Funds | 83.34 | 73.20 |
| Gratuity & Superannuation (Refer Note 1.7) | 41.88 | 27.11 |
| Workmen & Staff Welfare | 102.42 | 106.96 |
| | <u>1599.62</u> | <u>1530.58</u> |

2.21 FINANCE COSTS**(Rs. in Lakhs)**

| Particulars | Year ended 31st March | |
|---------------------------------|-----------------------|-------------|
| | 2017 | 2016 |
| Processing Fee Charges CC Limit | 1.71 | 2.29 |
| | <u>1.71</u> | <u>2.29</u> |

2.22 OTHER EXPENSES**(Rs. in Lakhs)**

| Particulars | Year ended 31st March | |
|------------------------------------|-----------------------|---------------|
| | 2017 | 2016 |
| Power, Fuel & Water Charges | 192.29 | 206.04 |
| Consumption of Stores & Spares | 50.70 | 49.83 |
| Rent | 13.62 | 2.48 |
| Rates and Taxes | 9.44 | 23.15 |
| Insurance | 5.25 | 3.21 |
| Repairs and Maintenance | | |
| – Buildings | 7.09 | 5.52 |
| – Machinery | 56.51 | 41.09 |
| – Others | 34.59 | 37.32 |
| Postage & Telephone | 5.97 | 3.58 |
| Printing & Stationery | 8.15 | 11.82 |
| Legal and Professional Charges | 12.90 | 6.61 |
| Advertisement | 6.10 | 8.40 |
| Freight Outward | 165.97 | 162.02 |
| Sales Promotion Expenses | 18.02 | 6.34 |
| Travelling & Conveyance Expenses | 75.98 | 48.07 |
| Provision for Bad & Doubtful Debts | 39.37 | 11.19 |
| Auditors' Remuneration | | |
| – Statutory Audit Fees | 1.50 | 1.50 |
| – Other Services | 1.75 | 1.85 |
| – Reimbursement of Expenses | 1.08 | 0.72 |
| Tax Auditors' Fees | 0.30 | 0.25 |
| Cost Auditors' Fees | 0.63 | 0.30 |
| Internal Auditor's Fee | 3.60 | 3.47 |
| Internal Auditor's Expenses | 2.32 | – |
| Directors' Sitting Fees | 5.25 | 9.62 |
| Design & Development Expenses | 7.46 | 0.22 |
| Warranty Claims | 6.20 | 6.87 |
| Loss on Fixed Assets written off | 0.41 | 0.42 |
| Miscellaneous Expenses | 15.71 | 10.45 |
| | <u>748.16</u> | <u>662.34</u> |

SWARAJ AUTOMOTIVES LIMITED

2.23 CREDIT FACILITIES ARRANGEMENTS

The Company is having Nil outstanding as on 31st March, 2017 (2016 - Nil) against Cash Credit limit from State Bank of India (previously known as State Bank of Patiala), secured by pari passu first charge over stocks in trade, stores, spares, book debts and other current assets and additional charge over the fixed assets of the Company.

2.24 CONTINGENT LIABILITIES

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

| Contingent Liabilities | (Rs. in Lakhs) | |
|---|------------------|-------|
| | As at 31st March | |
| Particulars | 2017 | 2016 |
| Claims against the Company, not acknowledged as debts*. | | |
| i) Telephone & Telex | 1.47 | 1.47 |
| ii) Employees / Workers | 15.65 | 8.00 |
| iii) Excise / Service Tax | 23.04 | 23.38 |

*Amounts have been identified on the basis of current status of the cases and does not include interest & other charges, if any.

2.25 CAPITAL COMMITMENTS

(Rs. in Lakhs)

| Particulars | As at 31st March | |
|---|------------------|-------|
| | 2017 | 2016 |
| Estimated amount of contracts remaining to be executed on capital account (net of advances) | 4.38 | 11.80 |

2.26 CURRENT ASSETS

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

2.27 SEGMENT REPORTING

Company's principal business covers two primary business segments, viz. "Automobile Components" and "Agriculture Implements". Segment revenue, segments results, segment assets and segment liabilities includes the respective amounts identifiable to each of the segments and also include amount allocable on reasonable basis. Items which are not directly relatable to the identified segments are shown as unallocated. The disclosure requirements of Accounting Standard - 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India are accordingly complied with.

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| Particulars | As at 31st March | |
|--|------------------|---------|
| | 2017 | 2016 |
| Segment Revenue:- | | |
| Automobile Components | 8086.78 | 7765.64 |
| Agriculture Implements | 1173.56 | 1798.09 |
| Others | 38.57 | - |
| Total | 9298.91 | 9563.73 |
| Segment Results (before finance cost and other unallocable income (loss)):- | | |
| Automobile Components | 364.55 | 269.03 |
| Agriculture Implements | (-) 16.64 | 28.58 |
| Others | (-) 12.35 | - |
| Total | 335.56 | 297.61 |
| Segment Assets:- | | |
| Automobile Components | 4417.35 | 4272.26 |
| Agriculture Implements | 461.60 | 504.99 |
| Others | 215.10 | - |
| Total | 5094.05 | 4777.25 |
| Segment Liabilities:- | | |
| Automobile Components | 2242.03 | 2097.25 |
| Agriculture Implements | 139.28 | 196.74 |
| Others | 5.17 | - |
| Total | 2386.48 | 2293.99 |

2.28 RELATED PARTY DISCLOSURES

In accordance with Accounting Standard -18, the related party disclosures for the year ended 31st March, 2017 are as follows :

- | | | |
|------|--------------------------|---|
| i) | Holding Company | b4S Solutions Private Limited* |
| ii) | Associate Company | Bhardwaj Packing and Comonents Pvt. Ltd. |
| iii) | Key Management Personnel | Shri Rama Kant Sharma^ Shri Jeevan Mahaldar^ |

| | | |
|-----|-------------------------------------|------------------------------|
| iv) | Transactions with related parties : | (Rs. in Lakhs) |
| | | Holding Company |
| | | Associate Company |
| a) | Sale of finished goods | - |
| | | (3959.71) |
| | - Mahindra & Mahindra Limited | - |
| | | (3959.71) |
| b) | Purchase of raw materials | - |
| | | (31.36) |
| | Bhardwaj Packing & Comp (P) Ltd. | - |
| | | (31.36) |
| | | - |
| | | (31.36) |

SWARAJ AUTOMOTIVES LIMITED

| | | | |
|----|--|--------------|-------------|
| c) | Reimbursement in respect of services received | 30.82 | – |
| | | (75.95) | (–) |
| | b4S Solutions Private Limited | 30.82 | – |
| | | (4.58) | (–) |
| | Mahindra & Mahindra Ltd | – | – |
| | | (71.37) | (–) |
| d) | Reimbursement in respect of services rendered | – | – |
| | | (93.41) | (–) |
| | Mahindra & Mahindra Limited | – | – |
| | | (93.41) | (–) |
| e) | Dividend Paid | 74.09 | – |
| | | (59.74) | (–) |
| | b4S Solutions Pvt. Limited | 74.09 | – |
| | | (–) | (–) |
| | Mahindra & Mahindra Limited | – | – |
| | | (59.74) | (–) |
| f) | Inter Corporate Deposits | – | – |
| g) | Interest Paid | – | – |
| | Aggregate balances outstanding as at the year end | | |
| | – Receivables | – | – |
| | | (–) | (–) |
| | – Payables | 2.10 | 0.30 |
| | | (4.49) | (–) |

Previous year's figures are given in brackets.

(Rs. in lakhs)

| | | |
|-------------------------------------|--------------|-------|
| (B) Key Management Personnel | 2017 | 2016 |
| Remuneration | 54.00 | 54.53 |
| Reimbursement of Expenses | 16.26 | 4.74 |

*Consequent to sale of its entire equity stake (17,06,925 equity shares) held by Mahindra & Mahindra Limited in the Company to b4S Solutions Private Limited, the Company ceased to be a subsidiary of Mahindra & Mahindra Limited with effect from 1st February, 2016 and became a subsidiary of b4S Solutions Private Limited with effect from 1st February, 2016.

^Shri Rama Kant Sharma and Shri Jeevan Mahaldar were appointed as Managing Director and Executive Director with effect from 4th February, 2016.

2.29 EARNING PER SHARE (EPS)

| Particulars | Year ended 31st March | |
|--|-----------------------|-----------|
| | 2017 | 2016 |
| Profit attributable to equity shareholder (Rs. in lakhs) | 223.20 | 203.32 |
| Basic/Weighted average number of equity shares | 23,97,713 | 23,97,713 |
| Basic / Diluted Earning Per Share | Rs.9.31 | Rs.8.48 |

(Face Value Rs.10/- per share)

2.30 GRANTS-IN-AID

Miscellaneous income under Other Income includes a sum of Rs.3.70 lakhs (2016 - Rs.3.70 lakhs) being the depreciation on Plant & Machinery received as Capital Grant in aid which is adjusted against the grant received.

2.31 PROVISION FOR DOUBTFUL DEBTS

Trade Receivables, includes debts aggregating to Rs.87.65 lakhs (2016 - Rs 48.28 lakhs), which management consider as doubtful for recovery. Adequate provisions for doubtful balances have been made in financial statements.

2.32 PRODUCT SALES & CONSUMPTION OF MATERIALS

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 | |
|---|------|-----------------------|-----------------------|
| | | 2017 | 2016 |
| i) Seats for Light Commercial Vehicles | | | |
| Opening stock | Sets | 122 | 182 |
| Production | " | 11181 | 9678 |
| Sales | " | 11254 | 9738 |
| Closing stock | " | 49 | 122 |
| ii) Seats Others | | | |
| Opening stock | Nos. | 1600 | 565 |
| Production | " | 155472 | 128160 |
| Sales | " | 156102 | 127125 |
| Closing stock | " | 970 | 1600 |
| iii) Seat Components | | | |
| Opening stock | Nos. | 48490 | 5540 |
| Production | " | 1812269 | 2244466 |
| Sales | " | 1816793 | 2201516* |
| Closing stock | " | 43966 | 48490* |
| iv) Agricultural Implements | | | |
| Opening stock | Nos. | 136 | 157 |
| Production | " | 1965 | 2862 |
| Sales | " | 2014 | 2883** |
| Closing stock | " | 87 | 136** |
| v) Sales of Products (including Excise Duty) | | 2017 | 2016 |
| | | <u>(Rs. in Lakhs)</u> | <u>(Rs. in Lakhs)</u> |
| Seat Components | | 3823.34 | 4537.27 |
| Seats of Light Commercial Vehicles and parts | | 830.64 | 745.88 |
| Tools, Dies & Fine Blanking Components | | 37.05 | 30.34 |
| Tractor Seat and Parts | | 4351.21 | 3370.59 |
| Agricultural Implements | | <u>1211.65</u> | <u>1793.09</u> |
| | | <u>10253.89</u> | <u>10477.17</u> |

*Seat Components – 35844 nos. related to Sales in transit and considered in closing stock

**Agriculture Implements – 49 Nos. related to Sales in transit and considered in closing stock

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B (a) Consumption of Raw Materials & Components

| Particulars | Unit | Year ended 31st March | | | |
|--|-------------------|-----------------------|----------------|---------|----------------|
| | | 2017 | | 2016 | |
| | | Qty. | Rs. in Lakhs | Qty. | Rs. in Lakhs |
| PU Foam Material | MT | 206.47 | 316.25 | 195.94 | 313.77 |
| CRCA Sheet & Steel Sheet | MT | 989.85 | 495.63 | 1221.83 | 592.51 |
| Paints & Chemicals | MT | 104.86 | 162.23 | 121.84 | 186.88 |
| Trim Comp., Frames & Silencer etc. | Nos. (in lacs) | 6.71 | 501.22 | 6.26 | 499.84 |
| Stopper, B. Plates, Arm Plate, H Plate | " | 44.09 | 384.15 | 50.82 | 450.66 |
| Guide Block, Sect-disc Lever etc. | " | 57.76 | 493.96 | 70.21 | 625.04 |
| Upper Rail, Lower Rail, Pawl Lock etc. | " | 19.93 | 342.44 | 27.70 | 480.58 |
| Tractor Seat Parts | - | | 1634.26 | | 1332.85 |
| Agriculture Implement Parts | - | | 1182.16 | | 1665.43 |
| Packing Materials | - | | 112.62 | | 148.36 |
| Job Work Charges | - | | 103.89 | | 136.89 |
| Others | - | | 882.58 | | 691.52 |
| | | | 6611.39 | | 7124.34 |

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 2.18 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 | | | |
|---|-----------------------|----------------|---------------|----------------|
| | 2017 | | 2016 | |
| | %age | Rs. in Lakhs | %age | Rs. in Lakhs |
| a) Raw material & Components | | | | |
| i) Imported | - | - | - | - |
| ii) Indigenous | 100.00 | 6611.39 | 100.00 | 7124.34 |
| | 100.00 | 6611.39 | 100.00 | 7124.34 |
| b) Stores & Spares | | | | |
| i) Imported | - | - | - | - |
| ii) Indigenous | 100.00 | 50.70 | 100.00 | 49.83 |
| | 100.00 | 50.70 | 100.00 | 49.83 |

2.33 EMPLOYEE DEFINED BENEFITS:

Defined benefit plans - as per Actuarial Valuation

(Rs. in Lakhs)

| | Gratuity Plan | |
|---|-------------------------|-------------------------|
| | 2017 | 2016 |
| I. Expenses Recognised in the Statement of Profit & Loss Account | | |
| 1. Current Service Cost | 20.50 | 21.71 |
| 2. Interest | 31.69 | 36.66 |
| 3. Expected Return on plan assets | (17.91) | (19.33) |
| 4. Actuarial (Gain) / Loss | 6.67 | (13.07) |
| 5. Total Expense | 40.95 | 25.97 |
| II. Net Asset / (Liability) recognised in the Balance Sheet | | |
| 1. Present value of Defined Benefit Obligation | 428.65 | 475.54 |
| 2. Fair Value of plan assets | 207.38 | 244.98 |
| 3. Funded Status [Surplus / (Deficit)] | (221.27) | (230.56) |
| 4. Net Asset / (Liability) | (221.27) | (230.56) |
| III. Change in the obligation during the year | | |
| 1. Present value of Defined Benefit Obligation as at beginning of the year | 475.54 | 500.18 |
| 2. Current service cost | 20.50 | 21.71 |
| 3. Interest Cost | 31.69 | 36.66 |
| 4. Benefit payments | (106.00) | (72.23) |
| 5. Actuarial (Gain) / Loss | 6.92 | (10.78) |
| 6. Present value of Defined Benefit Obligation as at end of the year | 428.65 | 475.54 |
| IV. Change in the Fair Value of Assets | | |
| 1. Fair Value of plan assets at the beginning of the year | 244.98 | 239.73 |
| 2. Expected return on plan assets | 17.91 | 19.33 |
| 3. Contribution by employer | 50.23 | 55.86 |
| 4. Actual benefits paid | (106.00) | (72.23) |
| 5. Actuarial Gain / (Loss) on Plan assets | 0.26 | 2.29 |
| 6. Fair value of plan assets at the end of the year | 207.38 | 244.98 |
| 7. Actual return on plan assets | 18.17 | 21.63 |
| V. The major categories of plan assets as a percentage of total plan | | |
| Funded with LIC | 100% | 100% |
| VI. Actuarial Assumptions | | |
| 1. Imputed Rate | 7.50% | 7.90% |
| 2. Expected rate of return on plan assets | 8.25% | 8.35% |
| 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% / 6% | 10% / 5% |
| 6. Remaining Working life | 16.46 Yrs | 15.64 Yrs |

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2.34 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 :-

| S.No | Particulars | (Rs. in Lakhs) | |
|-------------|---|-----------------------|-------------|
| | | 2017 | 2016 |
| (a) | Dues remaining unpaid as at 31st March | | |
| | – Principal | – | – |
| | – Interest on above | 3.10 | 4.30 |
| (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 | 202.46 | 870.50 |
| | – Interest paid in terms of Section 16 of the Act | 2.29 | 0.68 |
| (c) | Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year | 0.66 | 4.30 |
| (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 | 2.44 | – |
| (e) | Amount of interest accrued and remaining unpaid as at 31st March | 3.10 | 4.30 |

2.35 Prior period adjustments includes income / expenses pertaining to earlier years amounting to Rs.3.62 lakhs (2016 - Rs.8.25 lakhs).

2.36 Goods In transit valuing Rs 70.10 lakhs (2016 - Rs.102.36 lakhs) are not declared as Operational revenue as the ownership has not been transferred to the customers, however, the same has been included in Sales tax return to arrive at the taxable sales as the movement of the goods starts after issuance of the invoice.

2.37 Research & Development Expenditure. **(Rs. in Lakhs)**

| Particulars | Year ended 31st March | |
|---|------------------------------|-------------|
| | 2017 | 2016 |
| a. Revenue Expenditure (Charged to Statement of Profit and Loss) | 8.07 | 0.22 |
| b. Capital Expenditure (Capitalised under CWIP/Assets) | – | 74.95 |
| | 8.07 | 75.17 |

2.38 Provisions for Warranty obligations and Employee benefits expense.

| Particulars | Year ended 31st March | |
|--|------------------------------|----------------|
| | 2017 | 2016 |
| | (Rs. in Lakhs) | (Rs. in Lakhs) |
| a. As at the Beginning of the Year | 48.44 | 26.22 |
| b. Provided during the year | 31.96 | 42.03 |
| c. Utilized / Reversed during the Year | 47.74* | 19.81 |
| d. As at the end of the Year | 32.66 | 48.44 |

* includes liability for wage arrear amounting to Rs 5.98 lakhs.

2.39 LIABILITIES WRITTEN BACK

Trade Payables amounting to Rs 4.85 lakhs which management consider as doubtful for payments has been written back during the year (2016 - Rs.9.73 Lakhs).

2.40 The Company has maintained the requisite details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 pursuant to the requirement of Notification G.S.R 308(E) dated 30th March 2017 are given below. Further, the Company has complied with all relevant guidelines/notifications issued by Reserve Bank of India from time to time in respect of holding and dealing with Specified Bank Notes, and that the company had proper controls, system and procedures in place for such compliances.

Summarized table of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is given below -

| Particulars | Amount (Rs.Ps) | | |
|---------------------------------------|-----------------------|---------------------------------|--------------|
| | SBNs | Other denomination notes | Total |
| Closing Cash in Hand as on 08.11.2016 | 135500.00 | 2771.28 | 138271.28 |
| (+) Permitted Receipts | - | 456935.00 | 456935.00 |
| (-) Permitted Payments | - | 375905.66 | 375905.66 |
| (-) Amount deposited in Banks | 135500.00 | - | 135500.00 |
| Closing Cash in Hand as on 30.12.2016 | - | 83800.62 | 83800.62 |

2.41 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, 2017 (Rs. in Lakhs)

| | 2017 | 2016 |
|--|-----------------|----------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax and Extraordinary Items | 335.56 | 297.61 |
| Adjustments for : | | |
| Depreciation | 75.50 | 80.07 |
| Provision for Earned Leave & Gratuity | (9.79) | (26.39) |
| Provision for Doubtful Debts, Warranty & Advances | 37.96 | 10.03 |
| Interest Income | (64.71) | (59.47) |
| Profit/Loss on Fixed Assets Disposed/Write off | (3.56) | (0.05) |
| Capital grant-in-aid | (3.70) | (3.70) |
| Operating Profit before Working Capital Changes | 367.26 | 298.10 |
| Adjustments for: | | |
| Trade Receivables | (340.14) | 365.60 |
| Inventories | 11.98 | 9.95 |
| Loans & Advances | (26.39) | 97.29 |
| Trade Payables | 208.48 | (247.49) |
| Cash Generated From Operations | 221.19 | 523.45 |
| Direct taxes refund/(paid) | (110.33) | (116.23) |
| Net Cash From Operating Activities | 110.86 | 407.22 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (128.41) | (83.95) |
| Sale of Fixed Assets | 9.19 | 1.71 |
| Interest received | 64.71 | 59.47 |
| Net Cash Used in Investing Activities | (54.51) | (22.77) |

SWARAJ AUTOMOTIVES LIMITED

(Rs. in Lakhs)

| | 2017 | 2016 |
|--|-----------------|-----------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of Corporate Loans | | |
| Dividend paid | (101.00) | (101.00) |
| Interest Paid | — | (101.00) |
| Net Cash Used in Financing Activities | (101.00) | (101.00) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (44.65) | 283.45 |
| Opening Cash & Cash Equivalents (#1) | 1049.58 | 766.13 |
| Closing Cash & Cash Equivalents (#2) | 1004.93 | 1049.58 |
| #1 Cash & Bank Balances | 1049.58 | 766.13 |
| Cash Credit Account | — | — |
| Opening Cash & Cash Equivalents | 1049.58 | 766.13 |
| #2 Cash & Bank Balances | 1004.93 | 1049.58 |
| Cash Credit Account | — | — |
| Closing Cash & Cash Equivalents | 1004.93 | 1049.58 |

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 indicate the cash outgo.
3. Previous year figures have been regrouped wherever found necessary.

This is the Cash Flow Statement referred to in our report of even date

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

J.S. CHOPRA
Partner
Membership No. 087476

JAGDISH LAL RAHEJA
Chief Financial Officer

GAGAN KAUSHIK
Company Secretary

Chandigarh, 12th May, 2017

FOR AND ON BEHALF OF THE BOARD

J.B. KAPIL
Chairman

R.K. SHARMA
Managing Director

JEEVAN MAHALDAR
Executive Director

Ghaziabad, 12th May, 2017

INDEPENDENT AUDITOR'S 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 2017, 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

The Management and Board of Directors of the Company is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management and Board of Directors of the Company, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2017;
- (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. In accordance with the Companies (Auditor's Report) Order, 2016 ('The Order'), as amended, issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, and on the basis such checks of books and records of the Company, we considered appropriate and according to information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. 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;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - v. On the basis of written representations received from the Directors, as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - vi. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".
 - vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements,
 - b) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - c) There was no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
 - d) The company has provided requisite disclosures in the financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the Management representation, we report that the disclosures are in accordance with books of Account maintained by the Company and as produced to us by the Management – Refer Note (2.40).

For J.S.CHOPRA & ASSOCIATES
CHARTERED ACCCOUNTANTS
Firm registration number : 008849N

Place : Chandigarh
Dated : 12 May, 2017

Jagdeep S. Chopra, FCA
Partner
Membership No.: 087476

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 2017. We report that:

- (i) In respect of Fixed Assets:
 - a. The Company has maintained proper records to show 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 title deeds of immovable properties are held in the name of the company.
- (ii) In respect of Inventory:
 - a. The inventory of finished goods, stores, spare parts and raw materials of the Company in its possession have been physically verified by the management at reasonable period. Stock-in-transit as on 31st March 2017 has been verified by the management on subsequent receipt of the goods.
 - 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 were 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 for inventory. 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.
- (iii) According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) On the basis of information given to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India, under sub section (1) of section 148 of the Companies Act 2013, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (vii) 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, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Valued Added Tax, 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, 2017 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 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 | 9.78 | 2005-06 to April 2008 | Appellate Tribunal |
| 2. | Central Excise | Excise Duty | 13.26 | March 2009 to Dec. 2011 | Commissioner Appeals |
| 3. | Central Excise | Service Tax | 3.00 | 2008-09 to Oct. 2009 | Appellate Tribunal |
| | Total | | 26.04 | | |

- (viii) 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 banks, financial institutions, Government or debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Hence, the provisions of clause 3 (ix) of the Order are not applicable to the Company and not commented upon.
- (x) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, that causes the financial statements to be materially misstated.
- (xi) Based upon the audit procedures performed and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

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Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

- (xvi) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For J.S.CHOPRA & ASSOCIATES
CHARTERED ACCCOUNTANTS
Firm registration number : 008849N

Place : Chandigarh
Dated : 12th May, 2017

Jagdeep S. Chopra, FCA
Partner
Membership No.: 087476

ANNEXURE A TO AUDITORS REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Swaraj Automotives Limited, ("the Company") as on 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For J.S.CHOPRA & ASSOCIATES
CHARTERED ACCCOUNTANTS
Firm registration number : 008849N

Place : Chandigarh
Dated : 12 May, 2017

Jagdeep S. Chopra, FCA
Partner
Membership No.: 087476

SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Registered Office :

C-127, IV Floor, Satguru Infotech, Phase-VIII, Industrial Area,

S.A.S.Nagar (Mohali), Punjab-160071

Email:kaushik.gagan@swarajautomotive.com, Website: www.swarajautomotive.com

42nd Annual General Meeting -11th August, 2017

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

Folio No.

DP ID*

Client ID*

NAME OF THE SHAREHOLDER/PROXY

ADDRESS

No. of Shares held :



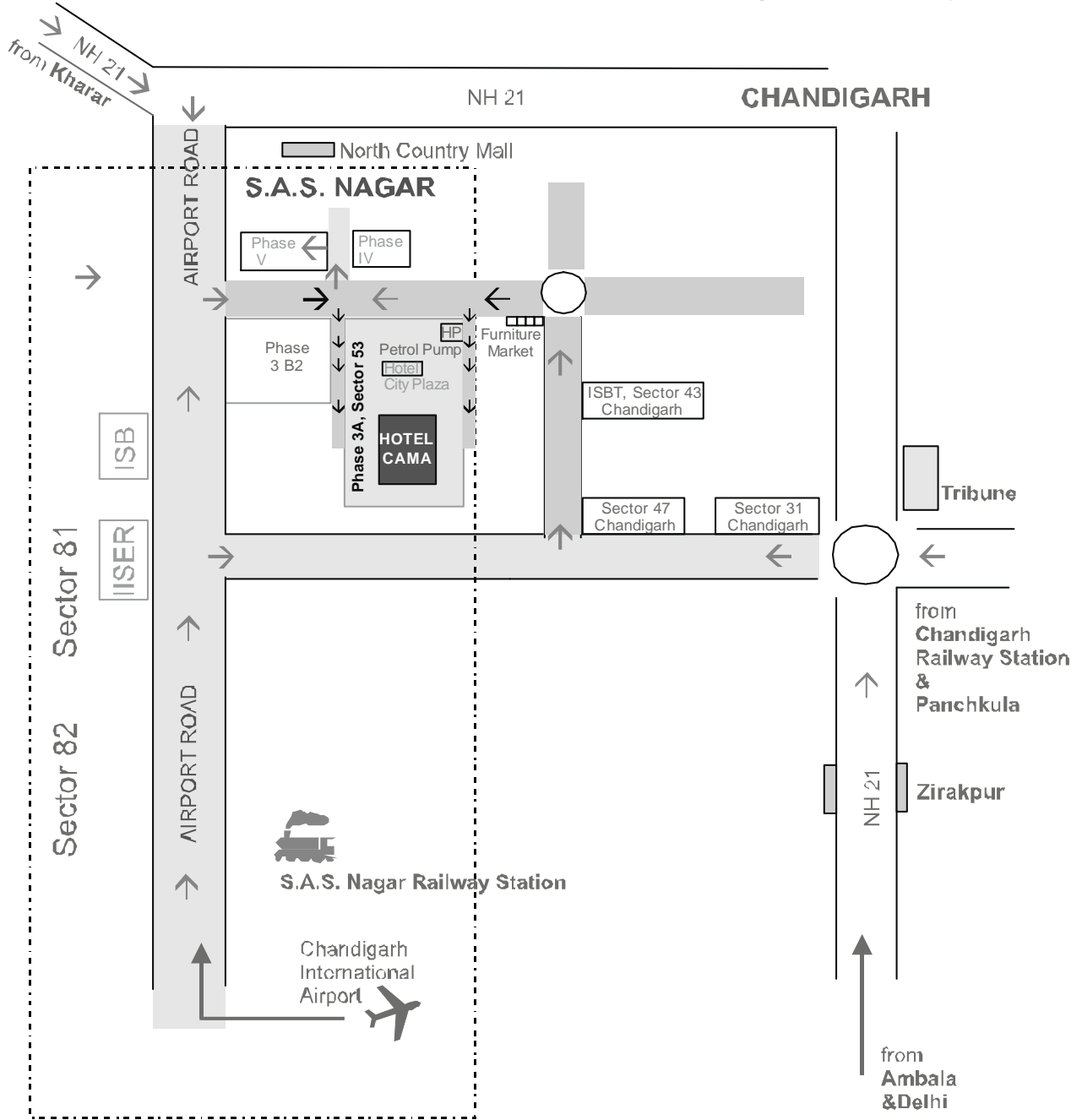
I hereby record my presence at the 42nd ANNUAL GENERAL MEETING of the company at Hotel Cama, SCF- 13-18, Sector-53, Phase - 3A, S.A.S Nagar (Mohali), Punjab-160059 on Friday, the 11th Day of August, 2017 at 3: 00 p.m.

*To be used for shares held in electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY

ROUTE MAP FOR AGM VENUE

Hotel CAMA, SCF-13-18, Phase-3A, Sector-53, S.A.S Nagar (Mohali), Punjab-160059



SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Regd. Office: C-127, IV Floor, Satguru Infotech, Phase-VIII, Industrial Area,

S.A.S.Nagar (Mohali), Punjab-160071

Tel : 0172-4650377, Fax : 0172-4650377

Email:kaushik.gagan@swarajautomotive.com, Website: www.swarajautomotive.com

PROXY FORM

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

| |
|-----------------------------|
| 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 _____

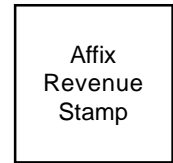
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held on Friday, 11th August, 2017 at 3.00 p.m. at Hotel Cama, SCF-13-18, Sector- 53, Phase- 3A, S.A.S Nagar (Mohali), Punjab-160059 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolutions | | Optional* | |
|-------------------------|--|-----------|---------|
| S.No. | Ordinary Business | For | Against |
| 1 | To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2017, and the Reports of the Directors and the Auditors thereon. | | |
| 2 | Declaration of Dividend on Equity Shares | | |
| 3 | To appoint a Director in place of Mr. Jamil Ahmad (DIN: 07171910) who retires by rotation and, being eligible, offers himself for re-appointment. | | |
| 4 | Appointment of Auditors and fix their remuneration. | | |
| Special Business | | | |
| 5 | Ratification of the remuneration payable to the Cost Auditors of the Company. | | |
| 6 | Issue of Sweat Equity Shares to Mr. Jeevan Mahaldar, Executive Director of the Company. | | |

Signed this _____ day of _____ 2017

Signature of Shareholder _____

Signature of Proxyholder(s) _____



Notes:

1. 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.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 42nd Annual General Meeting.
- *3. 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.
4. Please complete all details including details of member(s) in the above box before submission.