

# ANNUAL REPORT 2018



**SWARAJ AUTOMOTIVES LIMITED**

## Swaraj Automotives Limited

### Company Secretary

GAGAN KAUSHIK

### Chief Financial Officer

JAGDISH LAL RAHEJA

### Auditors

M/S MANGLA ASSOCIATES  
Chartered Accountants

### Bankers

STATE BANK OF INDIA  
AXIS BANK LIMITED

### Registered Office

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

ON : L45202PB1974PLC003516

Tel. : 0172-4650377

Email : kaushik.gagan@swarajautomotive.com

### Works

- (1) Kakrala Road, Nabha (Distt. Patiala)  
Punjab -147 201
- (2) 183/I, Belur Industrial Area,  
Dharwad, Karnataka-580011

### Website

[www.swarajautomotive.com](http://www.swarajautomotive.com)

### Registrar and Transfer Agent

M/s MCS Share Transfer Agent Limited  
Unit: Swaraj Automotives Ltd.  
F-65, 1st Floor, Okhla Industrial Area, Phase - I  
New Delhi - 110020  
Tel: 011-41406149  
Fax: 011-41709881  
Email: helpdeskdelhi@mcsregistrars.com

### BOARD OF DIRECTORS

J.B. KAPIL

*Chairman*

R.K. SHARMA

*Managing Director*

JAMIL AHMAD

RAJIV SHARMA

JEEVAN MAHALDAR

*Executive Director*

NAMRATA JAIN

**ANNUAL GENERAL MEETING**

on Friday, 10th August, 2018  
at 4.00 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 43rd Annual General Meeting of Swaraj Automotives Limited will be held on Friday, the 10th day of August, 2018 at 4.00 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, 2018 including the Audited Balance Sheet as at 31st March, 2018 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 Mrs. Namrata Jain (DIN: 07310940) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To ratify the appointment of 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the resolution passed by the Members of the Company at the Annual General Meeting ("AGM") held on 11th August, 2017, the appointment of M/s Mangla Associates, Chartered Accountants (ICAI Firm Registration Number 006796C) as the Statutory Auditors of the Company to hold office till the conclusion of the next AGM be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them 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, 2019, 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."

### **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.

## SWARAJ AUTOMOTIVES LIMITED

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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 Saturday 14th July, 2018 to Friday 20th July, 2018 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after 16th August, 2018 to those shareholders or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 13th July, 2018 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 Friday 13th July, 2018.
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 124 of the Companies Act, 2013, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ("IEPF Rules"), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government. Accordingly, details of unclaimed and unpaid dividend transferred by the Company to IEPF during last three years are given below:

Financial year ended	Date of declaration	Date of transfer to IEPF	Amount transferred to IEPF (Rs.)
31st March, 2008	16th June, 2008	11th August, 2015	45,075
31st March, 2009	18th June, 2009	25th July, 2016	35,754
31st March, 2010	3rd August, 2010	8th September, 2017	61,700

The Company has been sending reminders to those members having unclaimed/ unpaid dividend(s) before transfer of such dividend(s) to IEPF. Details of the unclaimed/unpaid dividend(s) as on 11th August, 2017 (date of last Annual General Meeting) are also uploaded as per the requirements, on the Company's website [www.swarajautomotive.com](http://www.swarajautomotive.com). Members, who have not encashed their dividend(s) pertaining to financial year ended on 31st March, 2011 and onwards are advised to write to the Company immediately for claiming dividend(s) declared by the Company.

The due date for transfer of unclaimed/unpaid dividend(s) declared by the Company for FY 2010-11 and thereafter to IEPF is as under:

Financial year ended	Date of declaration of dividend	Due for transfer to IEPF
31st March, 2011	3rd August, 2011	8th August, 2018
31st March, 2012	31st August, 2012	5th September, 2019
31st March, 2013	30th July, 2013	4th September, 2020
31st March, 2014	31st July, 2014	5th September, 2021
31st March, 2015	28th July, 2015	2nd September, 2022
31st March, 2016	10th August, 2016	15th September, 2023
31st March, 2017	11th August, 2017	16th September, 2024

10. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ("IEPF Account") within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, in compliance of said requirements, the Company has transferred the aforesaid shares to the IEPF Account and details of the same are uploaded on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company [www.swarajautomotive.com](http://www.swarajautomotive.com). Further, all the Members who have not claimed / encashed their dividend(s) in the last seven consecutive years from 2011 are requested to claim the same by 31st August, 2018. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules.
11. 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.
12. 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.
13. Payment of Dividend through ECS:
- 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.
  - 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

## SWARAJ AUTOMOTIVES LIMITED

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account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by 20th July, 2018, 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.

14. 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.
15. 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.
  - Initiate the process to dematerialize their shares if the same are held in physical mode.
16. 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 43rd 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](mailto:ajaykcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. For the members whose email IDs are not registered with the Company/Depository Participants(s):
- (i) Initial password alongwith physical copy of the Notice of AGM is being sent separately in the permitted mode.
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of [www.evoting.nsdl.com](http://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 7th August, 2018 (9:00 am) and ends on 9th August, 2018 (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 3rd August, 2018, 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 3rd August, 2018.
- 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 3rd August, 2018, may obtain the Login ID and password by sending a request at [evoting@nsdl.co.in](mailto: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.



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- 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](http://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. 10th August, 2018.
17. Re-appointment of Directors
- Mrs. Namrata Jain shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer herself for re-appointment.
- Mrs. Namrata Jain does not hold any Equity Shares in the Company.
- None of the Directors of the Company are inter-se related to each other.
- In respect of the information to be provided under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and secretarial standards on general meeting issued by the institute of company secretaries of India, in respect of Director seeking re-appointment at this AGM, Forms part of this notice.
18. 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](mailto:kaushik.gagan@swarajautomotive.com)  
Website: [www.swarajautomotive.com](http://www.swarajautomotive.com)  
CIN: L45202PB1974PLC003516  
Ghaziabad, 11th May, 2018

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)  
Company Secretary &  
Compliance Officer

### 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, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019 and the Board, subject to the ratification

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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, 2019.

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.

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 &  
Compliance Officer

Ghaziabad, 11th May, 2018

### **Additional Information on Director seeking Re-appointment at the 43rd Annual General Meeting [Pursuant To Regulation 36(3) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] and (SS - 2 Secretarial Standards on General Meetings)**

Name of Director	Mrs. Namrata Jain
DIN	07310940
Date of Appointment	3rd February, 2016
Age	33
Qualification	PGDBM (Finance & Marketing)
Directorship in other listed Company(ies) as on 31st March, 2018	Nil
Committee membership as on 31st March, 2018	Nil
No. of Board meetings of Swaraj Automotives Limited	4
Disclosure of inter-se relationship between Directors and KMP	Nil *
Shareholding in Swaraj Automotives Limited	Nil

\*Mrs. Namrata Jain is working with b4S Solutions Private Limited, (Promoter of Swaraj Automotives Ltd).

**REPORT OF THE DIRECTORS TO THE MEMBERS**

Your Directors are pleased to present their 43rd Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2018.

**FINANCIAL RESULTS :**

	Year ended 31 <sup>st</sup> March, 2018 (Rs. in Crores)	Year ended 31 <sup>st</sup> March, 2017 (Rs. in Crores)
Net Revenue from Operations	113.71	92.99
Other Income	0.93	0.99
Total Revenue	114.64	93.98
Profit before Depreciation, Finance Charges and Tax	5.99	4.16
Finance Costs	0.13	0.02
Depreciation & Amortization Expense	0.90	0.75
Profit Before Tax	4.96	3.39
Tax Provision		
– Current	1.46	1.12
– Deferred	0.09	(0.03)
Profit After Tax	3.41	2.30
Other Comprehensive Income	0.11	(0.02)
Total Comprehensive Income	3.52	2.28
Surplus - Opening Balance after adjustment for carrying value of assets	7.78	7.01
<b>Surplus available for appropriation</b>	<b>11.30</b>	<b>9.29</b>
<b>Appropriations:</b>		
Proposed Dividend	0.96	0.84
Tax on Dividend	0.20	0.17
Transfer to General Reserve	–	0.50
Surplus - Closing Balance	10.14	7.78

**REVIEW OF OPERATIONS**

Our company is dependent on auto and agriculture 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 is derived from original equipment manufacturers (OEM) as well as the replacement market. The agricultural implement segment too is predominantly dependent on monsoon among other factors

In line with industry growth, our company also posted a growth of 7% in seat mechanisms, 12% in tractor & LCV Seats and 103% in agriculture implements segment in FY 2017-18 as compared to FY 2016-17.

In the above backdrop, total net operating revenue for the financial year 2017-18 increased to Rs. 113.71 crores against the previous year's revenue of Rs. 92.99 crores. Profit before tax for the year has increased to Rs. 4.96 crores against previous year PBT of Rs. 3.39 crores, which is primarily on account of various cost saving initiatives taken by the management. Profit after tax for the year was Rs. 3.52 crores (previous year - Rs.2.28 crores) which gives an Earning per Share (EPS) of Rs. 14.66 (previous year - Rs. 9.51).

During the year under review, your Company has set up of new seat frame manufacturing facilities at Dharwad, Karnataka to serve its customers in the West and South Region. The plant started its operations on 24th January, 2018. Initially it will manufacture seat frames using robots and eventually manufacturing of seats & other products will also start.

#### **DIVIDEND**

Your Directors have recommended a dividend of Rs.4.50 per Equity Share of face value of Rs.10.00 each for the financial year 2017-18, against Rs 4.00 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. 1.30 crores (previous year - Rs. 1.15 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 2017-18. As a result, after meeting routine capital expenditure and working capital requirements to support the operations, net interest income for the year was Rs.0.64 crore against Rs.0.65 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 favorable 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 AND SEBI ORDER ON MPS COMPLIANCE**

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 3,18,445 equity shares to the public via Seven (7) offers for sale during the period December 2016 to November 2017 which has brought down the promoter's shareholding in the Company to 75% as on March 31, 2018. Meanwhile on July 19, 2017 SEBI also passed an interim order to prohibits Company, Directors, and Promoter from buying, selling, or otherwise dealing in securities of the Company, either directly or indirectly, due to non-compliant to Minimum public shareholding (MPS) requirement. After dilution of Shareholding to 75% via OFS as mentioned above, the company achieved Minimum Public Shareholding as on 23rd November, 2017. On February 14, 2018, SEBI passed a final order stating that there is no violation on part of Company/Promoter considering enough to warrant any other enforcement action against the Company or its Directors. Further, SEBI found this matter to be disposed of without any further enforcement action.

## **SWARAJ AUTOMOTIVES LIMITED**

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### **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 2017-18.

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

### **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: 2015 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, providing 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, Mrs. Namrata Jain shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer herself 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, 2018, 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 judgement 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, 2018 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;

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**SWARAJ AUTOMOTIVES LIMITED**

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- 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 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 Raheja, 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 2017-18.

**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 2017-18 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 2.36 of the Annual Accounts.

**AUDITORS**

M/s Mangla Associates, Chartered Accountants (FRN: 006796C), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting (AGM) subject to ratification of their appointment by the Members at every AGM held after the ensuing AGM.

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. The Promoter, in compliance of SEBI Circular CIR/CFD/CMD/14/2015 dated November 30, 2015, via offer for sale, sold their 13.28% shareholding as detailed above and meet the MPS criteria 75% as on 31st March 2018.

#### **SECRETARIAL STANDARDS**

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

#### **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**

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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 differential 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 : 11th May, 2018

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 and agri implements. The product line of the Company includes seats, seat adjusters/sliders, seat recliners, and agri implements.

### FINANCIAL ANALYSIS (2017-18)

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.114.64 crores (previous year Rs.93.98 crores) with the following breakdown:

	(Rs. in Crores)	
	2017-18	2016-17
Seats, Seat mechanism & its components	88.72	80.42
Agriculture implements	24.39	12.12
Others	0.60	0.45
<b>Net Revenue from Operations</b>	<b>113.71</b>	<b>92.99</b>
Other Income	0.93	0.99
<b>Total Revenue</b>	<b>114.64</b>	<b>93.98</b>

With a comfortable fund position throughout the Financial Year 2017-18 and after meeting operations requirement, interest income for the year was Rs. 0.64 crore (previous year Rs. 0.65 crore). Other miscellaneous income for the year stood at Rs. 0.13 crore (previous year Rs.0.31 crore).

##### Expenses:

Material cost as a percentage of net revenue from operations at 73.4% was higher than last year's level of 71.3%.

Personnel cost during the year was Rs. 16.95 crores (previous year Rs.15.96 crores) and in terms of percentage of net revenue from operations comes to 14.9% (previous year 17.1%).

Other expenses, consisting of manufacturing expenses, administrative expenses and sales & distribution expenses during the year were Rs. 8.21 Crore (last year Rs. 7.52 Crores), 7.2% in terms of percentage of net revenue from operations (last year 8.0%).

Depreciation for the year at Rs. 0.90 crore was higher as compared to last year's Rs. 0.75 crore.

Reflecting the above and after considering finance cost and prior period adjustments, Profit Before Tax reached Rs. 4.96 crores (previous year Rs. 3.39 crores). After providing for corporate tax, Profit after Tax for the current year was Rs. 3.52 crores (previous year Rs.2.28 crores).

#### B) Balance Sheet

##### Equity & Reserves

The Company's net worth as on 31st March, 2018 stood at Rs. 31.26 crores comprising of an Equity component of Rs. 2.40 crores and Reserves & Surplus of Rs. 28.86 crores - a book value of Rs. 130 per share (previous year Rs. 120 per share).

**Fixed Assets**

Gross Block and Net Block of fixed assets on 31st March, 2018 stood at Rs. 28.59 crores (previous year Rs. 25.88 crores) and Rs. 13.30 crores (previous year Rs. 10.30 crores) respectively. Additions during the year were primarily towards plant & machinery, Software and development expense.

Capital work in progress at the year-end stood at Rs. 0.09 crore (previous year Rs. 0.03 crore).

**Inventories**

Raw material & components and stores & spares, total year-end Inventories increased to Rs. 6.34 crores against previous year's Rs. 5.60 crores. The same in terms of number of days of operating revenue stood at 20 days (Last year 22 days).

**Trade Receivables**

Due to increase in sale of agri implements at end of year, trade receivables of fiscal 2018 was Rs. 30.77 crores against Rs. 19.32 crores of last year. The same has been increased in current year as compare to last year due to GST impact included in trade debtors. The same in terms of number of days of operating revenue stood at 84 days (last year 68 days) by taking sales figures after including GST amount.

**Trade Payables**

Year-end trade payables stood at Rs. 27.98 crores (previous year Rs. 18.36 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 propriety, 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, 2018 stood at 222 (31st March, 2017 - 206).

**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 manufactures. 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

2018, the domestic tractor industry has shown an impressive growth of 22%. Car industry has shown a growth of 8% in the fiscal 2018. Commercial vehicle has also shown a growth of 13% in fiscal 2018.

### **OUTLOOK OPPORTUNITIES**

The domestic tractor industry has shown growth in continuously second year and registered a growth of 22%. In FY2017-18, 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.

Government of India has come up with plan to rapidly promote the use of Electric vehicles - EV in India. We also look forward for a growth in our seat mechanisms as per market requirements for electric vehicles.

### **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 established another manufacturing facility in Dharwad, Karnataka to cater the increasing demand of seats and seat mechanisms. This plant had started its production on 24 Jan 2018. We have used modern techniques like robotic welding and started manufacturing seat frames and eventually seats and other products manufacturing will also start at this plant.

Your company is also planning to start supplies of seats to Indian Railways and aggressively working on the same.

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.

### **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 2017-18		Attendance at the last AGM	Total No. of Directorships <sup>^</sup> in public companies <sup>#</sup>	Committee <sup>+</sup> Position held in public companies <sup>#</sup>	
		Board Meetings held	Board Meetings attended			Chairman	Member
<b>Non-Executive</b>							
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

**SWARAJ AUTOMOTIVES LIMITED**

Name of Director	Category	Financial Year 2017-18		Attendance at the last AGM	Total No. of Directorships <sup>^</sup> in public companies <sup>#</sup>	Committee <sup>+</sup> Position held in public companies <sup>#</sup>	
		Board Meetings held	Board Meetings attended			Chairman	Member
Mrs. Namrata Jain	Non Independent	4	4	Yes	1	-	-
<b>Executive</b>							
Mr. Rama Kant Sharma, Managing Director	Non Independent	4	4	Yes	1	-	1
Mr. Jeevan Mahaldar, Executive Director	Non Independent	4	4	Yes	2	-	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<sup>^</sup>, 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](http://www.swarajautomotive.com).

During the financial year 2017-18, 4 Board Meetings were held on 12th May, 2017, 11th August, 2017, 8th November, 2017, 09th February, 2018. The gap between two consecutive Meetings did not exceed 120 days.

The 42nd Annual General Meeting (AGM) was held on 11th August, 2017.

**C. Meeting(s) of Independent Directors**

The Independent Directors of the Company meet at least once in every financial year without the presence of Non- Independent Directors, Executive Director and any other management personnel. The meeting(s) is conducted in a 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 on 9th February, 2018.

**D. 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,

## SWARAJ AUTOMOTIVES LIMITED

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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.

### E. 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 52 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	Chairman
		Nomination and Remuneration Committee	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. He is also a qualified mechanical engineer.

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	Member
		Stakeholders Relationship Committee	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 27 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	Chairman
		Audit Committee	Member

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

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**Mrs. Namrata Jain**

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

Mrs. Namrata Jain has done post graduate diploma in Business Management, Finance & Marketing and is having 9 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 28 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 34 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 was reconstituted during the year and currently 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



## SWARAJ AUTOMOTIVES LIMITED

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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 11th August, 2017

During the financial year under review, 4 meetings of Audit Committee of the Board were held on 12th May, 2017, 11th August, 2017, 8th November, 2017, and 09th February, 2018. The gap between the two consecutive meetings did not exceed 120 days.

Attendance record of the Members of the Audit Committee for FY 2017-18 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, Two meetings of Stakeholders Relationship Committee was held on 12th May, 2017 and 8th November, 2017.

Attendance record of the members of the Stakeholders Relationship Committee for FY 2017-18 is as under :

Name of the Member Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jamil Ahmad	2	2
Mr. R.K. Sharma	2	2

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, 1 meeting of Nomination and Remuneration Committee of the Board were held on 11th August 2017.

Attendance record of the Members of the Nomination and Remuneration Committee for FY 2017-18 is as under :

Name of the Member Director	No. of Meetings Held	No. of Meetings Attended
Mr. Rajiv Sharma	1	1
Mr. J.B.Kapil	1	1
Mr. Jamil Ahmad	1	1

**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

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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 2017-18 is as follows;

#### Independent Non-Executive Directors

(Rs. in Lakhs)

Name of the Directors who were in receipt of sitting fees during FY 2017-18	Sitting Fees for Board and Committee Meetings paid during FY 2017-18
Mr. J.B. Kapil	2.20
Mr. Rajiv Sharma	2.20

**Executive - Managing Director and Executive Director**

(Rs.in Lakhs)

Name of Director	Salary (Basic and Allowance)	Commission	Contribution to Provident	Other 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
2015	28 July, 2015 3.45 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 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.
2017	11 August, 2017 3.00 P.M	Hotel Cama, S.C.O. 13-18, Phase-3A, Sector 53, S.A.S. Nagar (Mohali) Punjab-160059	No special resolution has been passed at the general meeting.

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, 2018, no presentations were made to institutional investors or analysts.

## SWARAJ AUTOMOTIVES LIMITED

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### VII Shareholder Information

#### 1. 43rd Annual General Meeting

Date : 10th August, 2018  
Time : 4.00 P.M.  
Venue : Hotel Cama, SCF 13-18, Sector-53, Phase-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 2018-19 is given below:

- Quarter ending 30th June, 2018 Second week of August, 2018
- Half year ending 30th September, 2018 Second week of November, 2018
- Quarter ending 31st December, 2018 Second week of February, 2019
- Year ending 31st March, 2019 May, 2019

Note: The above schedules are indicative.

#### 3. Dividend Payment

Will be paid/dispached between 16th August, 2018 to 20th August, 2018

#### 4. Date of Book Closure

14th July, 2018 to 20th July, 2018 (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

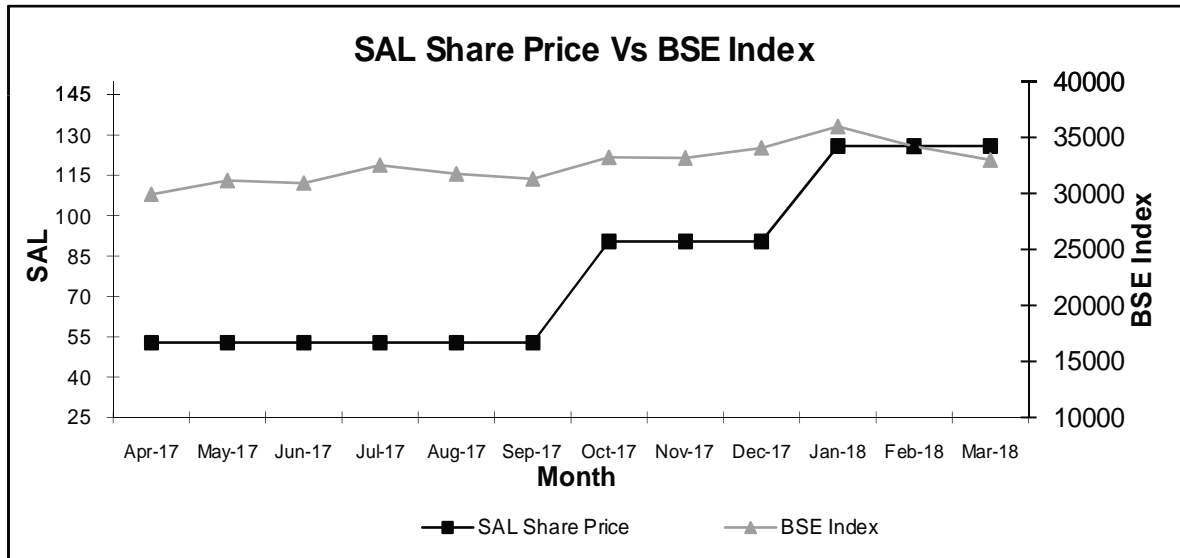
#### 8. Stock Price Data

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 2017	52.9	52.9
May 2017	52.9	52.9
June 2017	52.9	52.9
July 2017	52.9	51.3
August 2017	52.9	52.9
September 2017	52.9	52.9
October 2017	90.45	58.25
November 2017	90.45	90.45
December 2017	90.45	90.45
January 2018	125.9	94.95
February 2018	125.9	125.9
March 2018	125.9	125.9

**9. Stock Price Performance**

SAL Share Price performance relative to BSE Sensitive Index



**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 2017-18 was 125 (Previous Year - 417).

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

**SWARAJ AUTOMOTIVES LIMITED****12. Shareholding Pattern as on 31st March, 2018**

Category of Shareholders	No. of Share holders	No. of Shares Held	% of Holding
1 Promoters	1	17,98,285	75
2 Mutual Funds	1	1,06,389	4.44
3 Financial Institutions / Banks	–	–	–
4 Govt. (investor education protection fund)			
5 Foreign Institutional Investors	1	10,850	0.45
6 Bodies Corporate - Indian	20	1,49,561	6.24
7 NRIs	–	–	–
8 Indian Public	833	3,32,628	13.87
9 OCB	–	–	–
<b>Total</b>	<b>856</b>	<b>23,97,713</b>	<b>100.00</b>

**13. Distribution Pattern of Shareholding as on 31st March, 2018**

No. of Equity Shares held	No. of Shareholders		No. of Shares Held	
	Numbers	% total	Numbers	% total
1 - 500	721	84.13	66272	2.76
501 - 1000	31	3.61	26416	1.10
1001 - 5000	91	10.62	182350	7.60
5001 - 50000	11	1.29	1,47,631	6.16
50001 - 100000	1	0.12	90,000	3.75
100001 & above	2	0.23	18,85,044	78.61
<b>Total</b>	<b>856</b>	<b>100.00</b>	<b>23,97,713</b>	<b>100.00</b>

**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, 2018, 95.31% 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

Swaraj Automotives Limited  
183/1, Belur Industrial Area,  
Dhardwad, Distt. Dhardwad,  
Karnataka-580011

**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](http://www.swarajautomotive.com)****VIII Other Disclosures****A. Disclosure of transactions with Related Parties**

During FY 2017-18, 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](http://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](http://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, 2018.

**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](http://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, 11th May, 2018

**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, 2018.

Ghaziabad, 11th May, 2018

Jeevan Mahaldar  
Executive Director

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

TO THE MEMBERS OF SWARAJ AUTOMOTIVES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on March 2018, as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C, D and E of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations")

**Management's Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

**Auditor's Responsibility**

3. Our responsibility is limited to examining the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. 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.

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2018.

**SWARAJ AUTOMOTIVES LIMITED**

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

**Restriction on use**

9. This certificate is issued solely for the purpose complying with the aforesaid Listing Regulations, and may not be suitable for any other purposes.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

Ghaziabad, 11th May, 2018

A.P. Mangla, FCA  
Partner  
Membership No. 080173

**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

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, 2018 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, 2018 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;
  - 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

## SWARAJ AUTOMOTIVES LIMITED

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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:
  - 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

1. Due to failure of the company to maintain the minimum public shareholding threshold of 25% of the total capital, the Securities and Exchange Board of India (SEBI) vide its order dated July 19,2017 had
  - frozen the corporate benefits of the promoters in respect of their shareholding,
  - prohibited the Promoter and the Directors of the Company from buying, selling or otherwise dealing in securities of Company, either directly or indirectly,
  - restrained the shareholders forming part of the Promoter from holding any new position as a Director in any listed company and
  - restrained the Directors of Company from holding any new position as a Director in any listed company.

The promoters of the company made the necessary efforts for bringing down their shareholding within the prescribed limits through a series of offer for sale during the year and the shareholding of the promoter was reduced to permitted level of 75% of the share capital by the quarter ended December 31, 2017. Thereafter, SEBI passed a final order on 14th February, 2018 stating that that there no violation on part of Company/Promoter anymore. SEBI declared this matter to be disposed off without any further enforcement action against the company or its Directors.

2. During the financial year, 10,850 equity shares of the company was transferred to Investor Education and Protection Fund as per the provisions of Companies Act, 2013 and rules made thereunder.
3. During the financial year the company had availed secured vehicle loans from the bank. However, the returns in relation to the loans were not filed, as while the company pursued the process of registration of charges, the loans were repaid in full in the meantime.

I further report that, there were no instances of

- (i) Public / Rights / Preferential issue of shares / debentures.
- (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 : 11.05.2018

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 31.03.2018

[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	78.94%
Agri implements	2821	21.06%

**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	75	2(46)

**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 01-04-2017)				No. of shares held at the end of the year (as on 31-03-2018)				% 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	1958371	-	1958371	81.68	1798295	-	1798295	75.00	-6.68
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	1958371	-	1958371	81.68	1798295	-	1798295	75.00	-6.68
(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)	1958371	-	1958371	81.68	1798295	-	1798295	75.00	-6.68
B. Public Shareholding									
(1) Institutions									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
b) Banks / FI	106389	-	106389	4.44	106389	-	106389	4.44	-
c) Central Govt.	-	-	-	-	10850	-	10850	0.45	-
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	-	106389	4.44	117239	-	117239	4.89	0.45



**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	102180	90100	192280	8.02	59411	90150	149561	6.24	-1.78
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakh	83026	33647	116673	4.87	261506	33647	283628	11.83	6.96
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	24000	-	24000	1.00	49000	-	49000	2.04	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	209206	123747	332953	13.89	369917	123797	482189	20.11	6.22
Total Public Shareholding (B)=(B)(1)+(B)(2)	315595	123747	439342	18	487156	123797	599428	25	6.68
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2273966	123747	2397713	100.00	2285451	123797	2397723	100.00	0

## (ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (as on 01-04-2017)			Shareholding at the end of the year (as on 31-03-2018)			% 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.	1958371	81.68	-	1798285	75	-	-6.68
Total	1958371	81.68	-	1798285	75	-	-6.68

**SWARAJ AUTOMOTIVES LIMITED**

(iii) Change in Promoters Shareholding

	Shareholding at the beginning of the year (as on 01-04-2017)		Cumulative Shareholding during the year (01-04-2015 to 31-03-2018)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	1958371	81.68	1798285	75
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 24/25 July, 2017			(32886)	-1.37
decrease due to offer for sale by promoter dated 22/23 August, 2017			(35166)	-1.42
decrease due to offer for sale by promoter dated 26/27 September, 2017			(81746)	-3.46
decrease due to offer for sale by promoter dated 21/22 November, 2017			(10288)	-0.43
At the end of the year	1958371	81.61	1798285	75

\* M/s b4S Solutions Private Ltd. sold total 1,60,086 shares via offer for sale held on 24th and 25th July, 2017, 22nd and 23rd August, 2017, 26th & 27th September, 2017 and 21st & 22nd November, 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 (as on 01-04-2017)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
	No. of Shares	% of total shares of the Company	Increase/Decrease	Date/ reason*	Shares	% of total shares of the Company
1. ICICI Bank Limited	106389	4.44	-	-	106389	4.44
2. Punjab Wireless Systems Ltd.	90000	3.75	-	-	90000	3.75
3. Atul Sethi	0	0	25000	19-05-2017	25000	1.04
4. Rajendra Dhirajlal Gandhi	24000	1	-	-	24000	1
5. Geometric Securities and Advisory P. Ltd.	0	0	17669	29-09-2017	17669	0.74
6. Share India Securities Limited	30704	1.28	2468 (2468) 2468 (19) (10) (5) (1234) (6000) (11111) (1234)	01-09-2017 08-09-2017 29-09-2017 13-10-2017 20-10-2017 27-10-2017 03-11-2017 15-12-2017 12-01-2018 02-03-2018	13559	0.57

## SWARAJ AUTOMOTIVES LIMITED

Name of Shareholder	Shareholding at the beginning of the year (as on 01-04-2017)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
	No. of Shares	% of total shares of the Company	Increase/ Decrease	Date/ reason*	Shares	% of total shares of the Company
7. Alok Jain	7405	0.31	1234 (1234)	08-09-2017 03-11-2017	7405	0.31
8. Ranjana Banka	0	0	7656	12-01-2018	7656	0.32
9. P P Zibi Jose	7094	0.3	-	-	7094	0.3
10. Gunjan Bagaria	0	0	800 1000 3500 1000	01-09-2017 06-10-2017 12-01-2018 25-01-2018	6300	0.26
11. Kapeeshwar Homes Pvt. Ltd.	0	0	6000	15-12-2017	6000	0.25
12. Sunstar Sharebrokers Pvt. Ltd.	26392	1.1	(26392)	14-07-2017	0	0
13. Century Finvest Pvt. Ltd.	25000	1.04	(25000)	19-05-2017	0	0
14. Gursharan Kaur	5000	0.21	-	-	5000	0.21
15. Dharmesh Stock Broking Pvt. Ltd.	-	-	2000 3000	31-12-2016 13-01-2017	5000	0.21

\* Reason for change in shareholding is Transfer.

Note: Top ten shareholders of the Company as on 31st March, 2018 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 01-04-2017)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2017 to 31-3-2018)	
	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**

(Rs. in Lakhs)

S. No.	Particulars of Remuneration	Mr. R.K. Sharma (Managing Director)	Mr. Jeevan Mahaldar (Executive Director)	Total 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	-	-	-
	<b>Total (A)</b>	<b>12.00</b>	<b>42.00</b>	<b>54.00</b>

(b) Remuneration 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	2.20	2.20	4.40
- Commission	-	-	-
- Others -	-	-	-
<b>Total (B)(1)</b>	<b>2.20</b>	<b>2.20</b>	<b>4.40</b>

2. Other Non-Executive Directors

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors	Total Amount
- Fee for attending Board/Committee Meetings	-	-
- Commission	-	-
- Others	-	-
<b>Total (B)(2)</b>	<b>-</b>	<b>-</b>
<b>Total (B) = (B)(1) + (B)(2)</b>		
		<b>4.40</b>

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

**SWARAJ AUTOMOTIVES LIMITED**

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

(Rs. in lakhs)

S. No.	Particulars of Remuneration	Mr. Gagan Kaushik (Company Secretary)	Mr. Jagdish Lal Raheja (CFO)	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.66	17.94	27.60
	(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)	9.66	17.94	27.60

## VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2018.

## 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, 2018

### A. CONSERVATION OF ENERGY:

(a) Initiatives taken for conservation of energy during the year:

1. Replacement of old low efficiency chiller with high technology chiller in Foam Plant.
2. Replacement of 400 wattage Halogen lights with 120 wattage Induction lights.
3. Replacement of high temperature Pre-treatment chemicals with low temperature chemicals in paint section.
4. Replacement of old diesel fired burner oven with lower diesel consumption burner in powder coating section.
5. Replacement of normal tube lights with low power consumption flame proof lamps in Foam plant.
6. Replacement of normal Tube lights with energy efficient Led tube lights.

Total annual estimated savings for the year - Rs.12 lakhs

(b) Capital investments on energy conservation equipment: Rs. 6.08 lakhs

(c) Steps taken by the company for utilising alternate sources of energy: The Company has conducted feasibility of using alternate source of energy in high energy consuming production shops which is about to be implemented in near 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 started manufacturing of high-end seats based on new design thinking and technology learning.

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 24.93 lacs on Research & Development work during the year, which was 0.2% of the total turnover.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the company has earning in foreign currency amounts to 6099 US\$ and Foreign Exchange Outgo amounts to 12347 Euro and are contained in Note No. 2.32 and 2.33 of Notes on Accounts in the Annual Report.

FOR AND ON BEHALF OF THE BOARD

Place : Ghaziabad  
Date : 11th May, 2018

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 - 30% CS - 30%
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 2%. 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 222 permanent employees as on 31st March, 2018.
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 there of and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage change in Managerial employees is 4% whereas the average percentage change in Non-Managerial employees is 7% in 2017-18.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, it is affirmed.

**BALANCE SHEET AS AT 31ST MARCH, 2018**

(Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
- Property , Plant & Equipment	2.1	808.97	514.98	447.89
- Capital Work in Progress		9.58	2.84	11.44
- Investment Property	2.2	451.33	451.45	451.54
- Intangible Assets	2.3	69.64	63.22	
- Intangible Assets under Development		-	0.61	74.95
- Financial Assets				
(a) Investments		-	-	-
(b) Loans		-	-	-
(c) Others	2.4	334.28	180.46	19.61
- Deferred Tax Assets (net of provisions) (Refer Note 1.10 (ii))	2.5	164.15	173.41	170.42
- Income Tax (net of provisions) (Refer Note 1.10 (i))		12.12	7.97	8.19
- Other Non-Current Assets	2.6	49.71	5.17	2.93
<b>Current Assets</b>				
- Inventories	2.7	634.47	560.42	572.40
- Financial Assets				
(a) Trade Receivables	2.8	3077.04	1931.94	1631.17
(b) Cash & Cash Equivalents	2.9	85.20	138.84	265.53
(c) Bank Balances (other than covered in (b) above)	2.9	636.83	714.82	784.04
(d) Other Financial Assets	2.10	38.33	35.35	41.01
- Other Current Assets	2.11	472.96	494.96	474.74
<b>TOTAL ASSETS</b>		<b>6844.61</b>	<b>5276.44</b>	<b>4955.86</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
- Share Capital	2.12	239.77	239.77	239.77
- Other Equity (Refer SOCE)	2.13	2886.19	2650.11	2523.10
<b>Non-Current Liabilities</b>				
- Financial Liabilities				
(a) Interest Bearing Loans & Borrowings	2.14	22.10	-	-
(b) Others	2.15	-	0.24	3.95
- Provisions	2.16	269.43	266.77	230.85
<b>Current Liabilities</b>				
- Financial Liabilities				
(a) Interest Bearing Loans & Borrowings	2.17	360.48	-	-
(b) Trade Payable	2.18	2798.47	1836.20	1591.68
(c) Others	2.19	6.14	9.35	9.06
- Provisions	2.20	115.73	139.55	186.67
- Current Tax Liabilities (Net)		-	-	-
- Other Current Liabilities	2.21	146.30	134.45	170.78
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>6844.61</b>	<b>5276.44</b>	<b>4955.86</b>
<b>Significant Accounting Policies</b>	<b>1</b>			
<b>Notes on Accounts</b>	<b>2</b>			

As per our report of even date attached

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

For MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

FOR AND ON BEHALF OF THE BOARD  
J.B. KAPIL  
Chairman

A.P. MANGLA  
Partner

JAGDISH LAL RAHEJA  
Chief Financial Officer

R.K. SHARMA  
Managing Director

Membership No. 080173

GAGAN KAUSHIK  
Company Secretary

JEEVAN MAHALDAR  
Executive Director

Ghaziabad, 11th May, 2018

Ghaziabad, 11th May, 2018



**SWARAJ AUTOMOTIVES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018 (Rs. in Lakhs)**

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
Revenue from Operations (Gross)	2.22	<b>11641.17</b>	10303.50
Other Income	2.23	<b>92.77</b>	99.44
<b>Total Revenue</b>		<b>11733.94</b>	10402.94
<b>Expenses</b>			
Cost of Materials Consumed	2.24	<b>8332.18</b>	6611.39
Changes in Inventories of Finished Goods and Work-in-Progress	2.25	<b>16.63</b>	22.79
Excise Duty		<b>270.40</b>	1004.59
Employee Benefits Expense	2.26	<b>1695.11</b>	1596.27
Finance Costs	2.27	<b>12.46</b>	1.71
Depreciation & Amortization Expense	2.1 , 2.2 & 2.3	<b>90.36</b>	75.50
Other Expenses	2.28	<b>820.60</b>	751.78
<b>Total Expenses</b>		<b>11237.74</b>	10064.03
<b>Profit before exceptional items and tax</b>		<b>496.20</b>	338.91
Exceptional items		-	-
<b>Profit Before Tax</b>		<b>496.20</b>	338.91
<b>Tax Expense</b>			
- Current Tax	2.5	<b>146.53</b>	111.18
- Deferred Tax (Net)	2.5	<b>9.26</b>	(2.99)
- Tax provision made short in earlier years now provided	2.5	<b>(0.21)</b>	0.47
<b>Profit after Tax</b>		<b>340.62</b>	230.25
<b>Other Comprehensive Income</b>			
- Items that will not be reclassified to profit & loss account			
(a) Remeasurement of post employment benefit obligation		<b>16.27</b>	(3.35)
(b) Change in revaluation surplus		-	-
(c) Income Tax relating to above items		<b>(5.38)</b>	1.11
- Items that will be reclassified to profit & loss account		-	-
<b>Total Comprehensive Income for the period</b>		<b>351.51</b>	228.01
<b>Earnings Per Equity Share</b>		<b>14.66</b>	9.51

As per our report of even date attached

For MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

A.P. MANGLA  
Partner

Membership No. 080173

Ghaziabad, 11th May, 2018

JAGDISH LAL RAHEJA  
Chief Financial Officer

GAGAN KAUSHIK  
Company Secretary

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

FOR AND ON BEHALF OF THE BOARD  
J.B. KAPIL  
Chairman

R.K. SHARMA  
Managing Director

JEEVAN MAHALDAR  
Executive Director  
Ghaziabad, 11th May, 2018

## 1. COMPANY'S OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

Swaraj Automotives Limited (SAL) is a public limited company incorporated under the provisions of the Companies Act, 1956 on 24th November, 1974 and has its principal place of business at Nabha and its registered office at C-127, IV Floor, Satguru Infotech, Phase VIII, Industrial Area, SAS Nagar, (Mohali), Punjab.

SAL is engaged in the business of manufacturing seats for tractor & LCV, Seats Mechanisms, Agri Implements namely Rotavators & Tractor Trolleys.

The company is listed at Bombay Stock Exchange (BSE) Limited.

### 1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Companies (Accounting Standard) Rules, 2006 (Indian GAAP).

These financial statements for the year ended 31 March, 2018 are the first, the Company has prepared in accordance with IndAS. The financial statements have been prepared on a historical cost basis.

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### 1.2 Use of Estimates and Judgements

The preparation of the financial statements in conformity with Ind-AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

### 1.3 Revenue Recognition

- i) Sales are recognized at the time of dispatches to customers or their respective transporters for onward dispatches and upon transfer of ownership to customers. Hence, finished goods dispatched 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 recognized on periodical basis based on the agreements with the customers. Sales include excise duty, wherever applicable. Sales are recorded net of Trade Discounts, Rebates & Sales Tax. In respect of Tooling's developed for the customers to be used for the production of components, sale is recognized on completion of such Tooling upon approval from the customers.
- 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 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-usable / 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 recognized 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.

**1.5 Property, Plant and Equipment**

The Company has applied for the one-time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under IND AS 101 and hence previous GAAP carrying value is considered as historical cost. Freehold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The cost of an item of Property, Plant and Equipment comprises:

- (a) Its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- (b) Any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use.
- (c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013 except the following assets :-

- (a) Depreciation on dies manufactured by the Company is charged @ 20%. Depreciation on vehicles (cars) is charged @ 25%.
- (b) Capital spares are amortized in a systematic manner over the useful life of the assets to which it relates.
- (c) Assets individually costing up to Rs. 5000/- are depreciated at 100% within one year from the date of purchase.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of

profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

### **1.6 Investment Property**

Investment property is property held to earn rental and or capital appreciation. Investment properties are measured at cost and the same is derecognized upon disposal or when it is permanently withdrawn from use with no future economic benefits are expected from the disposal.

Depreciation is provided on Straight Line Method, pro-rata monthly rests, as per the life prescribed for building in Schedule II of the Companies Act, 2013.

### **1.7 Intangible Assets**

Intangible assets are stated at cost less accumulated amount of amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc.

Intangible Assets (Others than Software) are amortized over a period of 6 years., which is the estimated useful life of the asset. Software expenditure capitalized during the year is amortized over 3 years from the date of its capitalization.

### **1.8 Employees 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. Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognized in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods.

#### **(iii) Short-term / Long-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.

### **1.9 Earnings per Share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

## SWARAJ AUTOMOTIVES LIMITED

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Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

Dilutive potential equity shares are determined independently for each period presented.

### 1.10 Income Taxes

- (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 realizability.

### 1.11 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.

### 1.12 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.

### 1.13 Dividends

Final dividends on shares are recorded on the date of payment after approval by the shareholders in the annual general meeting.

### 1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All the financial assets and liabilities are recognized at fair value on initial recognition except for trade receivables which are initially measured at transaction price.

#### 1.15 Impairment of assets

**Financial assets:** The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL and charged to the statement of profit & loss account subject to the provisions created so far.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-months ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

**Non-financial assets:** Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

#### 1.16 Cash and cash equivalents

Cash and Cash equivalents comprise cash in hand, balances with banks in Current Accounts, demand deposits with banks / corporates and short term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

#### 1.17 Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

#### 1.18 Provisions

A provision shall be recognized when: (a) an entity has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### 1.19 Product Warranty

In respect of warranty given by the company on sale of rotavators, the estimated cost of warranty is provided at the time of sale. The estimate for accounting of warranty is reviewed and revisions are made as on annual basis.

#### 1.20 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, organization 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

### Statement Of Changes in Equity (SOCE)

#### A. CHANGES IN EQUITY SHARE CAPITAL

(Rs in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Outstanding at the beginning	239.77	239.77	239.77
Changes in equity share capital during the year	–	–	–
Outstanding at the end	239.77	239.77	239.77

#### B. CHANGES IN OTHER EQUITY

(Rs in Lakhs)

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016					
	General Reserve	Retained Earnings	OCI - Actuarial gain/(loss)	Total	General Reserve	Retained Earnings	OCI - Actuarial gain/(loss)	Total	General Reserve	Retained Earnings	OCI - Actuarial gain/(loss)	Total
Opening	1872.24	780.11	(2.24)	2650.11	1822.24	700.86	–	2523.10	1822.24	557.11	–	2379.35
Transition Changes due to Ind AS*				–				–		143.75		143.75
Restated Opening Balance	1872.24	780.11	(2.24)	2650.11	1822.24	700.86	–	2523.10	1822.24	700.86	–	2523.10
Profit / (Loss) after tax for the period		340.62	10.89	351.51		230.25	(2.24)	228.01				–
Dividend paid on Equity Shares		(95.91)		(95.91)		(83.92)		(83.92)				–
Dividend Distribution Tax		(19.52)		(19.52)		(17.08)		(17.08)				–
Transfers to Reserves				–		(50.00)		(50.00)				–
Transfers from retained earnings				–		50.00		50.00				–
Closing	1872.24	1005.30	8.65	2886.19	1872.24	780.11	(2.24)	2650.11	1822.24	700.86	–	2523.10

\* Adjustment of Rs 143.75 lakhs includes (Rs 101 Lakhs on account of proposed dividend including dividend distribution tax considered on payment basis and Rs 42.75 Lakhs on account of Deferred Tax adjustment as per Ind AS).

**SWARAJ AUTOMOTIVES LIMITED**

**2.1 PROPERTY , PLANT AND EQUIPMENT as at 31st March,2018 (Refer Note 1.5) (Rs in Lakhs)**

Description of Assets	Land	Buildings	Plant and Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Vehicles	Total
Gross Carrying Value as at 1st April, 2017	2.73	417.11	1164.26	129.23	121.23	23.85	161.52	2019.93
Additions during the year		5.35	301.34	14.96	14.71	3.40	44.71	384.47
Disposals / Adjustments during the year			(72.19)	(0.92)	(1.82)	(0.61)	(57.82)	(133.36)
<b>Gross Carrying Value as at 31st March,2018 (A)</b>	<b>2.73</b>	<b>422.46</b>	<b>1393.41</b>	<b>143.27</b>	<b>134.12</b>	<b>26.64</b>	<b>148.41</b>	<b>2271.04</b>
Accumulated depreciation as at 1st April, 2017	0.00	293.17	872.63	113.31	97.79	13.34	114.71	1504.95
Depreciation expense for the year		8.55	44.27	1.97	8.46	1.69	11.84	76.78
Adjustment on disposals during the year			(67.17)	(0.87)	(1.73)	(0.19)	(49.70)	(119.66)
<b>Accumulated depreciation as at 31st March,2018 (B)</b>	<b>0.00</b>	<b>301.72</b>	<b>849.73</b>	<b>114.41</b>	<b>104.52</b>	<b>14.84</b>	<b>76.85</b>	<b>1462.07</b>
<b>Net Carrying Value as at 31st March, 2018 (A - B)</b>	<b>2.73</b>	<b>120.74</b>	<b>543.68</b>	<b>28.86</b>	<b>29.60</b>	<b>11.80</b>	<b>71.56</b>	<b>808.97</b>

Following are the changes in the carrying value of Property , Plant and Equipment for the year ended 31st March, 2017 :  
(Rs in Lakhs)

Description of Assets	Land	Buildings	Plant and Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Vehicles	Total
Gross Carrying Value as at 1st April, 2016	451.81	415.86	1090.04	128.62	138.42	19.08	121.59	2365.42
Classified as Investment Property	(449.08)	(3.00)						(452.08)
Restated Gross Carrying Value as at 1st April, 2016	2.73	412.86	1090.04	128.62	138.42	19.08	121.59	1913.34
Additions during the year		4.25	80.22	0.61	11.36	4.77	39.93	141.14
Disposals / Adjustments during the year			(6.00)		(28.55)			(34.55)
<b>Gross Carrying Value as at 31st March, 2017 (A)</b>	<b>2.73</b>	<b>417.11</b>	<b>1164.26</b>	<b>129.23</b>	<b>121.23</b>	<b>23.85</b>	<b>161.52</b>	<b>2019.93</b>
Accumulated depreciation as at 1st April,2016		285.59	831.33	111.64	116.70	12.10	108.63	1465.99
Classified as Investment Property		(0.54)						(0.54)
Restated Accumulated depreciation as at 1st April, 2016	0.00	285.05	831.33	111.64	116.70	12.10	108.63	1465.45
Depreciation expense for the year		8.12	42.36	1.67	8.45	1.24	6.08	67.92
Adjustment on disposals during the year			(1.06)		(27.36)	–	–	(28.42)
<b>Accumulated depreciation as at 31st March, 2017 (B)</b>	<b>0.00</b>	<b>293.17</b>	<b>872.63</b>	<b>113.31</b>	<b>97.79</b>	<b>13.34</b>	<b>114.71</b>	<b>1504.95</b>
<b>Net Carrying Value as at 31st March, 2017 (A - B)</b>	<b>2.73</b>	<b>123.94</b>	<b>291.63</b>	<b>15.92</b>	<b>23.44</b>	<b>10.51</b>	<b>46.81</b>	<b>514.98</b>
<b>Net Carrying Value as at 31st March, 2016</b>	<b>2.73</b>	<b>127.81</b>	<b>258.71</b>	<b>16.98</b>	<b>21.72</b>	<b>6.98</b>	<b>12.96</b>	<b>447.89</b>



**SWARAJ AUTOMOTIVES LIMITED****2.2 INVESTMENT PROPERTY as at 31st March,2018 (Refer Note 1.6)**

(Rs in Lakhs)

<b>Description of Assets</b>	<b>Total</b>
Gross Carrying Value as at 1st April, 2017	452.08
Additions during the year	0.00
Disposals / Adjustments during the year	0.00
<b>Gross Carrying Value as at 31st March, 2018 (A)</b>	<b>452.08</b>
Accumulated depreciation as at 1st April, 2017	0.63
Depreciation expense for the year	0.12
Adjustment on disposals during the year	0.00
<b>Accumulated depreciation as at 31st March, 2018 (B)</b>	<b>0.75</b>
<b>Net Carrying Value as at 31st March, 2018 (A - B)</b>	<b>451.33</b>

Following are the changes in the carrying value of Investment Property for the year ended 31st March, 2017 :

<b>Description of Assets</b>	<b>Total</b>
Gross Carrying Value as at 1st April, 2016	0.00
Transferred from Property,Plant & Equipment	452.08
<b>Restated Gross Carrying Value as at 1st April, 2016</b>	<b>452.08</b>
Additions during the year	0.00
Disposals / Adjustments during the year	0.00
<b>Gross Carrying Value as at 31st March, 2017 (A)</b>	<b>452.08</b>
Accumulated depreciation as at 1st April, 2016	0.00
Transferred from Property,Plant & Equipment	0.54
Restated Accumulated depreciation as at 1st April,2016	0.54
Depreciation expense for the year	0.09
Adjustment on disposals during the year	
<b>Accumulated depreciation as at 31st March, 2017 (B)</b>	<b>0.63</b>
<b>Net Carrying Value as at 31st March, 2017 (A - B)</b>	<b>451.45</b>
<b>Net Carrying Value as at 31st March,2016</b>	<b>451.54</b>

*Disclosure on investment property*

Residential plot is held for capital appreciation and the same is classified as investment property based on the nature, characteristics and risks . As at 31.03.18 historical cost of the plot is considered as fair value of the investment property.

**SWARAJ AUTOMOTIVES LIMITED**

**2.3 INTANGIBLE ASSETS as at 31st March, 2018** (Refer Note 1.7)

(Rs in Lakhs)

Description of Assets	Software	Design & Development	Patents	Plant Setup	Total
Gross Carrying Value as at 1st April, 2017	48.37	67.45	0.00	0.00	<b>115.82</b>
Additions during the year	19.79		0.09	-	<b>19.88</b>
Disposals / Adjustments during the year	-	-	-	-	<b>0.00</b>
<b>Gross Carrying Value as at 31st March, 2018 (A)</b>	<b>68.16</b>	<b>67.45</b>	<b>0.09</b>	<b>0.00</b>	<b>135.70</b>
Accumulated depreciation as at 1st April, 2017	46.02	6.58	0.00	0.00	<b>52.60</b>
Depreciation expense for the year	2.79	10.67	-	-	<b>13.46</b>
Adjustment on disposals during the year	-	-	-	-	<b>0.00</b>
<b>Accumulated depreciation as at 31st March, 2018 (B)</b>	<b>48.81</b>	<b>17.25</b>	<b>0.00</b>	<b>0.00</b>	<b>66.06</b>
<b>Net Carrying Value as at 31st March, 2018 (A - B)</b>	<b>19.35</b>	<b>50.20</b>	<b>0.09</b>	<b>0.00</b>	<b>69.64</b>

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March, 2017 : (Rs in Lakhs)

Description of Assets	Software	Design & Development	Patents	Plant Setup	Total
Gross Carrying Value as at 1st April, 2016	31.45	-	-	-	<b>31.45</b>
Additions during the year	2.76	67.45	-	-	<b>70.21</b>
Disposals / Adjustments during the year	14.16	-	-	-	<b>14.16</b>
<b>Gross Carrying Value as at 31st March, 2017 (A)</b>	<b>48.37</b>	<b>67.45</b>	<b>0.00</b>	<b>0.00</b>	<b>115.82</b>
Accumulated depreciation as at 1st April, 2016	31.45	-	-	-	31.45
Depreciation expense for the year	0.91	6.58	-	-	7.49
Adjustment on disposals during the year	13.66	-	-	-	13.66
<b>Accumulated depreciation as at 31st March, 2017 (B)</b>	<b>46.02</b>	<b>6.58</b>	<b>0.00</b>	<b>0.00</b>	<b>52.60</b>
<b>Net Carrying Value as at 31st March, 2017 (A - B)</b>	<b>2.35</b>	<b>60.87</b>	<b>0.00</b>	<b>0.00</b>	<b>63.22</b>

**SWARAJ AUTOMOTIVES LIMITED**
**2.4 NON CURRENT FINANCIAL ASSETS**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security Deposits	37.28	29.19	19.61
Fixed Deposits	297.00	-	
Fixed Deposits against Margin Accounts and Guarantee	-	151.27	
	<u>334.28</u>	<u>180.46</u>	<u>19.61</u>

**2.5 (a) DEFERRED TAX ASSET / (LIABILITY)**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Deferred Tax Liabilities</b>			
- PPE	(59.25)	(38.61)	(33.41)
- Intangibles	(4.13)	(3.07)	-
	<u>(63.38)</u>	<u>(41.68)</u>	<u>(33.41)</u>
<b>Deferred Tax Assets</b>			
- Investment Property	60.87	41.87	36.44
- Intangibles	-	-	0.71
- Provision for Gratuity	64.14	73.15	76.22
- Provision for Leave Encashment	61.45	60.29	60.46
- Provision for Bonus	10.02	9.91	12.69
- Provision for Warranty	1.74	0.89	1.35
- Provision for Doubtful Debts	29.31	28.98	203.83
	<u>227.53</u>	<u>215.09</u>	<u>203.83</u>
<b>Deferred Tax Assets / (Liabilities)</b>	<u>164.15</u>	<u>173.41</u>	<u>170.42</u>

**2.5 (b) Income Tax Recognised in Profit and Loss Account**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
- Current Tax	146.33	111.65
- Deffered Tax	9.26	(2.99)
	<u>155.59</u>	<u>108.66</u>

**2.5 (c) Reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarised below:-**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Profit before Tax	496.22	338.91
Income Tax expense @ 33.06%	164.05	112.04
Income not considered for tax purposes	-	-
Effect of estimated non deductible expenses	1.94	2.46
Others (including temporary difference)	(10.40)	(5.84)
Income Tax recognised in profit & loss account	<u>155.59</u>	<u>108.66</u>

**SWARAJ AUTOMOTIVES LIMITED****2.6 NON CURRENT OTHER ASSETS**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	30.14	4.08	
Prepaid Expenses	19.57	1.09	2.93
	<u>49.71</u>	<u>5.17</u>	<u>2.93</u>

**2.7 INVENTORIES (Refer Note 1.4)**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials & Components *	324.02	227.11	218.29
Work-in-Progress	117.95	111.91	119.98
Finished Goods	115.13	128.29	197.78
Goods in Transit	45.26	54.77	
Stores and Spares	19.93	24.60	24.74
Loose Tools	12.18	13.74	11.61
	<u>634.47</u>	<u>560.42</u>	<u>572.40</u>

Inventory as at 31st Mar, 2018 has been physically verified and certified by the Management.

\* Includes Goods in Transit of Rs 3.99 Lakhs (Previous year Nil)

**2.8 TRADE RECEIVABLES**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Debts outstanding from the date they are due for payment</b>			
<b>Unsecured</b>			
<b>For more than six months</b>			
– Considered Doubtful	88.66	87.65	48.28
Less : Provision for doubtful debts (Refer Note 2.45 (b))	<u>(88.66)</u>	<u>(87.65)</u>	<u>(48.28)</u>
– Considered good	92.29	102.83	110.84
<b>For less than six months</b>			
– Considered good	2984.75	1829.11	1520.33
	<u>3077.04</u>	<u>1931.94</u>	<u>1631.17</u>

**SWARAJ AUTOMOTIVES LIMITED****2.9 CASH & BANK BALANCES**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Cash &amp; Cash Equivalents</b>			
– Cash on hand	1.17	0.66	1.27
– Cheques & Drafts on hand	-	-	-
– In Current Accounts	84.03	138.18	264.26
<b>Bank Balances</b>			
– On Margin Accounts and Deposits against Guarantee and OD Limit	462.08	195.56	353.26
– Fixed Deposits maturing within next 12 months	170.00	514.88	426.77
– Earmarked Balances with Banks - Unclaimed Dividend	4.75	4.38	4.01
	<u>722.03</u>	<u>853.66</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, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Cash and cash equivalents as of 31st March, 2018 include restricted cash and bank balances of Rs.466.83 lakhs (2017 - Rs.199.94 lakhs). The restrictions are primarily on account of cash and bank balances held as margin money, deposits against guarantees, OD limit and unpaid / unclaimed dividends.

**2.10 OTHER FINANCIAL ASSETS**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Insurance Claim recoverable	-	-	1.47
Other Recoverable	6.20	13.48	6.62
Loans & Advances to Employees	3.28	2.71	1.59
Interest Accrued on Fixed Deposits	25.09	16.10	20.84
Security Deposits	3.76	3.06	10.49
	<u>38.33</u>	<u>35.35</u>	<u>41.01</u>

**2.11 OTHER CURRENT ASSETS**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Prepaid Expenses	12.12	5.36	7.27
Balance with Govt. Authorities (other than income tax)	4.89	36.36	41.62
Advances to Suppliers	22.38	30.53	10.98
Value Added Tax Recoverable	433.57	422.71	414.87
	<u>472.96</u>	<u>494.96</u>	<u>474.74</u>

**SWARAJ AUTOMOTIVES LIMITED**

**2.12 EQUITY SHARE CAPITAL (refer SOCE)**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Authorised</b>			
Equity Shares, Rs.10/- par value 30,00,000 (2017 - 30,00,000) Equity Shares	<b>300.00</b>	300.00	300.00
Redeemable Cumulative Preference Shares, Rs.100/- par value 50,000 (2017 - 50,000) Redeemable Cumulative Preference Shares	<b>50.00</b>	50.00	50.00
	<b>350.00</b>	350.00	350.00
<b>Issued, Subscribed &amp; Paid-up</b>			
Equity Shares, Rs.10/- par value 23,97,713 (2017 - 23,97,713) Equity Shares fully paid-up	<b>239.77</b>	239.77	239.77
	<b>239.77</b>	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 Board of Directors in their meeting held on 12th May, 2017 proposed a dividend of Rs 4.00 per equity share for the financial year ended on 31.03.2017. Dividend proposed by the Board of Directors was approved by the shareholders in their annual general meeting held on 11th August, 2017. Same has resulted in a cash outflow of Rs 115.43 Lakhs including corporate dividend tax.

**Proposed Dividend :** "The company declares and pay dividend in indian rupees. The Board of Directors in their meeting held on 11th May, 2018 proposed a dividend of Rs 4.50 per equity share for the financial year ended on 31.03.2018. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Upon approval of the proposed dividend in the Annual General Meeting, same would result in a cash outflow of Rs 130.08 Lakhs including corporate dividend tax of Rs. 22.18 Lakhs."

Equity Shares held by Holding Company on 31-03-2018 :

– Name of Holding Company	b4S Solutions Pvt. Limited
– Shares Held	17,98,285 (75%)

**Equity Shareholders holding more than 5% shares :**

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
Name	No. of Shares Held	% of Share- holding	No. of Shares Held	% of Share- holding	No. of Shares Held	% of Share- holding
b4S Solutions Pvt. Limited	1,798,285	75%	1,958,371	81.68%	2,116,730	88.28%

## SWARAJ AUTOMOTIVES LIMITED

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

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	Share Capital	No. of Shares	Share Capital	No. of Shares	Share Capital
	(Rs. in lakhs)		(Rs. in lakhs)		(Rs. in lakhs)	
Number of equity shares at the beginning	2397713	239.77	2397713	239.77	2397713	239.77
Movement in equity shares during the year	-	-	-	-	-	-
Number of equity shares at the closing	2397713	239.77	2397713	239.77	2397713	239.77

In the last 5 years, the Company has not :

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

### 2.13 OTHER EQUITY (refer SOCE)

(Rs. in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
General Reserve	1872.24		1872.24		1822.24	
Retained Earnings	1013.95	2886.19	777.87	2650.11	700.86	2523.10
		<u>2,886.19</u>		<u>2,650.11</u>		<u>2,523.10</u>

### 2.14 NON-CURRENT BORROWINGS

(Rs. in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
<b>Secured Loans</b>						
Car Loan - ICICI Bank *	14.82		-		-	
Vehicle Loan - Axis Bank *	12.76		-		-	
	<u>27.58</u>		<u>-</u>		<u>-</u>	
Less : Current Maturities of Long-Term Loan (Ref Note No 2.17)	(5.48)	22.10	-	-	-	-
		<u>22.10</u>		<u>-</u>		<u>-</u>

\* Secured against hypothecation of vehicles.

### 2.15 NON-CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
<b>Financial Liabilities</b>						
Capital Grant (Refer Note 1.11)						
Opening Balance	0.24		3.94		7.64	
Less : Transfer to Current Financial Liabilities (Refer Note 2.19)	<u>(0.24)</u>	-	<u>(3.70)</u>	0.24	<u>(3.70)</u>	3.94
Deposits & Earnest Money	-		-		-	
		<u>-</u>		<u>0.24</u>		<u>3.94</u>

**SWARAJ AUTOMOTIVES LIMITED**

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.

**2.16 NON-CURRENT PROVISIONS**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Provision for Employee Benefits (Refer Note 1.8)</b>			
– Provision for Gratuity (Refer Note 2.41)	158.19	168.31	139.77
– Provision for Leave Encashment	111.24	98.46	91.08
	<u>269.43</u>	<u>266.77</u>	<u>230.85</u>

**2.17 CURRENT FINANCIAL LIABILITIES**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Maturities of Long-Term Loan (Ref Note No2.14)	5.48		
Bank Overdrafts	355.00		
	<u>360.48</u>	<u>-</u>	<u>-</u>

**2.18 TRADE PAYABLES**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade Payables - Micro & Small Enterprises (Refer Note 2.43)	460.25	46.08	68.78
Trade Payables - Other than Micro & Small Enterprises	2291.05	1732.36	1481.12
Other Accruals	47.17	57.76	41.78
	<u>2798.47</u>	<u>1836.20</u>	<u>1591.68</u>

**2.19 OTHER CURRENT FINANCIAL LIABILITIES**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Grants-in-Aid			
– Capital Grant (Refer Note 1.11 & 2.15)	0.24	3.70	3.70
Deposits & Earnest Money	1.15	1.27	1.35
Unpaid / Unclaimed Dividend *	4.75	4.38	4.01
	<u>6.14</u>	<u>9.35</u>	<u>9.06</u>



**SWARAJ AUTOMOTIVES LIMITED**

\* Net of Rs 0.68 Lakhs credited to Investor Education and Protection Fund during the year.

**2.20 CURRENT PROVISIONS**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
<b>Provision for Employee Benefits</b>						
– Provision for Gratuity	<b>35.81</b>		52.96		90.79	
– Provision for Leave Encashment	<b>74.64</b>	<b>110.45</b>	83.91	136.87	91.79	182.58
<b>Others</b>						
– Warranty Claim (Refer Note 2.45 (a))	<b>5.28</b>	<b>5.28</b>	2.68	2.68	4.09	4.09
		<b>115.73</b>		139.55		186.67

**2.21 OTHER CURRENT LIABILITIES**

(Rs. in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
Advances from Customers	<b>4.08</b>		0.65		4.89	
Statutory Dues Payable	<b>29.98</b>		31.49		38.53	
Employees Dues Payable	<b>112.24</b>		102.31		127.36	
		<b>146.30</b>		134.45		170.78

**2.22 REVENUE FROM OPERATIONS**

(Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
<b>Sale of Products</b> (Refer Note 2.40 A)	<b>11581.32</b>	10253.89
Other Operating Revenues		
– Sale of Scrap	<b>55.69</b>	49.61
– Job Work Charges	<b>4.16</b>	49.61
	<b>11641.17</b>	10303.50

**2.23 OTHER INCOME**

(Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
Interest Income	<b>64.28</b>	64.71
Profit on Sale of Fixed Assets	<b>15.99</b>	3.96
Miscellaneous Income*	<b>12.50</b>	30.77
	<b>92.77</b>	99.44

\* Includes written back of trade liabilities, defferred income of capital grant and reversal of excess provision related to previous year.

**SWARAJ AUTOMOTIVES LIMITED****2.24 COST OF MATERIALS CONSUMED (Refer Note 2.40 B)**

(Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
Opening Stock	240.85	229.90
Add : Purchases*	8320.36	6518.45
Job Work Charges	107.17	103.89
	<b>8427.53</b>	<b>6622.34</b>
	<b>8668.38</b>	<b>6852.24</b>
Less : Closing Stock*	336.20	240.85
	<b>8332.18</b>	<b>6611.39</b>

\* Includes Goods in Transit of Rs 3.99 Lakhs (Previous year Nil)

**2.25 CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS**

(Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
<b>Opening Stock</b>		
– Work in Progress	111.91	119.98
– Finished Goods	183.06	197.78
	<b>294.97</b>	<b>317.76</b>
<b>Closing Stock</b>		
– Work in Progress	117.95	111.91
– Finished Goods	160.39	183.06
	<b>278.34</b>	<b>294.97</b>
	<b>16.63</b>	<b>22.79</b>

**2.26 EMPLOYEE BENEFITS EXPENSE**

(Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
Salaries & Wages	1458.45	1369.17
Contribution to Provident & Other Funds	82.58	86.15
Gratuity	37.73	38.53
Workmen & Staff Welfare	116.35	102.42
	<b>1695.11</b>	<b>1596.27</b>

**2.27 FINANCE COSTS**

(Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
Processing / Interest Charges	10.94	1.71
Vehicle Loan Interest	1.52	-
	<b>12.46</b>	<b>1.71</b>

**SWARAJ AUTOMOTIVES LIMITED****2.28 OTHER EXPENSES**

(Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
Power, Fuel & Water Charges	189.55	192.29
Consumption of Stores & Spares	57.09	50.70
Rent	19.89	13.62
Rates and Taxes	11.12	9.44
Insurance	4.13	5.25
<b>Repairs and Maintenance</b>		
– Buildings	6.89	7.09
– Machinery	67.05	56.51
– Others	46.25	34.59
Postage & Telephone	6.57	5.97
Printing & Stationery	10.22	8.15
Legal and Professional Charges	18.09	12.90
Advertisement	7.36	6.10
Freight Outward	166.81	165.97
Sales Promotion & Logistic Expenses	11.46	18.02
Travelling & Conveyance Expenses	102.33	75.98
Provision for Doubtful Debts	25.30	39.37
<b>Auditors' Remuneration</b>		
– Statutory Audit Fees	1.50	1.50
– Other Services	1.75	1.75
– Reimbursement of Expenses	0.74	1.08
Tax Auditors' Fees	0.30	0.30
Cost Auditors Fees	0.50	0.63
Internal Auditor's Fee	2.70	3.60
Internal Auditor's Expenses	0.71	2.32
Directors' Sitting Fees	4.81	5.25
Design & Development Expenses	24.93	7.46
Warranty Claims	3.70	6.20
Loss on sale of Fixed Assets	0.63	0.41
Bank Charges	0.45	1.58
Interest & Penalties	7.48	3.40
Testing Charges	2.81	0.04
Miscellaneous Expenses	17.48	14.31
	<b>820.60</b>	<b>751.78</b>

**2.29 FINANCIAL INSTRUMENTS**

(Refer Note 1.14)

**Capital Management**

Company's capital management objectives are to :-

- ensure the company's ability to continue as a going concern
- provide an adequate return to the shareholders by pricing the products and services commensurately with the level of risk.

For the purposes of Company's capital management, capital includes issued capital and all other equity reserves. Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of financial covenants.

(Rs. in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
- Equity Share Capital	239.77	239.77	239.77
- Other Equity Reserves	2886.19	2650.11	2523.10
	<u>3,125.96</u>	<u>2,889.88</u>	<u>2,762.87</u>

**Categories of Financial assets and Liabilities**

**As at 31st March, 2018**

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit & Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Current Assets</b>					
- Trade Receivables	3077.04	-	-	3,077.04	3077.04
- Cash & Cash Equivalents including Bank Balances	722.03	-	-	722.03	722.03
- Other Financial Assets	38.33	-	-	38.33	38.33
	<u>3,837.40</u>	<u>-</u>	<u>-</u>	<u>3,837.40</u>	<u>3,837.40</u>
<b>Current Liabilities</b>					
- Trade Payables	2798.47	-	-	2,798.47	2798.47
- Other Financial Liabilities	366.62	-	-	366.62	366.62
	<u>3,165.09</u>	<u>-</u>	<u>-</u>	<u>3,165.09</u>	<u>3,165.09</u>

**SWARAJ AUTOMOTIVES LIMITED****As at 31st March, 2017**

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit & Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Current Assets</b>					
- Trade Receivables	1931.94	-	-	1,931.94	1931.94
- Cash & Cash Equivalents including Bank Balances	853.66	-	-	853.66	853.66
- Other Financial Assets	35.35	-	-	35.35	35.35
	<u>2,820.95</u>	<u>-</u>	<u>-</u>	<u>2,820.95</u>	<u>2,820.95</u>
<b>Current Liabilities</b>					
- Trade Payables	1836.20	-	-	1,836.20	1836.20
- Other Financial Liabilities	9.35	-	-	9.35	9.35
	<u>1,845.55</u>	<u>-</u>	<u>-</u>	<u>1,845.55</u>	<u>1,845.55</u>

**As at 1st April, 2016**

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit & Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Current Assets</b>					
- Trade Receivables	1631.17	-	-	1631.17	1631.17
- Cash & Cash Equivalents including Bank Balances	1049.57	-	-	1049.57	1049.57
- Other Financial Assets	41.01	-	-	41.01	41.01
	<u>2,721.75</u>	<u>-</u>	<u>-</u>	<u>2,721.75</u>	<u>2,721.75</u>
<b>Current Liabilities</b>					
- Trade Payables	1591.68	-	-	1591.68	1591.68
- Other Financial Liabilities	9.06	-	-	9.06	9.06
	<u>1,600.74</u>	<u>-</u>	<u>-</u>	<u>1,600.74</u>	<u>1,600.74</u>

**Financial Risk Management Framework**

Companies activities expose it to financial risks viz credit risks and liquidity risks

**Credit Risk: -**

- Credit Risk management
- Majority of the company's receivables pertain to OEM's. Based on the overall credit worthiness of receivables and looking into their past record, companies expect minimum risks with regard to its outstanding receivables. There is standard mechanism to periodically track the outstanding amounts and assess the same with regard to its realization and creates the provision against dues doubtful to realize. Company expects all the debtors to be realized in full except the provisions stated in the financials.
- Credit risk on cash and cash equivalents is limited as company generally invests in Fixed deposits with banks.

**Liquidity Risk: -**

**- Liquidity Risk management**

The company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and by matching profiles of financial assets and liabilities. Financial Liabilities include trade payables, capital purchases, unpaid / unclaimed dividends etc which are in the normal course of business having maturity of less than 1 year and non-interest bearing. Following is the tabulated summary of balance contractual maturity for its financial liabilities with agreed repayment periods based on the earliest date on which these are required to pay.

(Rs. in Lakhs)			
As at 31st March, 2018			
Particulars	Less than One year	One to Three Years	More than Three Years
- Trade Payables	2798.47	-	-
- Other Financial Liabilities	366.62	-	-
	<u>3,165.09</u>	<u>-</u>	<u>-</u>

(Rs. in Lakhs)			
As at 31st March, 2017			
Particulars	Less than One year	One to Three Years	More than Three Years
- Trade Payables	1836.20	-	-
- Other Financial Liabilities	9.35	-	-
	<u>1,845.55</u>	<u>-</u>	<u>-</u>

(Rs. in Lakhs)			
As at 1st April, 2016			
Particulars	Less than One year	One to Three Years	More than Three Years
- Trade Payables	1591.68	-	-
- Other Financial Liabilities	9.06	-	-
	<u>1,600.74</u>	<u>-</u>	<u>-</u>

**The Company had a working capital of Rs. 1517.71 Lakhs including cash and cash equivalents of Rs.722.03 Lakhs as at 31st March'2018**

The Company had a working capital of Rs.1756.77 Lakhs including cash and cash equivalents of Rs.853.66 Lakhs as at 31st March'2017

Accordingly, company do not perceive any liquidity risks.

**Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

(Rs. in Lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
- Secured Bank Cash Credit facility (expiring within one year)	250.00	250.00	250.00
	<u>250.00</u>	<u>250.00</u>	<u>250.00</u>

## SWARAJ AUTOMOTIVES LIMITED

### 2.30 CONTINGENT LIABILITIES

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

#### Contingent Liabilities

Particulars	As at 31st March	
	2018 (Rs. in lakhs)	2017 (Rs. in lakhs)
Claims against the Company, not acknowledged as debts*		
i) Telephone & Telex	1.47	1.47
ii) Employees / Workers	15.65	15.65
iii) Excise & Service Tax	24.02	23.04
iv) Pending C Forms (Tax Value)	98.23	248.24

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

### 2.31 CAPITAL COMMITMENTS

Particulars	As at 31st March	
	2018	2017
Estimated amount of contracts remaining to be executed on capital account (Net of advances Rs 30.14 Lakhs ; 2017 Rs. 4.21 Lakhs)	70.00	4.38

### 2.32 EARNINGS IN FOREIGN CURRENCY

Particulars	As at 31st March	
	2018	2017
i) Exports (on FOB basis)		
- In US\$	6099.62	10506.73
- In INR	396603	680941

### 2.33 EXPENDITURE IN FOREIGN CURRENCY

Particulars	As at 31st March	
	2018	2017
i) Development Charges		
- In Euro	12347	—
- In INR	8,75,252	—
ii) Travelling Expenses		
- In US\$	—	637
- In INR	—	45,800

**2.34 CURRENT ASSETS / CURRENT LIABILITIES**

Party's accounts are subject to reconciliation and confirmation. However, in the opinion of the board, all current assets and loans and advances in the ordinary course of business, have a value on realisation at least equal to the amount at which they are stated in the financials.

**2.35 SEGMENT REPORTING**

Company's principal business covers two primary business segments, viz. "Automobile Components" and "Agriculture Implements". Segment revenue, segment results, segment assets and segment liabilities include 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 Ind AS - 108 "Operating Segments", issued by the Institute of Chartered Accountants of India are accordingly complied with.

<b>Particulars</b>	<b>2018 (Rs. in lakhs)</b>	<b>2017 (Rs. in lakhs)</b>
<b>Segment Revenue:-</b>		
Automobile Components	<b>8931.69</b>	8086.38
Agriculture Implements	<b>2439.08</b>	1212.53
<b>Total</b>	<b>11370.77</b>	9298.91
<b>Segment Results (before finance cost and other un-allocable income (loss)):-</b>		
Automobile Components	<b>376.87</b>	270.17
Agriculture Implements	<b>39.02</b>	(-) 28.98
<b>Total</b>	<b>415.89</b>	241.19
Less:		
(i) Finance Cost	<b>(-)12.46</b>	(-) 1.71
(ii) Other Un-allocable Income	<b>92.77</b>	99.44
(iii) Tax Expense	<b>(-)155.58</b>	(-)108.67
<b>Total</b>	<b>340.62</b>	230.25
<b>Segment Assets:-</b>		
Automobile Components	<b>5030.59</b>	3966.88
Agriculture Implements	<b>1186.91</b>	676.70
<b>Total</b>	<b>6217.50</b>	4643.58
<b>Segment Liabilities:-</b>		
Automobile Components	<b>3126.87</b>	2242.08
Agriculture Implements	<b>591.78</b>	144.45
<b>Total</b>	<b>3718.65</b>	2386.53



## SWARAJ AUTOMOTIVES LIMITED

### 2.36 RELATED PARTY DISCLOSURES

Related party disclosures for the year ended 31st March, 2018 are as follows:

i) Holding Company*	b4S Solutions Pvt. Limited
ii) Associate Company	Bhardwaj Packaging & Components Pvt Ltd SAB Motors Pvt Ltd
iii) Key Management Personnel	Shri Rama Kant Sharma Shri Jeevan Mahaldar

A) Transactions with related parties:		(Rs. in Lakhs)	
	Holding Company	Associate Company	
a) Purchase of raw materials	-	60.53	
	(-)	(29.56)	
Bhardwaj Packaging & Components (P) Ltd	-	60.53	
	(-)	(29.56)	
b) Purchase of fixed assets	-	19.02	
	(-)	(-)	
SAB Motors Pvt Ltd	-	19.02	
	(-)	(-)	
c) Reimbursement in respect of services received	28.98	-	
	(30.27)	(-)	
b 4S Solutions Pvt Ltd	28.98	-	
	(30.27)	(-)	
d) Dividend Paid	78.33	-	
	(74.09)	(-)	
b4S Solutions Pvt. Limited	78.33	-	
	(74.09)	(-)	
e) Inter Corporate Deposits	-	-	
f) Interest Paid	-	-	
			(0.01)
<b>B) Aggregate balances outstanding as at the year end</b>			
- Receivables	-	(-)	
	-	(-)	
- Payables	3.04	14.38	
	(2.10)	(0.30)	

Previous year's figures are given in brackets.

### C) Key Management Personnel

Particulars	2018 (Rs. in lakhs)	2017 (Rs. in lakhs)
Remuneration	54.00	54.00
Reimbursement of Expenses	18.63	16.26

**2.37 EARNING PER SHARE (EPS)**

Particulars	Year ended 31st March	
	2018	2017
Profit attributable to equity shareholder (Rs.lakhs) (A)	<b>351.51</b>	228.01
Basic/Weighted average number of equity shares (B)	<b>23,97,713</b>	23,97,713
Basic / Diluted Earning Per Share (A/B) (Face Value Rs.10/- per share)	<b>Rs.14.66</b>	Rs.9.51

**2.38 GRANTS- IN -AID**

Miscellaneous income under Other Income includes a sum of Rs.3.70 Lakhs (2017 - Rs.3.70 Lakhs) being the depreciation on Plant & Machinery received as Capital Grant-in-aid which is adjusted against the grant received.

**2.39 PROVISION FOR DOUBTFUL DEBTS**

Trade Receivables, includes debts aggregating to Rs. 88.66 Lakhs (2017 - Rs 87.65 lakhs), which management consider as doubtful for recovery. Adequate provisions for doubtful balances have been made in financial statements.

**2.40 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	Units	Year ended 31st March	
		2018	2017
i) Seats for Light Commercial Vehicles			
Opening stock	Sets	<b>49</b>	122
Production	"	<b>9127</b>	11181
Sales	"	<b>9150</b>	11254
Closing stock	"	<b>26</b>	49
ii) Seats Others			
Opening stock	Nos.	<b>970</b>	1600
Production	"	<b>181278</b>	155472
Sales	"	<b>181535</b>	156102
Closing stock	"	<b>713</b>	970
iii) Seat Components			
Opening stock	Nos.	<b>43966</b>	48490
Production	"	<b>1887555</b>	1812269
Sales	"	<b>1895901</b>	1816793
Closing stock	"	<b>35620</b>	43966
iv) Agriculture Implements			
Opening stock	Nos.	<b>87</b>	136
Production	"	<b>4467</b>	1965

## SWARAJ AUTOMOTIVES LIMITED

Sales	"	4461	2014
Closing stock	"	93	87
v) Sales of Products (including Excise Duty)		(Rs. in Lakhs)	(Rs. in Lakhs)
Seat Components		3763.67	3823.34
Seats of Light Commercial Vehicles and parts		588.60	830.64
Tools, Dies & Fine Blanking Components		75.08	37.05
Tractor Seat and Parts		4714.81	4351.21
Agriculture Implements		2439.15	1211.65
		<u>11581.32</u>	<u>10253.89</u>

### B (a) Consumption of Raw Materials & Components

Particulars	Unit	Year ended 31st March			
		2018		2017	
		Qty.	Rs. lakhs	Qty.	Rs. lakhs
PU Foam Material	MT	207.03	353.62	206.47	316.25
CRCA Sheet & Steel Sheet	MT	1008.48	546.98	989.85	495.63
Paints & Chemicals	MT	120.26	158.72	104.86	162.23
Trim Comp., Frames & Silencer etc.	Nos. (in lakhs)	5.50	472.43	6.71	501.22
Stopper, B. Plates, Arm Plate, H Plate	"	47.68	463.91	44.09	384.15
Guide Block, Sect-disc Lever etc.	"	59.62	531.54	57.76	493.96
Upper Rail, Lower Rail, Pawl Lock etc.	"	22.20	434.47	19.93	342.44
Tractor Seat Parts	-		2066.88		1634.26
Agriculture Implement Parts	-		2200.59		1182.16
Packing Materials	-		127.59		112.62
Job Work Charges	-		107.17		103.89
Seat Frame	-		37.86		-
Others	-		830.42		882.58
			<u>8332.18</u>		<u>6611.39</u>

#### Notes:

- It is not feasible to furnish quantitative information of all the components in view of large number of items varied in size and nature.
- 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 as above 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

**SWARAJ AUTOMOTIVES LIMITED**

Particulars	Year ended 31st March			
		2018		2017
	%age	Rs. lakhs	%age	Rs. lakhs
<b>a) Raw material &amp; Components</b>				
i) Imported	-	-	-	-
ii) Indigenous	<b>100.00</b>	<b>8332.18</b>	100.00	6611.39
	<b>100.00</b>	<b>8332.18</b>	100.00	6611.39
<b>b) Stores &amp; Spares</b>				
i) Imported	-	-	-	-
ii) Indigenous	<b>100.00</b>	57.09	100.00	50.70
	<b>100.00</b>	<b>57.09</b>	100.00	50.70

**2.41 EMPLOYEE DEFINED BENEFITS:**

Defined benefit plans - as per Actuarial Valuation

Gratuity Plan	2018	2017
	(Rs. in lakhs)	(Rs. in lakhs)
<b>I. Expenses Recognised in the Statement of Profit &amp; Loss Account</b>		
1. Current Service Cost	<b>22.05</b>	20.50
2. Interest	<b>30.04</b>	33.38
3. Expected Return on plan assets	<b>(15.23)</b>	(16.28)
4. Total Expense	<b>36.86</b>	37.60
<b>II. Net Asset / (Liability) recognised in the Balance Sheet</b>		
1. Present value of Defined Benefit Obligation	<b>(409.16)</b>	428.65
2. Fair Value of plan assets	<b>214.93</b>	207.38
3. Funded Status [Surplus / (Deficit)]	<b>(194.23)</b>	(221.27)
<b>III. Change in the obligation during the year</b>		
1. Present value of Defined Benefit Obligation as at beginning of the year	<b>428.65</b>	475.54
2. Expenses recognised in profit & loss account		
– Current service cost	<b>22.05</b>	20.50
– Interest Exp / (Income)	<b>30.04</b>	33.38
3. Recognised in Other Comprehensive Income		
<b>Remeasurement (Gain) / Losses</b>		
– Actuarial (Gain) / Loss arising from		
i) Demographic Assumption	-	-
ii) Financial Assumptions	<b>(6.89)</b>	22.91
iii) Experience Adjustments	<b>(8.48)</b>	(17.69)
4. Benefits Paid	<b>(56.21)</b>	(105.99)
5. Present value of Defined benefit Obligation as at end of the year	409.16	428.65

## SWARAJ AUTOMOTIVES LIMITED

### IV. Change in the Fair Value of Assets

1. Fair Value of plan assets at the beginning of the year	<b>207.38</b>	244.98
2. Expected return on plan assets	<b>15.23</b>	16.28
3. Recognised in Other Comprehensive Income		
<b>Remeasurement Gain / (Loss)</b>		
– Actual Return on Plan Assets in excess of the expected return	<b>0.89</b>	1.88
4. Contribution by employer	<b>47.64</b>	50.23
5. Actual benefits paid	<b>(56.21)</b>	(105.99)
6. Fair value of plan assets at the end of the year	<b>214.93</b>	207.38

### V. The major categories of plan assets as a percentage of total plan

Funded with LIC	<b>100%</b>	100%
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### VI. Actuarial Assumptions

1. Imputed Rate	<b>7.65%</b>	7.50%
2. Expected rate of return on plan assets	<b>7.50%</b>	7.50%
3. In-service Mortality	<b>IAL 2006-08 Ultimate</b>	IAL 2006-08 Ultimate
4. Turnover Rate	<b>10% / 5%</b>	5.00%
5. Salary Rise - Officers/workers	<b>10% / 6%</b>	10% / 6%
6. Remaining Working life	<b>15.01 Yrs</b>	12.39 Yrs

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

(Rs. Lakhs)

Principal Assumptions	Changes in Assumptions	Increase / (Decrease) Impact on defined obligation		
		Increase in assumption	Decrease in assumption	
Discount Rate	2018	1.00%	(15.74)	16.92
	2017	0.50%	(10.22)	10.69
Salary Growth Rate	2018	1.00%	16.23	(15.57)
	2017	0.50%	10.62	(10.26)

The methods and types of assumptions used in preparing the sensitivity analysis didn't change compared to previous period.

### 2.42 COMPENSATED ABSENCES (UNFUNDED)

The leave obligations cover the Company's liability for sick and casual leaves. The Company does not have an unconditional right to defer settlement for the obligations shown as current provision balance above.

However, based on the past experience, the company does not expect all employees to take the full amount of accrued leave or require payments within the next 12 months, therefore, based on the independent actuarial report only a certain amount of provision has been presented as current and remaining as non-current. Amount of Rs. 37.25 Lakhs (2017 Rs. 46.08 lakhs) has been recognized in the statement of profit & loss.

**SWARAJ AUTOMOTIVES LIMITED**

	2018 (Rs. in lakhs)	2017 (Rs. in lakhs)
Current	74.64	83.91
Non-Current	111.24	98.46

**2.43 DISCLOSURES UNDER MSMED ACT, 2006**

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:-

Sr. No.	Particulars	2018 (Rs. in lakhs)	2017 (Rs. in lakhs)
(a)	Dues remaining unpaid as at 31st March		
	– Principal	–	–
	– Interest on above	–	3.10
(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
	– Interest paid in terms of Section 16 of the Act	–	2.29
(c)	Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	–	0.66
(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

**2.44 RESEARCH & DEVELOPMENT EXPENDITURE**

Particulars	Year ended 31st March	
	2018 Rs. lakhs	2017 Rs. lakhs
a. Revenue Expenditure (Charged to Statement of Profit and Loss)	24.93	8.07
b. Capital Expenditure (Capitalised under CWIP/Assets)	–	–
	<u>24.93</u>	<u>8.07</u>

**SWARAJ AUTOMOTIVES LIMITED****2.45 (a) MOVEMENT IN PROVISIONS FOR WARRANTY OBLIGATIONS**

Particulars	Year ended 31st March	
	2018 Rs. lakhs	2017 Rs. lakhs
a. As at the Beginning of the Year	2.68	4.09
b. Provided during the year	2.60	2.68
c. Reversed during the Year	-	4.09
d. As at the end of the Year	5.28	2.68

**2.45 (b) MOVEMENT IN PROVISIONS FOR DOUBTFUL DEBTS**

Particulars	Year ended 31st March	
	2018 Rs. lakhs	2017 Rs. lakhs
As at the Beginning of the Year	87.65	48.28
Provided during the year	25.31	39.37
Utilized during the Year	24.30	-
As at the end of the Year	88.66	87.65

**2.45 (c) MOVEMENT IN PROVISIONS FOR BONUS**

Particulars	Year ended 31st March	
	2018 Rs. lakhs	2017 Rs. lakhs
As at the Beginning of the Year	29.98	38.37
Provided during the year	29.01	29.28
Utilized during the Year	28.67	37.68
As at the end of the Year	30.32	29.98

**2.46 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**

a) Derivative Outstanding: -

Currency	Payable / Receivable	As at 31.03.18	As at 31.03.17
US\$	-	-	-

b) Un hedged Foreign Currency Exposures: -

Currency	Payable / Receivable	As at 31.03.18	As at 31.03.17
US\$ / INR	Payable	-	-
US\$ / INR	Receivable	US\$ 6099.62 INR 396903	USD 10506.73 / INR 680941

**2.47 LIABILITIES WRITTEN BACK**

Trade Payables amounting to **Rs 6.87 Lakhs** being more than three years old which management considers not required to be paid has been written back during the year (2017 - Rs.4.85 Lakhs).

**2.48 NEW PLANT SET UP**

Company has started new manufacturing plant at Dharwad in the State of Karnataka for seat frames business. Plant has been commissioned and commenced commercial production on dated 24.01.2018. Out of total Initial Plant set up cost for the value of **Rs. 52.26 lakhs**, an amount of Rs.38.79 lakhs has been allocated over the PPE which are directly attributable to the items of PPE and the remaining amount of Rs.13.47 lakhs has been charged to the statement of profit and loss.

**2.49 PREVIOUS YEAR FIGURES**

Previous year figures certified/audited by a different firm of Chartered Accountants as per the requirement of first time adoption to Ind AS are considered accordingly. However, the figures have been regrouped / recasted wherever necessary so as to correspond with those of the current year.

**2.50 FIRST TIME ADOPTION OF Ind-AS**

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of significant accounting policies.

The transition to Ind AS has been carried out in accordance with Ind AS 101-'First time adoption of Indian Accounting Standards' with 1st April, 2016 as the transition date.

This note explains the exemptions availed by the company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April, 2016 and financial statements as at and for the year ended 31st March, 2017 in accordance with Ind AS 101.

**First Time Ind-AS Adoption reconciliations**

The effect of the company's transition to Ind-AS is summarised in this note as follows:

- (i) Reconciliation of Equity and Net Profit as previously reported under Indian GAAP to Ind-AS;
  - (a) **Reconciliation of Total Equity**

Particulars	Year ended 31st March	
	2017 Rs. lakhs	2016 Rs. lakhs
<b>Equity as reported under previous GAAP</b>	<b>2842.32</b>	2619.12
<b>Ind-AS adjustments increase/(decrease):</b>		
Adjustments for proposed Dividend including DDT	<b>101.00</b>	101.00
Deferred tax impact due to Ind-AS transition and other transition adjustments	<b>(53.44)</b>	42.75
<b>Equity as reported under Ind-AS</b>	<b>2889.88</b>	2762.87



**SWARAJ AUTOMOTIVES LIMITED**

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**(b) Reconciliation of Total Comprehensive income**

<b>Particulars</b>	<b>Year ended 31st March</b>
	<b>2017</b> <b>Rs. lakhs</b>
<b>Profit or loss as per previous GAAP</b>	<b>223.20</b>
<b>Ind-AS adjustments increase/(decrease):</b>	
Actuarial (gain)/loss on employee defined benefits plan recognised in other comprehensive income (net of tax)	2.24
Deferred tax impact on Ind-AS transition adjustments	4.81
<b>Total adjustment to profit or loss</b>	<b>7.05</b>
Profit or loss under Ind-AS	230.25
Other comprehensive income	(2.24)
<b>Total comprehensive income under Ind-AS</b>	<b>228.01</b>

**Note:** Reconciliation starts with under previous GAAP because no statement of the comprehensive income was produced under previous GAAP.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (Rs. in Lakhs)**

Particulars	As at 31st March, 2018		As at 31st March, 2017	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>496.20</b>		338.91	
<b>Adjustments for :</b>				
Depreciation	90.36		75.50	
Interest Paid	12.46		1.71	
Provision for Earned Leave & Gratuity	(23.75)		(9.79)	
Provision for Doubtful Debts, Warranty & Advances	27.90		37.96	
Interest Income	(64.28)		(64.71)	
Profit/Loss on Fixed Assets Disposed / Write off	(15.36)		(3.56)	
Actuarial Gain / (Loss) on re-measurement of defined benefit Liability	16.27		(3.35)	
Capital grant-in-aid	(3.70)	39.90	(3.70)	30.06
<b>Operating Profit before Working Capital Changes</b>	<b>536.10</b>		368.97	
<b>Adjustments for:</b>				
Trade Receivables	(1170.41)		(340.14)	
Inventories	(74.05)		11.98	
Loans & Advances	(179.34)		(177.65)	
Trade Payables	974.37	(449.43)	208.48	(297.33)
Cash Generated From Operations		86.67		71.64
Direct taxes refund/(paid)		(155.86)		(110.33)
<b>Net Cash From Operating Activities</b>		<b>(69.19)</b>		<b>(38.69)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(410.47)		(128.41)	
Sale of Fixed Assets	29.06		9.19	
Interest received	64.28	(317.13)	64.71	(54.51)
<b>Net Cash Used in investing Activities</b>		<b>(317.13)</b>		<b>(54.51)</b>

**SWARAJ AUTOMOTIVES LIMITED**

	<b>As at 31st March, 2018</b>	As at 31st March, 2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank Loans	<b>385.90</b>	
Repayment of Corporate Loans	<b>(3.32)</b>	-
Dividend paid	<b>(115.43)</b>	(101.00)
Interest paid	<u><b>(12.46)</b></u>	<u>(1.71)</u>
<b>Net Cash Used in Financing Activities</b>	<b>254.69</b>	(102.71)
Net Increase/(Decrease) in Cash & Cash Equivalents	<b>(131.63)</b>	(195.91)
Opening Cash & Cash Equivalents	<b>853.66</b>	1049.57
Closing Cash & Cash Equivalents	<u><b>722.03</b></u>	<u>853.66</u>

**Notes:**

- 1 The above Cash Flow Statement has been prepared in accordance with Ind AS - 7 "Statement of Cash Flow" using indirect method for operating activities.
- 2 Figures in bracket indicates 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 MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

A.P. MANGLA  
Partner  
Membership No. 080173

Ghaziabad, 11th May, 2018

JAGDISH LAL RAHEJA  
Chief Financial Officer  
GAGAN KAUSHIK  
Company Secretary

FOR AND ON BEHALF OF THE BOARD  
J.B. KAPIL  
Chairman

R.K. SHARMA  
Managing Director  
JEEVAN MAHALDAR  
Executive Director

Ghaziabad, 11th May, 2018

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Swaraj Automotives Limited

#### 1. Report on the Financial Statements

We have audited the stand alone Indian Accounting Standards (Ind AS) financial statements of SWARAJ AUTOMOTIVES LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company's or to cease operations, or has no realistic alternative to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process

#### 3. Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the stand-alone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements, give the information required by the Companies, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS;

- a) of the state of affairs (financial position) of the Company as at March 31, 2018; and
- b) its profit (financial performance including other comprehensive income), and
- c) its Cash Flows and the changes in equity for the year ended on that date.

#### 5. Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under these Standards are above described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the

## SWARAJ AUTOMOTIVES LIMITED

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Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 6. Report on other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure 'A' statement on the matters specified in paragraph 3 & 4 of the Order.
- ii) As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid standalone Ind As financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) on the basis of written representations received from the directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'
  - g) 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.
    - i. the Company has disclosed the impact of pending litigations, if any on its financial positions in its Ind AS financial statements.
    - ii. the Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

A.P. Mangla, FCA  
Partner  
Membership No. 080173

Ghaziabad, 11th May, 2018

**ANNEXURE 'A' REFERRED TO IN OUR REPORT OF EVEN DATE**

- I. (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets (property, plant and equipment)
- (b) As explained, the company has a regular programme of physical verification of its fixed assets (property, plant and equipment) by which fixed assets (property, plant and equipment) are verified in a phased manner. In accordance with the programme, certain assets (property, plant and equipment) were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- II. (a) According to the information and explanations given to us, Physical verification of inventory has been conducted during the year by the management. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
- III. (a) According to the information and explanations given to us, the Company, during the year, has not granted any loans secured or unsecured to any party covered in the register maintained under section 189 of the Act.
- (b) & (c) are not applicable
- IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- V. The company has not accepted any deposits from the Public.
- VI. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act in respect of the products manufactured by the Company and are of the opinion that prima-facie the prescribed accounts have been made and maintained, We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- VII. (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value added tax/GST, Cess and any other material statutory dues, where applicable. According to the information and explanations given to us there are no arrears of undisputed outstanding dues of above as at the last day of the financial year for a period of more than six months 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 explanation given to us and the records examined by us, the following dues of Excise Duty/Service Tax have not been deposited by the Company on account of disputes as on 31st March 2018.

**SWARAJ AUTOMOTIVES LIMITED**

<b>S.No.</b>	<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount of Tax Liability (Rs. Lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is Pending</b>
1.	Central Excise	Excise Duty	09.78	2005-06 to April 2008	Appellate Tribunal
2	Central Excise	Excise Duty	13.26	March 2009 to Dec. 2011	Commissioner Appeals
3	Central Excise	Excise Duty	01.28	August 2009 to March 2010	Deputy Commissioner
4	Service Tax	Service Tax	10.49	September 2015 to April 2017	Assistant Commissioner
5	Central Excise	Excise Duty	00.98	February 2016 to April 2017	Commissioner (Appeals)
6	Service Tax	Service Tax	00.93	May 2017 to June 2017	Assistant Commissioner

- VIII. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or Government. The Company has not issued any debentures. Accordingly, the Paragraph 3(viii) of the Order is not applicable to the Company.
- IX. According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) and the terms loans availed by the Company were applied for the purposes for which they were raised.
- X. In our opinion and as per information and explanations given and during the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed, or reported during the year.
- XI. In our opinion and according to the information and explanations given to us, and based on our examinations of the records of the Company, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- XII. According to the information and explanation given to us, the Company is not a Nidhi Company. Thus Para 3(xii) of the Order is not applicable to the Company.
- XIII. According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- XIV. According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Para 3(xiv) of the Order is not applicable to the Company.
- XV. According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

XVI. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

A.P. Mangla, FCA  
Partner  
Membership No. 080173

Ghaziabad, 11th May, 2018

#### **ANNEXURE 'B' REFERRED TO IN OUR REPORT OF EVEN DATE**

##### **Report on the Internal Financial Control under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SWARAJ AUTOMOTIVES LIMITED (the 'Company') as of 31st March 2018 in conjunction with our audit of the standalone Ind AS 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that are 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 standalone Ind AS 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 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 preparations 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 standalone Ind AS 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 standalone Ind AS 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 March 31, 2018, 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 Mangla Associates  
Chartered Accountants  
(FRN 006796C)

A.P. Mangla, FCA  
Partner  
Membership No. 080173

Ghaziabad, 11th May, 2018

## 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 \_\_\_\_\_

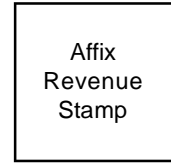
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company, to be held on Friday, 10th August, 2018 at 4.00 p.m. at Hotel Cama, SCF-13-18, Sector- 53, Phase- 3A, S.A.S Nagar (Mohali), Punjab-160059 and at any adjournment thereof in 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, 2018, 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 Mrs. Namrata Jain (DIN: 07310940) who retires by rotation and, being eligible, offers himself for re-appointment.		
4	To ratify the appointment of Auditors and fix their remuneration.		
<b>Special Business</b>			
5	Ratification of the remuneration payable to the Cost Auditors of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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 43rd 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.

**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

**43rd Annual General Meeting -10th August, 2018**

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

NAME OF THE SHAREHOLDER/PROXY

Folio No. ....

ADDRESS

DP ID\* .....

No. of Shares held :

Client ID\* .....

I hereby record my presence at the 43rd 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 10th Day of August, 2018 at 4:00 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

