



# **SAL Automotive Limited**

(Formerly 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

CIN : 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: SAL Automotive Limited  
F-65, 1st Floor, Okhla Industrial Area, Phase - I  
New Delhi - 110020  
Tel: 011-41406149  
Fax: 011-41709881  
Email: [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com)

**BOARD OF DIRECTORS**

J.B. KAPIL

*Chairman*

R.K. SHARMA

*Managing Director*

JAMIL AHMAD

RAJIV SHARMA

NAMRATA JAIN

**SAL AUTOMOTIVE LIMITED***(Formerly Swaraj Automotives Limited)*

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**ANNUAL GENERAL MEETING**

on Friday, 13th September, 2019  
at 3.00 P.M. at Hotel Cama,  
S.C.O. 13-18, Phase-3A, Sector 53,  
S.A.S. Nagar (Mohali)  
Punjab 160 059

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 44th Annual General Meeting of SAL Automotive Limited ("the Company") will be held on Friday, September 13, 2019, at 03:00 P.M. at Hotel Cama, SCF-13-14, 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, 2019 and the reports of the Directors' and the Auditors' thereon.
2. To declare dividend for the financial year ended 31st March, 2019.
3. To appoint a Director in place of Mr. Jamil Ahmad (DIN 07171910) who retires by rotation and, being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

4. 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, 2020, 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."

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

"RESOLVED THAT pursuant to the provisions of Sections 196,197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, Mr. Rama Kant Sharma (DIN 00640581), aged 56 years, be and is hereby re-appointed as the Managing Director of the Company for a period of 3 years with effect from 4th February, 2019 whose office shall not be liable to retire by rotation and on a remuneration of Rs.1,00,000/- per month in the scale of Rs.1,00,000/- to Rs.3,00,000/- per month along with such perquisites and allowances, Performance Pay, contribution to provident fund etc., as may be decided by the Board of Directors provided such perquisites and allowances shall not exceed 300% of monthly basic salary.

RESOLVED FURTHER THAT the Board of Directors of the Company (herein referred to as 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be authorized to revise the terms and conditions of the appointment of Mr. Rama Kant Sharma including but not limited to remuneration, subject to the same does not exceed the limits laid down under Section 197 read with Schedule V of the Act including any

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statutory modification(s) or re-enactment thereof, without requiring to obtain the approval of shareholders any further.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company may pay to the appointee, remuneration payable as aforesaid shall be the minimum remuneration subject to the compliance of Section 197 read with Schedule V of the Companies Act, 2013.

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

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

"RESOLVED THAT pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Jai Bhagwan Kapil (DIN 01894348), aged 73 years, be and is hereby re-appointed as an Independent Director of the Company, with effect from 3rd February, 2019 to hold office for a second term of five consecutive years up to 2nd February, 2024, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and read with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rajiv Sharma (DIN 07418337), aged 55 years, be and is hereby re-appointed as an Independent Director of the Company with effect from 3rd February, 2019 to hold office for a second term of five consecutive years up to 2nd February, 2024, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

SAS Nagar, (Mohali), 20th July, 2019

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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.

2. 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.
3. A Member can inspect the proxies lodged at any time during the business hours of the Company from the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the said Meeting, provided he has given to the Company a notice, in writing, of his intention to inspect not less than three days before the commencement of the Meeting.
4. The Company's Registrar & Transfer Agent ("RTA") 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 member and share transfer books of the Company will be closed from Saturday 17th August, 2019 to Friday 23rd August, 2019 (both days inclusive).
6. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.
7. Corporate members intending to send their authorized representatives to attend the Meeting are requested to deposit certified copy of the board resolution/letter of authority/power of attorney, together with the respective specimen signature(s) of the representative(s) authorized under the said document to attend and vote on their behalf at the Meeting at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. 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.

The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after 17th September, 2019 to those shareholders or their mandates: whose names appear as Beneficial Owners as at the end of the business hours on August 16, 2019 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 in register of member, for shares held in physical.

10. 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.

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Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by 23rd August, 2019 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.

11. Pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company has transferred unclaimed dividends for and up to the financial year ended 31st March 2012 to the Investor Education and Protection Fund (IEPF). The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on August 10, 2018 (date of last Annual General Meeting) on the website of the Company ([www.swarajautomotive.com](http://www.swarajautomotive.com)). Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to file their claims to the Company.
12. 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.
13. 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 RTA at their above-mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
14. Members may please note that pursuant to the amendment in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide notification dated June 8, 2018, except in case of transmission or transposition of securities, request for effecting transfer of securities held in physical shall not be processed after April 1, 2019.

Accordingly, Members holding shares in physical form are requested to consider converting their holding to dematerialized form for ease of portfolio management. Members may contact the Company or its RTA for assistance in this regard.

15. Members 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 RTA
  - 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.

**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 44th 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 SAL Automotive 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 Participant(s):

- (i) Initial password along with 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.

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- 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 or can contact the following person:  

Name: Amarjit  
Designation: Sr. Manager  
Address: F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi-110 020  
Email id: [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com)  
Phone number: 011-41406149
- 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 September 10, 2019 (9:00 am) and ends on September 12, 2019 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the September 06, 2019, 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 Meeting and members attending the Meeting who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM. Members who have cast their vote by remote e-voting can also attend the Meeting but shall not be eligible to vote
- VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, i.e. September 6, 2019.
- VII. Any person, who acquires shares of the Company and become a member of the Company after dispatch of the Notice and holding shares as on the cut-off date September 6, 2019, 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.
- 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. September 13, 2019.

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**16. Re-appointment of Directors**

Mr. Jamil Ahmad (DIN 07171910) shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. He is not debarred from being appointed as a Director pursuant to order of SEBI or any other authority

Disclosure with respect to appointment of Mr. Jamil Ahmad as required in terms of Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Name of Director (DIN)	Mr. Jamil Ahmad (DIN 07171910)
No. of Equity Shares held directly or on a beneficial basis for any other person	NIL
Qualification & Experience	Associated with the Indian Revenue Services in the past and retired in 2010 as Chief Commissioner of Income Tax. 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
Relationship with other Directors	No Inter-se relations with other Directors
Number of Companies in which he/ she holds Directorship	He holds directorship only in SAL Automotive Limited
The number of meetings of the Board attended during the year	Attended 4 meetings of the Board during the FY-2018-19
Name of Committees of the Companies of which he/ she holds Membership/ Chairmanship	He is not holding any Committee membership / chairmanship in any other company except Chairmanship of Stakeholder Relationship Committee and Membership of Nomination & Remuneration Committee of SAL Automotive Limited

17. Relevant documents referred to in the Notice or in the accompanying Statement are open for inspection to the Members at the registered office of the Company during business hours on all working days up to the date of Annual General Meeting.
18. Registers of Director and key managerial personnel and Register of contacts maintained under Section 170 and 189 of the Companies Act, 2013 will be available for inspection at the AGM of the Company.
19. Notice of the Meeting and Annual Report 2018-19 will also be available on the Company's website [www.swarajautomotive.com](http://www.swarajautomotive.com) and on the website of remove e-voting agency i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
20. The route map of the venue of the Meeting is attached to the Notice.
21. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.

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

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)  
Company Secretary

SAS Nagar, (Mohali), 20th July, 2019

**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. 4**

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, 2020 and subject to the ratification by the members, approved a 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 is required 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. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

The Board recommends the resolution under item no (4) for approval of members of the Company by way of an ordinary resolution.

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.4 of the Notice.

**Item No. 5**

The members in the meeting held on August 10, 2016 approved the appointment of Mr. Rama Kant Sharma as Managing Director of the Company for a period of 3 years with effect from 4th February, 2016 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board thereafter.

Mr. R.K. Sharma is a Law Graduate and having 33 years of corporate experience. He is currently Director in b4S Solutions Pvt. Ltd., a leading manpower provider dealing in consultancy, outsourcing, and managing operations & maintenance in telecom industry. Since Mr. Rama Kant Sharma assumed the office of Managing Director, the Company has made all-round progress. The Board is of the view that Mr. Sharma's knowledge and experience will continue to be of immense value to the Company.

Furthermore, on the recommendation of Nomination and Remuneration Committee and subject to the approval of the Members at the Annual General Meeting, the Board of Directors in their meeting held on February 01, 2019 approved the re-appointment of Mr. R.K. Sharma, as Managing Director for a period of 3 years with effect from 4th February, 2019 at the existing remuneration of Rs.1,00,000/- per month in the scale of Rs.1,00,000/- to Rs.3,00,000/- per month along with such perquisites and allowances, Performance Pay, contribution to provident fund etc., as may be decided by the Board of Directors provided such perquisites and allowances shall not exceed 300% of monthly basic salary.

Mr. R.K. Sharma is not debarred from being appointed as a Director pursuant to order of SEBI or any other authority.

The Board recommends the resolution under item no (5) for approval of members of the Company by way of a Special resolution.

None of the Directors except Mr. R.K. Sharma (whose interest is only to the extent of appointment and remuneration as Managing Director), Key Managerial Personnel or relatives of Directors or Key Managerial personnel have any interest financial or otherwise in the said resolution.

Disclosure with respect to appointment of Mr. R K Sharma as required in terms of Secretarial Standards on General Meeting (SS-II) issued by the Institute of Companies Secretaries of India and Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

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Name of Director (DIN)	Mr. R K Sharma (DIN -00640581)
Date of Birth	01-07-1963
No. of Equity Shares held directly or on a beneficial basis for any other person	NIL
Qualification & Experience	Law Graduate having 33 years of corporate experience
Relationship with other Directors	No Inter-se relations with other Directors
Terms & Conditions of appointment	As mentioned in the explanatory statement
Date of First Appointment	August 10, 2016
Remuneration last drawn	Rs. 100, 000 p.m.
Number of Companies in which he/ she holds Directorship	Along with SAL Automotive Limited Mr. R.K. Sharma is holding Directorship in 8 private companies
The number of meetings of the Board attended during the year	Attended 4 meetings of the Board during the FY-2018-19
Name of Committees of the Companies of which he/ she holds Membership/ Chairmanship	Mr. R.K. Sharma is member of audit Committee and Stakeholder Relationship Committee of SAL Automotive Limited.

**Item no. 6**

Mr. Jai Bhagwan Kapil (DIN 01894348) was last appointed as Non-Executive; Independent Director of the Company with effect from 3rd February, 2016 to hold office for three consecutive years for a term up to 2nd February, 2019, by the Shareholders in the 41st Annual General Meeting (AGM) of the Company held on August 10, 2016.

Mr. Jai Bhagwan Kapil, aged about 73 years (DOB July 13, 1946) is an Electrical Engineer and having more than 53 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.

On the basis of performance evaluation of Mr. Kapil, which was found satisfactorily and on recommendation of the Nomination and Remuneration Committee, the Board recommended his appointment as Independent Director for next 5 years with effect from 3rd February, 2019. Considering his vast experience, his contribution in the past as an Independent Director / Chairman of the Company and technical knowledge in the field of manufacturing and machinery, the Board is of the view that his continued association will immensely benefit the Company

Mr. Jai Bhagwan Kapil has given necessary declaration of independence under the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Further in the opinion of Board, Mr. Jai Bhagwan Kapil meets the criteria of independence and is independent of the management. Further he is not debarred from re-appointment by any order of SEBI or any other authority. The company has received necessary candidature under section 160 of the companies act, 2013 from its shareholders within respect to appointment of Mr. Jai Bhagwan Kapil as Director.

As per sub-section (10) of Section 149, an Independent Director is eligible for re-appointment for a second term subject to approval of the shareholders by way of special resolution. Further as per Listing Regulations, no listed entity can continue the directorship of any person as a non-executive director who has attained the age of 75 (seventy five) years or reappoint for the second term of five consecutive years unless a special resolution is passed to that effect.

**SAL AUTOMOTIVE LIMITED***(Formerly Swaraj Automotives Limited)*

The Board recommends the resolution under item no (6) for approval of members of the Company by way of a Special Resolution

Except Mr. Jai Bhagwan Kapil, no other Director(s) and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said Resolution.

Disclosure with respect to appointment of Mr. Jai Bhagwan Kapil as required in terms of Secretarial Standards on General Meeting (SS-II) issued by the Institute of Companies Secretaries of India and Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Name of Director (DIN)	Mr. Jai Bhagwan Kapil (DIN -01894348)
Date of Birth	13-07-1946
No. of Equity Shares held directly or on a beneficial basis for any other persons.	NIL
Qualification & Experience	Electrical Engineer with more than 53 years of experience
Relationship with other Directors	No Inter-se relations with other Directors
Terms & Conditions of appointment	Independent Director for a term of 5 years
Date of First appointment	10 August, 2016
Remuneration last drawn	No remuneration only sitting fees as per the Board Meeting and committee meetings
Number of Companies in which he/ she holds Directorship	He holds directorship only in SAL Automotive Limited
The number of meetings of the Board attended during the year	Attended 4 meetings of the Board during the FY-2018-19
Name of Committees of the Companies of which he/ she holds Membership/ Chairmanship	He is not holding any Committee membership / chairmanship in any other company except Chairmanship of Audit Committee and Membership of Nomination & Remuneration Committee and Stakeholders relationship Committee of SAL Automotive Limited

**Item No. 7**

Mr. Rajiv Sharma (DIN 07418337) was last appointed as Non-Executive; Independent Director of the Company with effect from 3rd February, 2016 to hold office for three consecutive years for a term up to 2nd February, 2019, by the Shareholders in the 41st Annual General Meeting (AGM) of the Company held on August 10, 2016.

Mr. Rajiv Sharma, aged about 55 years is an MBA from Faculty of Management Studies, a Fellow Members of the Institute of Company Secretaries of India and has qualified examination of Certified Public Accountant from United States. He has experience of over 32 years in finance and financial services sector. He is currently working as CFO of Fairwinds Private Equity. Mr. Sharma had also worked with Axis Private Equity, BTS Investment Advisors, IFCI Financial Services etc.

On the basis of performance evaluation of Mr. Rajiv Sharma, which was found satisfactorily and on recommendation of the Nomination and Remuneration Committee, the Board recommends his appointment as Independent Director for next 5 years with effect from 3rd February, 2019. Considering his vast experience, his contribution in the past as an Independent Director of the Company and knowledge in the field of finance, the Board is of the view that his continued association will immensely benefit the Company.

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(Formerly Swaraj Automotives Limited)

Mr. Rajiv Sharma has given necessary declaration of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Further in the opinion of Board, Mr. Rajiv Sharma meets the criteria of independence and is independent of the management. Further he is not debarred from re-appointment by any order of SEBI or any other authority. The company has received necessary candidature under section 160 of the companies act, 2013 from its shareholders within respect to appointment of Mr. Rajiv Sharma as Director.

The Board recommends the resolution under item no (7) for approval of members of the Company by way of a Special Resolution

Except Mr. Rajiv Sharma, no other Director(s) and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said Resolution.

Disclosure with respect to appointment of Mr. Rajiv Sharma as required in terms of Secretarial Standards on General Meeting (SS-II) issued by the Institute of Companies Secretaries of India and Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Name of Director (DIN)	Mr. Rajiv Sharma (DIN 07418337)
Date of Birth	08-01-1964
No. of Equity Shares held directly or on beneficial basis for any other person	NIL
Qualification & Experience	MBA from Faculty of Management Studies, Fellow member of ICSI, Qualified examination of Certified Public Accountant from United States and has more than 32 years of experience
Relationship with other Directors	No Inter-se relations with other Directors
Date of first Appointment	August 10, 2016
Terms & Conditions of appointment	Independent Director for a term of 5 years
Remuneration last drawn	No remuneration only sitting fees only as per the Board Meeting and committee.
Number of Companies in which he/ she holds Directorship	He holds directorship only in SAL Automotive Limited
The number of meetings of the Board attended during the year	Attended 4 meetings of the Board during the FY-2018-19
Name of Committees of the Companies of which he/ she holds Membership/ Chairmanship	He is not holding any Committee membership / chairmanship in any other company except Chairmanship of Nomination & Remuneration Committee and Membership of Audit Committee of SAL Automotive Limited

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

SAS Nagar, (Mohali), 20th July, 2019

## **REPORT OF THE DIRECTORS TO THE MEMBERS**

Your Directors have the pleasure of presenting their 44th Annual Report together with the Audited Financial Statements for the year ended March 31, 2019.

### **FINANCIAL RESULTS**

In compliance with the provisions of the Companies Act, 2013 ('Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') the Company has prepared its financial statements as per Indian Accounting Standards (Ind AS) for the FY 2018-19. The highlights of the financial results of the Company for the FY 2018-19 and FY 2017- 18 are as under:

	<b>Year ended 31<sup>st</sup> March, 2019 (Rs. in Crores)</b>	<b>Year ended 31<sup>st</sup> March, 2018 (Rs. in Crores)</b>
Net Revenue from Operations	<b>130.65</b>	113.71
Other Income	<b>0.83</b>	0.93
Total Revenue	<b>131.48</b>	114.64
Profit before Depreciation, Finance Charges and Tax	<b>6.54</b>	5.99
Finance Costs	<b>0.35</b>	0.13
Depreciation & Amortization Expense	<b>1.37</b>	0.90
Profit Before Tax	<b>4.82</b>	4.96
Tax Provision		
– Current	<b>1.04</b>	1.46
– Deferred	<b>0.31</b>	0.09
Profit After Tax	<b>3.47</b>	3.41
Other Comprehensive Income	<b>(0.003)</b>	0.11
Total Comprehensive Income	<b>3.47</b>	3.52
<b>Retained Earnings</b> - Opening Balance after adjustment for carrying value of assets	<b>10.14</b>	7.78
<b>Available for appropriation</b>	<b>13.61</b>	11.30
<b>Appropriations:</b>		
Dividend paid on Equity Shares	<b>1.08</b>	0.96
Tax paid on Dividend	<b>0.22</b>	0.20
Transfer to General Reserve	–	–
<b>Retained Earnings</b> - Closing Balance	<b>12.31</b>	10.14

**Note:** The above statements and the financial figures given under the head 'Financial Results' are extracted from the Financial Statements which have been prepared in accordance with the (Indian Accounting Standards) Rules, 2015 (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other recognized accounting practices and policies to the extent applicable.

## **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.

Due to slow down in automotive industry during last 3 quarter specially, commercial vehicle and passenger vehicles both are showing negative trends in term of demand. Agri implement and tractor industry also has shown de-growth in demand and with the possibilities of late and weak monsoon both industry seems to have negative sentiments for coming year as well. The Company's business is also expected to have affect with same line of adverse impact on current year business. However company is also exploring new business opportunities to generate additional revenue.

In line with industry growth, our Company also posted a growth of 2% in seat mechanisms, 9% in tractor & LCV Seats and 30% in agriculture implements segment in FY 2018-19 as compared to FY 2017-18.

In the above backdrop, total net operating revenue for the financial year 2018-19 increased to Rs. 130.65 crores against the previous year's revenue of Rs. 113.71 crores. However, the Profit before tax for the year has decrease to Rs. 4.82 crores against previous year PBT of Rs. 4.96 crores, which is primarily on account change in product mix. Profit after tax for the year was Rs. 3.47 crores (previous year Rs. 3.52 crores) which gives an Earning per Share (EPS) of Rs. 14.48 (previous year - Rs. 14.66).

## **DIVIDEND**

Based on the Company's performance, the Directors are pleased to recommend for your consideration and approval payment of dividend amounting to Rs. 4.50 i.e. @ 45% per equity share of Rs. 10/- each fully paid up, for the financial year 2018-19. The final dividend on equity shares, if approved by the members would involve a cash outflow of Rs. 1.30 Crores (including Corporate Dividend Tax amounting to Rs. 0.22 Crores).

## **TRANSFERTO GENERAL RESERVE**

The Board has not proposed transfer of any amount to the General Reserve for the financial year ended March 31, 2019.

## **FINANCE**

The fund position of the Company stayed comfortable throughout the financial year 2018-19. As a result, after meeting routine capital expenditure and working capital requirements to support the operations, net interest income for the year was Rs. 0.73 crore against Rs. 0.64 crore for the previous year.

## **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 2018-19.

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

## **DEPOSITS**

The Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at the end of the financial year.

## **INDUSTRIAL RELATIONS**

The Company has a highly committed, loyal and dedicated team. The Company promotes an atmosphere which encourages learning and informal communication within the organization. The Company is having

## **SAL AUTOMOTIVE LIMITED**

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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 achieving the desired level of the skill and talent, and further 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. The management and the workers union after a fruitful and healthy discussions have amicably signed the tripartite long term settlement for period 09/2018 to 08/2022.

Regular employee strength as on 31st March, 2019 stood at 205 Nos. (31st March, 2018 - 199 Nos.).

### **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.

### **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 have been planned for energy savings.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### **DIRECTORS**

#### **INDUCTIONS, RE-APPOINTMENT/RE-DESIGNATIONS, RETIREMENT & RESIGNATIONS**

Mr. Rama Kant Sharma, Managing Director of the Company was appointed as such for a period of 3 years with effect from February 04, 2016. The Board in its meeting held on February 01, 2019, and on the recommendation of the Nomination and Remuneration Committee, approved his re-appointment for a further period of 3 years subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM").

Mr. Jai Bhagwan Kapil and Mr. Rajiv Sharma, Independent Directors completed their present term as Independent Directors of the Company on February 02, 2019. On the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on February 01, 2019 and subject to the approval of shareholders by special resolution at the ensuing AGM, re-appointed Mr. Jai Bhagwan Kapil and Mr. Rajiv Sharma as Independent Directors of the Company for a further term of five years w.e.f. February 03, 2019 for the second term of 5 years from February 03, 2019 upto February 02, 2024.

Brief resume, nature of expertise, details of directorships held in other companies of the Directors proposed to be reappointed, along with their shareholding in the Company, as stipulated under Secretarial Standard 2 and Regulation 36 of the Listing Regulations, is appended as an annexure to the Notice of the ensuing AGM.

In terms of Section 152 of the Companies Act, 2013, Mr. Jamil Ahmed shall retire by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment.

Mr. Jeevan Mahaldar who was appointed as an Executive Director and whose term was expiring on February 03, 2019 was re-designated as non-executive Director on expiry of his term. However, he resigned from his non-executive directorship w.e.f. April 24, 2019.

#### **KEY MANAGERIAL PERSONNEL**

Mr. Rama Kant Sharma, Managing 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.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 of Listing Regulations and there has been no change in the circumstances which may affect their status as Independent Director during the year. The Independent Directors have also confirmed that they have complied with the Company's code of conduct for Directors and Senior Management Personnel.

#### **POLICY ON NOMINATION, REMUNERATION AND BOARD DIVERSITY**

The Company believes that building a diverse and inclusive culture is integral to its success. A diverse Board, among others, will enhance the quality of decisions by utilizing different skills, qualifications, professional experience, and knowledge of the Board members necessary for achieving sustainable and balanced development. Accordingly, the Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 read with the Rules issued there under and the Listing Regulations. The Nomination and Remuneration Policy is annexed herewith as Annexure A.

#### **ANNUAL PERFORMANCE EVALUATION**

Details of the manner in which performance of the Board, its Committees and Individual Directors is evaluated is disclosed in the Corporate Governance Report forming part of this Annual Report.

#### **BOARD MEETINGS**

A calendar of Meetings is prepared and circulated in advance to the Directors. The Board met 4 times in the financial year 2018-19. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days. The, details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report that forms part of this Annual Report.

#### **AUDIT COMMITTEE**

The Audit Committee comprised 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. Consequent to resignation of Mr. Jeevan Mahaldar with effect from April 24, 2019. Mr. Rama Kant Sharma was appointed as a member of the Audit Committee.

## **SUBSIDIARY/ASSOCIATE & JOINT VENTURE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

As at March 31, 2019, the Company does not have any subsidiary company or joint venture or associate in terms of the provisions of Companies Act, 2013. The Company thereby has no material subsidiary in accordance with the Listing Regulations.

### **TRANSFERTO INVESTORS EDUCATION AND PROTECTION FUND**

During the year, the Company has transferred the unpaid/unclaimed dividend amounting to Rs. 51,225 to the Investor Education and Protection Fund (IEPF) Account established by the Central Government. The Company has also uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 10, 2018 (date of last Annual General Meeting) on the website of the Company <https://swarajautomotive.com/unclaimed-dividend/>

Further, in terms Section 124(6) read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), as amended, the Company has transferred 775 equity Shares to the demat account of Investor Education and Protection Fund, details of which are uploaded on the website of the Company <https://swarajautomotive.com/wp-content/uploads/2018/07/SAL-Shares-transferred-to-IEPF-during-2018-19.pdf>

The shareholders whose unpaid dividend / shares are transferred to the IEPF can claim the same by filling the prescribe Form as per the applicable provisions under the IEPF Rules.

### **STATUTORY AUDITORS**

M/s. Mangla Associates, Chartered Accountants (ICAI Firm Registration No.-006796C), Statutory Auditors of the Company were appointed at the 42nd Annual general Meeting of the Company from the conclusion of the Annual General Meeting held in year 2017 until the conclusion of the fifth consecutive AGM of the Company to be held in year 2022.

### **AUDITORS' REPORT**

The Auditors' Report read along with notes to accounts is self-explanatory and therefore does not call for further comments. The Auditors' Report doesn't contain any qualification, reservation or adverse remark.

### **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s A. Arora and Co. (CP No. 993) a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2018-19. The Secretarial Audit Report is annexed herewith as Annexure B.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **COST AUDITORS**

The Cost Audit for financial year ended March 31, 2018 was conducted by M/s. Aggarwal Vimal & Associates (M. No.000350). The said Cost Audit Report was filed on 27th August, 2018.

Based on the recommendations of the Audit Committee and confirmation that the appointment, if approved, will be within the limits of Section 141(3)(g) of the Companies Act, 2013 and are of independent relationship with the Company, the Board had approved the reappointment of M/s. Aggarwal Vimal & Associates (M. No.000350), as the Cost Auditors of the Company for the financial year 2019-20 on a remuneration of Rs. 50,000 (Rupees Fifty Thousand only) applicable taxes and out of pocket expenses that may be incurred by them during the course of audit. As required under 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 Member's ratification for the remuneration payable to M/s Aggarwal Vimal & Associates Cost Auditors is included in the Notice convening the ensuing Annual General Meeting.

The Company has maintained accounts and records as specified under sub-section (1) of 148 of the Act.

### **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.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the financial year under review, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section, forms part of this Annual Report.

### **CORPORATE GOVERNANCE REPORT**

A report on Corporate Governance forms part of the Annual Report along with the Certificate on Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Practicing Company Secretaries' certificate for the financial year 2018-19 does not contain any qualifications, reservations or adverse remarks.

### **INTERNAL CONTROL / INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY**

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. An internal audit programme covers various activities and periodical reports are submitted to the management

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the 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 timely preparation of reliable financial disclosures.

### **RISK MANAGEMENT**

Your Company understands the importance of various risks faced by it and has adopted a Risk Management Framework which establishes various levels of accountability within the Company. The framework covers identification, evaluation, and control measures to mitigate the identified business risk.

Your Company faces constant pressure from the evolving marketplace that impacts important issues in risk management and threatens profit margins. The Company emphasizes on those risks that threaten the achievement of business objectives of the Group over the short to medium term.

### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil mechanism and Whistle blower policy under which the persons covered under the policy including Directors and employees are free to report misuse or

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abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected. The reportable matters may be disclosed to the vigilance officer who operates under the supervision of the Audit Committee. Persons covered under the Policy may also report to the Chairman of the Audit Committee.

During the year under review, no employee was denied access to the Chairman of the Audit Committee. No complaints were received under Vigil Mechanism & Whistle Blower Policy during the financial year 2018-19.

**DETAILS OF LOANS, INVESTMENTS AND GUARANTEES UNDER SECTION 186**

The company has not advanced any Loan, Guarantees or made any investment covered under the provisions of section-186 of the act during the financial year.

**ANNUAL RETURN**

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

The Annual Return in form MGT-7 for the Financial year ended March 31, 2019, as required under Section 92 of the Companies Act, 2013, will be available on the website of the Company at [www.swarajautomotive.com](http://www.swarajautomotive.com)

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party contracts/arrangements/transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. During the financial year, the Company had not entered into any contract/ arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. 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.

All related party transactions are mentioned in the notes (Note 2.38) to the accounts. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given as Annexure D forming part of this Report.

**PARTICULARS OF EMPLOYEES**

Disclosures relating to remuneration of Directors u/s 197(12) of the Companies Act, 2013 read with Rule 5(1) & 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure E to this report. There was no employee who was in receipt of remuneration of not less than Rs. 1,02,00,000 during the year ended March 31, 2019 or not less than Rs. 8,50,000 per month during any part of the year.

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

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There were no significant material orders passed by the Regulators/ Courts/ Tribunals during the financial year 2018-19 which would impact the going concern status of the Company and its future operations.

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### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments 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 March 31, 2019 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the 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;
- the Directors have prepared the annual accounts of the Company on a going concern basis;
- the Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **STATEMENT UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has complied with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has in place a Policy on Prevention of Sexual Harassment at the Workplace in line with the provisions of the said Act. An Internal Complaints Committee has been set up to redress complaints received regarding Sexual Harassment. The policy and the Internal Complaints Committee is announced to all staff and is available with HR Department.

No complaint of sexual harassment was received during the Financial Year 2018-19.

### **SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards

### **MATERIAL CHANGES AND COMMITMENTS WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT**

Apart from the following no other material changes and commitments affecting the financial position of the Company occurred between the end of the financial year and the date of the report.

Pursuant to the Agreement entered between b4S Solutions Private Limited ('b4S') and Mahindra and Mahindra Limited ('M&M'), b4S acquired the Company by purchasing the entire stake held by M&M in the year 2016. It was mutually agreed between the parties thereto that the current name of the Company (Swaraj Automotives Ltd) shall be changed from the financial year 2019- 20. In reference to the covenants stated in the aforesaid agreement, Company has obtained the approval of its shareholders for change of its name from "Swaraj Automotives Limited" to "SAL Automotive Limited" in the Extra-ordinary General Meeting held on May 24, 2019. The Company has received Registrar of Companies ("ROC") approval for name change on 4th June, 2019 and also from Stock Exchange BSE limited on 27th June, 2019. The Company adopted new name i.e. SAL Automotive Ltd. from 1st July, 2019.

### **OTHER DISCLOSURES**

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:

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- a) issue of equity shares with differential voting rights or sweat equity or stock options.
- b) Changes in the nature of business activities.
- c) Fraud reporting by the auditors.

**ACKNOWLEDGMENT**

Your Directors place on record their deep appreciation for the contribution made by employees at all levels with dedication, commitment and team effort, which helped your Company in achieving the performance during the year.

Your Directors also acknowledge with thanks the support given by the Government, bankers, shareholders and investors at large and look forward to their continued support.

FOR AND ON BEHALF OF THE BOARD

Place : S.A.S. Nagar, Mohali  
Date : 24th May, 2019

J.B. KAPIL  
Chairman

**ANNEXURE 'A'**

**NOMINATION AND REMUNERATION POLICY OF THE COMPANY**

**POLICY FOR REMUNERATION TO DIRECTORS**

**i) Non-Executive Director including Independent Directors:**

The Nomination and Remuneration Committee (NRC) shall decide 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 the Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

**Payment of Sitting Fees etc.**

Sitting fees is to be 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, sitting fees paid to the Directors is as under:

- Rs. 40,000 for every Board Meeting
- Rs. 30,000 for every Committee(s) Meeting (other than Stakeholders Relationship Committee)
- Rs. 5,000 for every Stakeholders Relationship Committee Meeting

**ANNEXURE-B TO DIRECTORS REPORT**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

**[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, 2019 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, 2019 according to the provisions of:

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

- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable to the company during the financial year under review.
- e) The erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Not applicable as the company has not issued any listed 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 (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.

(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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
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.

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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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. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred 775 equity shares to the Investor Education and Protection Fund.
2. Pursuant to Rule 6(13) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred the dividend for the financial year 2017-18 to Investor Education and Protection Fund, in respect of the shares transferred to IEPF. The company has been advised to file the corresponding Form IEPF-7 also.

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

For A. ARORA & COMPANY

Date : 24.05.2019

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

## ANNEXURE C TO DIRECTORS' REPORT

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

[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	SAL Automotive Limited (Formerly 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	75.60%
Agri implements	2821	24.40%

#### 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)

**SAL AUTOMOTIVE LIMITED**
*(Formerly Swaraj Automotives Limited)*
**IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2018)				No. of shares held at the end of the year (as on 31-03-2019)				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
<b>(1) Indian</b>										
a) Individuals/ HUF	–	–	–	–	–	–	–	–	–	
b) Central Govt.	–	–	–	–	–	–	–	–	–	
c) State Govt.(s)	–	–	–	–	–	–	–	–	–	
d) Bodies Corporate	1798285	–	1798285	75.00	1798285	–	1798285	75.00	–	
e) Banks / FI	–	–	–	–	–	–	–	–	–	
f) Any Other...	–	–	–	–	–	–	–	–	–	
<b>Sub-Total (A)(1):</b>	<b>1798285</b>		<b>1798285</b>	<b>75.00</b>	<b>1798285</b>		<b>1798285</b>	<b>75.00</b>	<b>–</b>	
<b>(2) Foreign</b>										
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–	
b) Other-Individuals	–	–	–	–	–	–	–	–	–	
c) Bodies Corporate	–	–	–	–	–	–	–	–	–	
d) Banks / FI	–	–	–	–	–	–	–	–	–	
e) Any Other...	–	–	–	–	–	–	–	–	–	
<b>Sub-Total (A)(2):</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
<b>Total Shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	<b>1798285</b>		<b>1798285</b>	<b>75.00</b>	<b>1798285</b>		<b>1798285</b>	<b>75.00</b>	<b>–</b>	
<b>B. Public Shareholding</b>										
<b>(1) Institutions</b>										
a) Mutual Fund	–	–	–	–	–	–	–	–	–	
b) Banks / FI	106389	–	106389	4.44	106389	–	106389	4.44	–	
c) Central Govt.	10850	–	10850	0.45	11625	–	11625	0.48	0.03	
d) State Govt.(s)	–	–	–	–	–	–	–	–	–	
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–	
f) Insurance Companies	–	–	–	–	–	–	–	–	–	
g) FIIs	–	–	–	–	–	–	–	–	–	
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–	
i) Others (specify)	–	–	–	–	–	–	–	–	–	
<b>Sub-Total (B)(1):</b>	<b>117239</b>		<b>117239</b>	<b>4.89</b>	<b>118014</b>		<b>118014</b>	<b>4.92</b>	<b>0.03</b>	

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2018)				No. of shares held at the end of the year (as on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	59411	90150	149561	6.24	29078	90000	119078	4.97	-1.27
ii) Overseas	—	—	—	—	625	—	625	0.02	0.02
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakh	261506	33647	283628	11.83	319059	18652	337711	14.16	2.33
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	49000	—	49000	2.04	24000	—	24000	1.00	1.04
c) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(2):</b>	<b>369917</b>	<b>123797</b>	<b>482189</b>	<b>20.11</b>	<b>372762</b>	<b>108652</b>	<b>481414</b>	<b>20.07</b>	<b>0.03</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>487156</b>	<b>123797</b>	<b>599428</b>	<b>25</b>	<b>490776</b>	<b>108652</b>	<b>599428</b>	<b>25</b>	<b>—</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>2285451</b>	<b>123797</b>	<b>2397723</b>	<b>100.00</b>	<b>2289061</b>	<b>108652</b>	<b>2397713</b>	<b>100</b>	<b>—</b>

**(ii) Shareholding of Promoters**

Shareholders Name	Shareholding at the beginning of the year (as on 01-04-2018)			Shareholding at the end of the year (as on 31-03-2019)			% 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.	1798285	75	—	1798285	75	—	—
<b>Total</b>	<b>1798285</b>	<b>75</b>	<b>—</b>	<b>1798285</b>	<b>75</b>	<b>—</b>	<b>—</b>

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

**(iii) Change in Promoters Shareholding**

	Shareholding at the beginning of the year (as on 01-04-2018)		Cumulative Shareholding during the year (01-04-2015 to 31-03-2019)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	1798285	75	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.)	Nil	Nil	Nil	Nil
At the end of the year	1798285	75	1798285	75

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

Name of Shareholder	PAN	Shareholding at the beginning of the year (as on 01-04-2018)		Date	Increase/Decrease in the shareholding	Reason	Cumulative Shareholding during the year (01-04-2019)	
		No. of Shares	% of total shares of the Company				Shares	% of total shares of the Company
1. ICICI BANK LIMITED	AAACI1195H	106389 106389	4.44 4.44	31-03-2018 30-03-2019	NIL	NIL		
2 PUNJAB WIRELESS SYSTEMS LTD		90000 90000	3.75 3.75	31-03-2018 30-03-2019	NIL	NIL		
3 RAJENDRA DHIRAJ LAL GANDHI	ACBPG0999D	0 24000	0 1	31-03-2018 08-06-2018 30-03-2019	24000	Purchase	24000	1
4 VINOD KUMAR BANKA	AAHPB1713C	0 18970	0 0.79	31-03-2018 29-06-2018 30-11-2018 30-03-2019	10710 8260	Purchase Purchase	10710 18970	0.45 0.79
5 KUTBUDDIN KHANSAHEB	AMIPK5123C	0 15000	0 0.63	31-03-2018 25-05-2018 08-06-2018 06-07-2018 13-07-2018 27-07-2018 10-08-2018 24-08-2018 31-08-2018 30-03-2019	500 1500 5000 2000 1000 4500 60 440	Purchase Purchase Purchase Purchase Purchase Purchase Purchase Purchase	500 2000 7000 9000 10000 14500 14560 15000	0.02 0.08 0.29 0.38 0.42 0.6 0.61 0.63
6 KOKILA GUPTA .	AIPPG6773R	0	0	31-03-2018 29-06-2018 06-07-2018 13-07-2018 20-07-2018 10-08-2018 31-08-2018	170 4632 510 7680 121 466	Purchase Purchase Purchase Purchase Purchase Purchase	170 4802 5312 12992 13113 13579	0.01 0.2 0.22 0.54 0.55 0.57

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

Name of Shareholder	PAN	Shareholding at the beginning of the year (as on 01-04-2018)		Date	Increase/Decrease in the shareholding	Reason	Cumulative Shareholding during the year (01-04-2019)	
		No. of Shares	% of total shares of the Company				Shares	% of total shares of the Company
		13997	0.58	16-11-2018 01-02-2019 15-02-2019 29-03-2019 30-03-2019	569 -50 -1 -100	Purchase Sale Sale Sale	14148 14098 14097 13997	0.59 0.59 0.59 0.58
7 YASIN LUKAMANBHAI GADHIA	AJYPG5679A	0 10187	0 0.42	31-03-2018 01-03-2019 30-03-2019	10187	Purchase	10187	0.42
8 ALOK JAIN	ADLPJ5696F	9873 9873	0.41 0.41	31-03-2018 30-03-2019	NIL	NIL		
9 SHRI DAUJI GREEN ENERGY PRIVATE LIMITED	AADCK9300R	6000 6000	0.25 0.25	31-03-2018 30-03-2019	NIL	NIL		
10 GEOMETRIC SECURITIES AND ADVISORY P LTD	AABCG8587C	17669 5169	0.74 0.22	31-03-2018 29-06-2018 06-07-2018 13-07-2018 07-12-2018 14-12-2018 30-03-2019	-8169 -9000 -400 5837 -768	Sale Sale Sale Sale Sale	9500 500 100 5937 5169	0.4 0.02 0 0.25 0.22
11 GURSHARAN KAUR	AAMPK0293P	5000 5000	0.21 0.21	31-03-2018 30-03-2019	NIL	NIL		

**(v) Shareholding of Directors and Key Managerial Personnel**

Name of Director and KMP	Shareholding at the beginning of the year (as on 01-04-2018)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2018 to 31-3-2019)	
	No. of Shares	% of total shares of Company	Increase/(Decrease)	Date/Reason	No. of Shares	% of total shares of Company
Directors	—	—	—	—	—	—
KMPs	—	—	—	—	—	—

## SAL AUTOMOTIVE LIMITED

(Formerly Swaraj Automotives Limited)

### V. Indebtedness

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

	Secured Loans excluding deposits*	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14.82	–	–	14.82
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	14.82	–	–	14.82
Change in Indebtedness during the financial year				
* Addition				
* Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	11.77	–	–	11.77
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	11.77	–	–	11.77

\*Secured against the hypothecation of the vehicle

### VI. Remuneration of Directors and Key Managerial Personnel

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

(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	35.38	47.38
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	–	4.33	4.33
	(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>39.71</b>	<b>51.71</b>

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

**(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	2.70	2.70	5.40
- Commission	-	-	-
- Others -	-	-	-
<b>Total (B)(1)</b>	2.70	2.70	5.40

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>Total (B) = (B)(1) + (B)(2)</b>		<b>5.40</b>

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

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

(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 (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	10.92	20.28	31.20
2	Stock Option*	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others	-	-	-
5	Others	-	-	-
	<b>Total (C)</b>	10.92	20.28	31.20

**VII. Penalties / Punishment / Compounding of Offences**

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

## **ANNEXURE D TO DIRECTORS' REPORT**

**Particulars as per the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2019**

### **A. CONSERVATION OF ENERGY:**

- (a) Initiatives taken for conservation of energy during the year:
  1. Replacement of 250 wattage HPMV lamps with 100 wattage LED lights.
  2. Replacement of normal Tube lights with low power consumption LED lights.
  3. Replacement of normal CFL Tube lights with energy efficient LED tube lights.
  4. Process re-validation in Gas Carburizing Furnace to optimize the power consumption.

Total annual estimated savings for the year - Rs. 6.19 lakhs
- (b) Capital investments on energy conservation equipment: Rs. 10.27 lakhs
- (c) Steps taken by the company for utilizing alternate sources of energy: The Company has conducted feasibility study of using alternate source of energy in high energy consuming production shops which is currently under discussion stage. Being committed towards energy conservation, alternate source of burner for powder coating from Diesel based to LPG base is about to be implemented in near future.

### **B. TECHNOLOGY ABSORPTION:**

- (a) The efforts made towards technology absorption:

Company is committed towards continual up gradation of the technology, it has well established Research & Development department for designing of upgraded seat mechanisms, next generation tractor seats, seat frames for commercial vehicles, Railway seats and births.
- (b) During the year, Company has taken some initiatives as part of operational strategy to reduce the cost of production & rejection through process optimization, design improvement & waste reduction.

Benefits derived as a result of the above efforts: Development of new upgraded quality products.

During the year company has developed Tractor seat with seat belt safety feature & High strength Recliner. Going forward, Railway seats with sliding snacks table for high-end trains and high strength sliders are in development stage.
- (c) Expenditure on R&D: The Company spent revenue expenditure of Rs 5.50 lacs on Research & Development work during the year, which was 0.04% of the total turnover.
- (d) The Company has not imported any technology during the last three financial years

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year, the Company has NIL earning in foreign currency and Foreign Exchange Outgo amounts to 671.40 Euro and are contained in Note No. 2.34 and 2.35 of Notes on Accounts in the Annual Report.

FOR AND ON BEHALF OF THE BOARD

Place : S.A.S. Nagar, Mohali  
Date : 24th May, 2019

J.B.KAPIL  
Chairman

## **ANNEXURE-E 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**

<b>Sr. No.</b>	<b>Requirements</b>	<b>Disclosure</b>
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	MD - 3 Times
2	The percentage increase in remuneration of each Director, CEO, CFO & CS.	MD - 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 11%. The calculation of 11% increase in median remuneration is done based on comparable employees.
4	The number of permanent employees on the rolls of the company.	There were 202 permanent employees as on 31st March, 2019.
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage change in Managerial employees is at par whereas the average percentage change in Non-Managerial employees is 7% in 2018-19.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, it is affirmed.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **COMPANY PROFILE**

SAL Automotive Limited (SAL) manufactures automotive components and agricultural implements. SAL is a preferred supplier to most of the leading manufacturers of passenger vehicles, commercial vehicles and tractors. The product line of the Company includes seats, seat adjustors/sliders and seat recliners. In addition to the production of automotive components, it also manufactures agri-implements viz. rotavators and tractor trolleys.

### **FINANCIAL ANALYSIS (2018-19)**

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

	(Rs. in Crores)	
	<b>2018-19</b>	<b>2017-18</b>
Seats, Seat mechanism & its components	97.94	88.72
Agriculture implements	31.88	24.39
Others	0.83	0.60
<b>Net Revenue from Operations</b>	<b>130.65</b>	<b>113.71</b>
Other Income	0.83	0.93
<b>Total Revenue</b>	<b>131.48</b>	<b>114.64</b>

With a comfortable fund position throughout the FY19 and after meeting operations requirement, interest income for the year was Rs. 0.73 crore (previous year Rs. 0.64 crore). Other miscellaneous income for the year stood at Rs. 0.11 crore (previous year Rs.0.13 crore).

##### **Expenses:**

Material cost as a percentage of net revenue from operations at 75.3% was higher than last year's level of 73.4%.

Personnel cost during the year was Rs. 18.73 crores (previous year Rs.16.66 crores) and in terms of percentage of net revenue from operations comes to 14.3% (previous year 14.3%).

Other expenses, consisting of manufacturing expenses, administrative expenses and sales & distribution expenses during the year were Rs. 7.88 Crore (last year Rs. 8.50 Crores), 6.0% in terms of percentage of net revenue from operations (last year 7.3%).

Depreciation for the year at Rs. 1.37 crore was lower as compared to last year's Rs. 0.90 crore.

Reflecting the above and after considering finance cost and prior period adjustments, Profit before Tax reached Rs. 4.82 crores (previous year Rs. 4.96 crores). After providing for corporate tax, Profit after Tax for the current year was Rs. 3.47 crores (previous year Rs. 3.52 crores).

#### **B) Balance Sheet**

##### **Equity & Reserves**

The Company's net worth as on 31st March, 2019 stood at Rs. 33.43 crores comprising of an Equity component of Rs. 2.40 crores and Reserves & Surplus of Rs. 31.03 crores - a book value of Rs. 139 per share (previous year Rs. 130 per share).

### **Fixed Assets**

Gross Block and Net Block as on 31st March, 2019 stood at Rs. 30.22 crores (previous year Rs. 28.59 crores) and Rs.13.57 crores (previous year Rs. 13.30 crores) respectively. Additions during the year were primarily towards plant & machinery and software.

Capital work in progress at the year-end stood at Rs.0.07 crore (previous year Rs. 0.09 crore).

### **Inventories**

Year-end inventories of raw material & components and stores & spares marginally increased to Rs. 6.92 crores (previous year Rs. 6.34 crores) which was equal to 19 days of the operating revenue (previous year 20 days).

### **Trade Receivables**

With improvement in collections from the customers, trade receivables at the year-end stood at Rs. 26.14 crores (previous year Rs. 30.77 crores) which was equal to 62 days (previous year 84 days) of the operative revenue (including GST).

### **Trade Payables**

Trade payables stood at Rs. 22.07 crores (previous year Rs. 27.98 crores), at the end of the year.

## **INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company has established procedures for an effective internal control. The policies and procedures have been laid down with an objective to provide reasonable assurance that assets of the Company are safeguarded from risks of unauthorised use / disposition and the transactions are recorded and reported with proprietary, accuracy and speed. These aspects are regularly reviewed during internal audit and statutory audit. The Company has also laid down adequate internal financial controls. During the year, such controls were tested and no material weakness in their operating effectiveness was observed. The Finance and Accounts function of the Company is adequately staffed with experienced and qualified personnel. Operations and progress of the Company is monitored at regular intervals by the Board of Directors and the Audit Committee with the help of business plans, budgets, internal audits, financial reporting etc.

## **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, 2019 stood at 205 (31st March, 2018 - 199).

## **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company is in the business of manufacturing and supplying seats, seat mechanisms and agriculture Implements to various tractor, LCV, Car and Agri product manufactures. The performance of your Company is largely dependent on the performance of automotive industry in general and these sectors in particular.

For last several years, the automotive industry has been showing a clear growth trend. During the year 2018-19, the Indian auto industry produced total 309.15 Lakhs vehicles including passenger, commercial, three wheelers and two wheelers segments, vis-a-vis 290.94 Lakhs produced in the FY18, showing a growth of 6.26%. A comparison of production numbers across these segments show a growth during FY-19. (Source : SIAM website)

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The Indian tractor industry witnessed a double digit growth for the third consecutive year in FY19, though, the pace was slowest in the last three years. In FY19, tractor sales grew by 10.24 per cent at 878,476 units as compared to 20.52 per cent and 15.74 per cent in FY18 and FY17 respectively. On a yearly basis the growth rate was almost halved in FY19 over FY18. (Source : The Economic Times and Tractor Manufacturers Association website)

### **OUTLOOK/OPPORTUNITIES**

In the recent months, the automobile sector has faced some head winds and the industry is struggling with a burgeoning inventories causing stress. As per the monthly data made available by Tractor Manufacturers Association, tractor sales during the period January to June 2019 too have been substantially lower, compared to the corresponding period of 2018.

The recent sluggishness is linked to the significant increase in insurance and fuel costs. Recently, liquidity tightening due the crises in the NBFC sector have also impacted purchase decisions by the vehicle buyers.

We, however, believe that the recent developments to be temporary and demand in both automotive and tractor industries shall bounce back in medium term. The Automotive Mission 2026, a collective vision of the Industry and Government of India aims to set a new trajectory for the evolution of the ecosystem for the automotive industry with its size, global foot-print, technological maturity, competitiveness and capabilities in mind.

Other 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. too shall role as a catalyst to the growth of the Industry.

### **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. , Your company has set up another manufacturing facility in Dharwad, Karnataka to cater the increasing demand of seats and seat mechanisms. Also, your Company is actively exploring opportunities to set up new facilities to give a boost to its focus to its auto ancillary business.

Given its high growth potential, your company has forayed into another strategic business segment of "Agriculture implements". The agri-implements segment, which predominantly comprises of contract manufacturing of Rotavators, added 24 % to the revenue has seen a substantial spurt in view of sustained demand from our customers.

### **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.

In the short term, the automobile industry is showing trends of downturn due to various reasons impacting demand from urban and Rural India.

### **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.*

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## **CORPORATE GOVERNANCE REPORT**

### **I Company's philosophy on Code of Governance**

SAL Automotive Limited (formerly known as Swaraj Automotives Ltd) ("SAL" or "Company") governance's philosophy is based on trusteeship, transparency and accountability. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and society at large.

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. For us, Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. We firmly believe that Board independence is essential to bring objectivity and transparency in the management and in the dealings of the Company.

Over the years, we have strengthened governance practices. These practices define the way in which business is conducted and value is generated. SAL considers itself as the custodian and trustee for all its Stakeholders. Stakeholders' interest is taken into account, before making any business decision.

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:

#### **1. 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 judgment to the Board's deliberations and decisions.

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.

Apart from the remuneration detailed under the relevant section and the re-imbursement 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 judgment would affect their independence.

#### **I. Composition of the Board**

The Company's Board of Directors as on March 31, 2019 comprised of six (6) members. While three members were Non-Independent Non-Executive Director, the Managing Director is the Executive Director of the Company and remaining two (including the Chairman of the Board) are Independent Directors.

Composition of Board of Directors of the Company and their Directorship(s)/Committee Membership(s)/Chairmanship(s), number of meetings held and attended by them etc. during the financial year ended March 31, 2019 are provided below :

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Name of the Director	Category	Board meetings held during Director's tenure in the F.Y. 2018-19	Board meetings attended during F.Y. 2018-19	Whether last AGM attended Yes/No	Directorship in other companies	Name of other listed entities in which director hold directorship and category of directorship	No. of Memberships/ Chairmanships of other Board Committees**	
							Member-ship	Chairman-ship
Mr. J. B. Kapil	Non-Executive - Independent Director, Chairperson	4	4	Yes	NIL	NIL	-	-
Mr. R. K. Sharma	Executive Director, MD	4	4	Yes	Private companies: 8	NIL	-	-
Mr. Rajiv Sharma -	Non-Executive - Independent Director	4	4	Yes	NIL	NIL	-	-
Mr. Jamil Ahmad	Non-Executive - Non-Independent Director	4	4	Yes	NIL	NIL	-	-
Mrs. Namrata Jain	Non-Executive - Non-Independent Director	4	4	Yes	NIL	NIL	-	-
*Mr. Jeevan Mahaldar	Non-Executive - Non-Independent Director	4	4	Yes	Public companies: 2 Private companies: 1	NIL	-	-

\*was executive Director till 3rd February, 2019, thereafter, he was re-designated as Non-Executive Director, and further he resigned with effect from 24 April, 2019

\*\*Only Audit Committee and Stakeholders Relationship Committee apart from SAL's have been considered in terms of Regulation 26 of the Listing Regulations

**Note:**

- (i) As on March 31, 2019, none of the non-executive Directors of the Company hold equity shares in the Company.
- (ii) The Company has not issued any convertible instruments.
- (iii) The Directors of the Company are not inter-se related to each other.

### II. Independent Directors

The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 of the Companies Act, 2013 and Regulation 16(b) of the Listing Regulations and are independent of the Management. The terms of appointment of Independent Directors as provided in Companies Act, 2013 has been issued and disclosed in Board of Directors section on website of the Company viz <https://swarajautomotive.com/wp-content/uploads/2017/01/SAL-Terms-of-Appointment-of-Independent-Directors.pdf>

At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self declaration, confirming their independence and compliance with various eligibility criteria laid down by the Company, among other disclosures and the Company also ensures that its Directors meet the above eligibility criteria. All such declarations are placed before the Board for information. The Board is of the opinion that the independent directors fulfill the conditions specified in Listing Regulations and are independent of the management.

In compliance with the Listing Regulations, Directors of the Company do not serve as an Independent Director in more than seven listed companies. In case he/she is serving as a Whole-Time Director in any listed company, does not hold the position of Independent Director in more than three listed companies.

#### **Familiarization Programme of the Independent Directors**

The Familiarization Programme for Independent Directors aims to help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively discharge his / her role as a Director of the Company. The Independent Directors have complete access to the information within the Company.

The Company conducts training sessions for the Independent Directors where specific presentations were provided to them about the Company's strategy, business model, operations, markets, organization structure, product offerings, finance, risk management framework, competitor's analysis and various other factors affecting the company's business.

All important corporate communications/announcements are forwarded to all the Independent Directors on regular basis to keep them abreast with what is happening in the Company. Independent Directors have the freedom to interact with the Company's management as and when required.

The details of Familiarization programmes are uploaded on the website of the Company at <https://swarajautomotive.com/wp-content/uploads/2017/01/SAL-Familiarisation-Process-for-Directors.pdf>

#### **III. 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.

During the financial year ended March 31, 2019, the Board met four (4) times on May 11, 2018, August 10, 2018, November 14, 2018 and February 1, 2019 and the gap between two consecutive Board Meetings did not exceed one hundred and twenty days (120). All the Directors have attended all the meetings of the Board held during financial year 2018-19.

The 43rd Annual General Meeting (AGM) was held on 10th August, 2018.

##### **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 24th May, 2019.

##### **Information placed before the Board**

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings.

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### **IV. Directors' Profile**

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

#### **a) 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 53 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. considering his vast experience, he has made immense contribution in the past as an Independent Director / Chairman of the Company and added to the technical knowledge in the field of manufacturing and machinery.

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

<b>S.No.</b>	<b>Name of the Company</b>	<b>Name of Committee</b>	<b>Position Held</b>
1.	SAL Automotive Limited (Formerly Known as Swaraj Automotives Limited)	Audit Committee  Nomination & Remuneration Committee  Stakeholders relationship Committee*	Chairman  Member  Member

\*joined committee as member from 24th May, 2019

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

#### **b) Mr. Jamil Ahmad**

Mr. Jamil Ahmad joined the Company's Board in February, 2016 as non-executive, non-Independent Director. 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 :

<b>S.No.</b>	<b>Name of the Company</b>	<b>Name of Committee</b>	<b>Position Held</b>
1.	SAL Automotive Limited (Formerly Known as Swaraj Automotives Limited)	Stakeholders relationship Committee  Nomination & Remuneration Committee	Chairman  Member

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

#### **c) Mr. Rajiv Sharma**

Mr. Rajiv Sharma joined the Company's Board in February, 2016 as an Independent Director. 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 32 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 :

<b>S.No.</b>	<b>Name of the Company</b>	<b>Name of Committee</b>	<b>Position Held</b>
1.	SAL Automotive Limited (Formerly Known as Swaraj Automotives Limited)	Nomination & Remuneration Committee  Audit Committee	Chairman  Member

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

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**d) Mrs. Namrata Jain**

Mrs. Namrata Jain joined the Company's Board in February, 2016 as non-executive non-independent director. Mrs. Namrata Jain has done post graduate diploma in Business Management, Finance & Marketing and is having 10 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.

**e) 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 33 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. Since Mr. Rama Kant Sharma assumed the office of Managing Director of the Company, the Company has made all-round progress. The Board is of the view that Mr. Sharma's knowledge and experience will continue to be of immense value to the Company.

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, ASB Automobile Private Limited, Sbestow Services Private Limited, Insulation and Electrical Products Pvt. Ltd.

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.	SAL Automotive Limited (Formerly Known as Swaraj Automotives Limited)	Stakeholders relationship Committee	Member

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

**f) 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.

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	SAL Automotive Limited	Audit Committee	Member

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

During the year under review, Mr. Jeevan Mahaldar's was re-designated to non-executive on completion of his term as Executive Director. He resigned from the position of non-executive Director on April 24, 2019.

A chart setting out the list of core skills/expertise/competencies identified by the Board as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board is given below :

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Skills/Expertise/Competencies	Description
Leadership	Ability to inspire, motivate and offer direction & leadership to others
Financial expertise	Understanding of financial statements and the accounting principles used by the Company to prepare its financial statements
Governance	Experience in developing governance practices, clear understanding of roles & responsibilities of Board and a Director vis-à-vis the Company and its stakeholders
Strategy and planning	Ability to assess business trends, customer behaviour etc., and give strategic insights to achieve key business objectives
Industry knowledge	Understanding of working of Auto Ancillary or allied sectors like engineering including but not limited to areas like challenges, opportunities, etc.
Legal & Regulatory	Understanding of the regulatory environment under which the Company operates and/or experience in providing legal/regulatory advice and guidance within a complex regulatory regime

**2. BOARD COMMITTEES**

In compliance with the statutory requirements, the Board has constituted various Committees with specific terms of reference and scope. The objective is to focus effectively on the issues and ensure expedient resolution of the diverse matters. The Committees operate as the Board's empowered agents according to their charter / terms of reference.

**a) Audit Committee**

As on March 31, 2019, the Audit Committee comprised of three (3) Directors, except Mr. Jeevan Mahaldar, Mr. J B Kapil and Mr. Rajiv Sharma are Independent Director. All members of the Committee possess knowledge of corporate finance, accounts and corporate laws. The Company Secretary acts as the Secretary to Committee. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and the Listing Regulations.

**Brief description of terms of reference**

The terms of reference of the Audit Committee and its role & powers areas specified in Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, as amended from time to time, 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.

**Meetings & Attendance of the Audit Committee**

During the financial year 2018-19, the Audit Committee met four (4) times on May 11, 2018, August 10, 2018, November 14, 2018, and February 1, 2019. The gap between the two consecutive meetings did not exceed 120 days. Requisite quorum was present in all meetings of the Committee.

The Statutory Auditors, Internal Auditors and Senior Executives of the Company are invited to attend the meetings of the Committee. The Board accepted all recommendations made by the Committee during the year.

The details of attendance of members at the meetings of Audit Committee held during financial year 2018-19 are given below :

<b>S. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings held during his / her tenure and attended</b>	
				<b>Held</b>	<b>Attended</b>
1	Mr. J. B. Kapil	Chairman	Independent Director	4	4
2	Mr. Rajiv Sharma	Member	Independent Director	4	4
3	Mr. Jeevan Mahaldar	Member	Executive Director	4	4

Mr. J. B. Kapil, Chairman of the Audit Committee attended the Annual General Meeting held on August 10, 2018 to answer the shareholders queries.

**b) Stakeholders' Relationship Committee**

In compliance with the Regulation 20 of the Listing Regulations and provisions of Section 178 of the Companies Act, 2013, the Company has a Stakeholders' Relationship Committee. As on March 31, 2019, the Committee comprises two (2) members of whom Mr. Jamil Ahmad, Chairman of the Committee is an Independent Director.

Meetings & Attendance of the Stakeholders' Relationship Committee

The meetings of the Committee are generally held as and when deemed necessary, to review and ensure that all investor requests / grievances are redressed within stipulated time period.

During the financial year 2018-19, the Stakeholders' Relationship Committee met two (2) times i.e. on October 3, 2018 and March 19, 2019. Requisite quorum was present in all the meetings of the Committee.

The details of attendance of members at the meetings of Stakeholders' Relationship Committee held during financial year 2018-19 are given below:

<b>S. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings held / attended</b>	
				<b>Held</b>	<b>Attended</b>
1	Mr. Jamil Ahmad	Chairman	Non-Independent Director	2	2
2	Mr. R. K. Sharma	member	Managing Director	2	2

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

The Company had received 2 complaints from the shareholders during the financial 2018-19 and all of them have been resolved.

Mr. Jamil Ahmad, Chairman of Stakeholders Relationship Committee, attended the Annual General Meeting held on August 10, 2018 to answer the shareholders queries.

**c) Nomination and Remuneration Committee**

As on March 31, 2019, the Nomination and Remuneration Committee comprises of three (3) Non-Executive Directors, Mr. J. B. Kapil, Mr. Jamil Ahmad and Mr. Rajiv Sharma, all of whom, including, the Chairman are Independent Directors. The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and the Listing Regulations.

The Company Secretary acts as the secretary of the Committee.

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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.

The role of the Nomination and Remuneration Committee is briefed below:

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 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.

### **iv) Remuneration**

The NRC determines and recommends the remuneration payable to the Directors and senior management of the Company.

Meetings & Attendance of the Nomination and Remuneration Committee

During the financial year 2018-19, the Nomination and Remuneration Committee met two (2) times i.e. May 11, 2018 and February 1, 2019. Requisite quorum was present in all the meetings of the Committee.

The details of the attendance of members at the meetings of Nomination and Remuneration Committee held during financial year 2018-19 are given below:

<b>S. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings held / attended</b>	
				<b>Held</b>	<b>Attended</b>
1	Rajiv Sharma	Chairman	Independent Director	2	2
2	Jai Bhagwan Kapil	Member	Independent Director	2	2
3	Jamil Ahmad	Member	Non Independent Director	2	2

Mr. Rajiv Sharma, Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on August 10, 2018 to answer the shareholders queries.

### **3. PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, a structured questionnaire was prepared for evaluating the performance of the Board, its Committees and Individual Directors after taking into consideration the role, responsibilities and expectation.

On basis of the structured questionnaire, the Nomination and Remuneration Committee reviews the performance of the individual Directors, which is then discussed by Board. In addition, the performance of Board as a whole and committees were evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-executive Directors.

### **4. REMUNERATION TO DIRECTORS**

- a) 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.40,000 for every Board Meeting
  - Rs.30,000 for every Committee(s) Meeting (other than Stakeholders Relationship Committee)
  - Rs.5000 for every Stakeholders Relationship Committee Meeting

#### **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.

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

**c) The details of Directors' remuneration for 2018-19 is as follows:****Independent Non-Executive Directors**

(Rs. in Lakhs)

Name of the Directors who were in receipt of sitting	Sitting Fees for Board and Committee Meetings paid during FY 2018-19
Mr. J.B. Kapil	2.70
Mr. Rajiv Sharma	2.70

**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	–	1.29	Nil	Nil	12.00	4th February, 2016 to 3rd February, 2019
Mr. Jeevan Mahaldar (Executive Director)	31.58	Nil	3.79	4.33	Nil	39.70	4th February, 2016 to 3rd February, 2019

\*The Managing Director re-appointment is recommended at the ensuing AGM w.e.f February 04, 2019 upto a period of 3 years.

\* There was change in designation from executive to non-executive w.e.f. February 04, 2019 .

**Note :** (i) No stock option(s) has been granted to any Director

(ii) Executive Directors are not eligible for any severance fees.

**5. General Body Meetings**

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

Year	Date& Time	Venue	Special Resolutions passed, if any
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.
2018	10 August, 2018 4.00 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.

**6. 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
- b) Exchange immediately after they are taken on record by the Board.
- c) 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](http://www.swarajautomotive.com);
- d) The official news releases are displayed on the Company's website [www.swarajautomotive.com](http://www.swarajautomotive.com);

During the year ended 31st March, 2019, no presentations were made to institutional investors or analysts.

**VII Shareholder Information**

**1. 44th Annual General Meeting**

Date : 13th September, 2019

Time : 3.00 P.M.

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

**2. Financial Calendar (tentative)**

The tentative dates for Board Meetings for consideration of financial results for the financial year 2018-19 are as follows:

First Quarter Results	Within 45 days of the end of the first quarter
Second Quarter & Half Yearly Results	Within 45 days of the end of the second quarter
Third Quarter & Nine Months Results	Within 45 days of the end of the third quarter
Fourth Quarter and Annual Results	Within 60 days of the end of the financial year

**3. Dividend Payment :**

Dividend, if any, declared will be paid within 30 days of the Annual General Meeting.

**4. Date of Book Closure**

August 17, 2019 to August 23, 2019 (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. 2018-19 of BSE has been paid.

**6. Stock Code**

BSE Ltd. (BSE) : 539353

## **SAL AUTOMOTIVE LIMITED**

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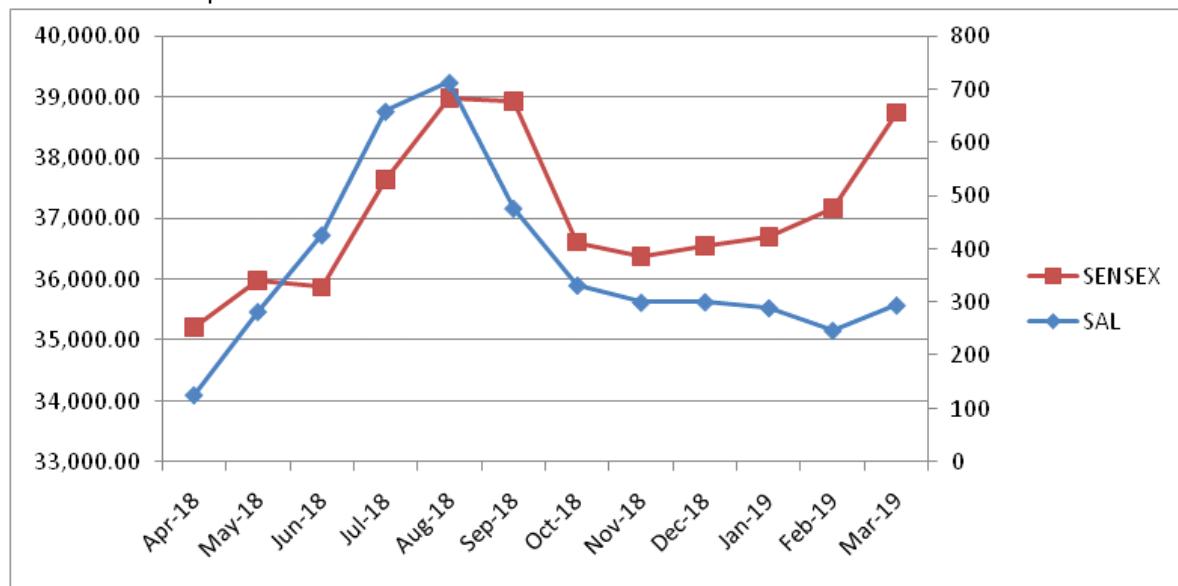
### **7. Stock Price Data**

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 2018	125.90	125.90
May 2018	282.70	132.15
June 2018	426.95	282.70
July 2018	659.45	432.00
August 2018	713.70	486.75
September 2018	477.05	339.00
October 2018	332.25	281.75
November 2018	300.00	258.60
December 2018	300.95	260.20
January 2019	289.70	228.10
February 2019	247.30	177.00
March 2019	294.75	216.10

### **8. Stock Price Performance**

SAL Share Price performance relative to BSE Sensitive Index



### **9. Registrar and Transfer Agents**

M/s MCS Share Transfer Agent Limited (MCS), at 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.

### **10. Share Transfer Systems :**

All share transfers are handled by Company's Registrar & Share Transfer Agent. Share transfers in physical form are registered within fifteen days from the date of receipt, provided the documents are found to be in

order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Regulations, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

Further as per Regulation 40 of Listing Regulations, transfer of shares in physical form is prohibited with effect from April 01, 2019.

**11. Shareholding Pattern as on 31st March, 2019 :**

Category of Shareholders	No. of Shareholders	No. of Shares Held	% of Holding
1. Promoters	1	1798285	75
2. Mutual Funds	1	106389	4.44
3. Financial Institutions / Banks	-	-	-
4. Govt. (investor education protection fund)	1	11625	0.489
5. Foreign Institutional Investors	-	-	-
6. Bodies Corporate-Indian	49	119078	4.96
7. NRIs	-	-	-
8. Indian Public	1642	362336	15.11
9. OCB	-	-	-
<b>Total</b>	<b>1964</b>	<b>2397713</b>	<b>100</b>

**12. Distribution Pattern of Shareholding as on 31st March, 2019**

No. of Equity Shares held	No. of Shareholders		No. of Shares Held	
	Numbers	% total	Numbers	% total
1 - 500	130567	1602	5.4455	93.3566
501 - 1000	34960	45	1.4581	2.6224
1001 - 2000	42347	30	1.7661	1.7483
2001 - 3000	35001	14	1.4598	.8159
3001 - 4000	26606	8	1.1096	.4662
4001 - 5000	18737	4	.7815	.2331
5001 - 10000	21042	3	.8776	.1748
10001 - 50000	113409	7	4.7299	.4079
50001 - 100000	90000	1	3.7536	.0583
And Above	18885044	2	78.6184	.1166
<b>Total</b>	<b>2397713</b>	<b>1716</b>	<b>100</b>	<b>100</b>

**13. Dematerialization of Shares :**

As on March 31, 2019, 95.46% of the Company's total equity shares representing 22, 89, 061 were held in dematerialized form and 4.53% equity shares representing 1,08,652 shares were held in physical form.

The ISIN number allotted to the Company for dematerialization of shares is INE724G01014.

**14. Outstanding GDR's / ADR's / Warrants / Convertible Instruments :**Not applicable

**15. Commodity price risk or foreign exchange risk and hedging activities :** N.A.

**SAL AUTOMOTIVE LIMITED***(Formerly Swaraj Automotives Limited)***16. Plant Location :**

SAL Automotive Limited  
 (Formerly Swaraj Automotives Limited)  
 Kakrala Road,  
 Nabha, Distt. Patiala,  
 Punjab -147201

SAL Automotive Limited  
 (Formerly Swaraj Automotives Limited)  
 183/1, Belur Industrial Area,  
 Dharmawad, Distt. Dharmawad,  
 Karnataka-580011

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

M/s MCS Share Transfer Agent Limited  
 Unit: SAL Automotive Ltd.  
 (Formerly Swaraj Automotives Limited)  
 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:  
 SAL Automotives Ltd.  
 (Formerly Swaraj Automotives Limited)  
 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)**

**19. Credit Rating:** The Company did not obtain or revise any credit ratings during the period under review.

**20. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** Not applicable

**21. Utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32 (7A) :** Not applicable

**22. Payment made to statutory auditors on consolidated basis during financial year 2018-19:**

Rs. in Lakhs

Statutory Audit Fees	2.00
Other Services	2.42
Reimbursement of Expenses	0.94
Tax Audit Fees	0.40
GST Audit Fees	1.00
<b>Total payable to statutory auditor</b>	<b>6.76</b>

**23. AFFIRMATIONS & DISCLOSURES****a) Disclosure of transactions with Related Parties.**

During FY 2018-19, 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. Details of related parties and transactions with them are covered at Note no. 2.38 of the Financial Statements..

The policy for related party transactions approved by the Board of Directors of the Company is available at the Company's website <https://swarajautomotive.com/wp-content/uploads/2017/01/SAL-RPT-Policy.pdf>

**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) Vigil Mechanism/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 <https://swarajautomotive.com/wp-content/uploads/2017/01/SAL-Whistle-Blower-Policy.pdf>

**d) Disclosure of Accounting Treatment in preparation of Financial Statement.**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**e) Management Discussion and Analysis Report**

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

**f) Policy on Material Subsidiary**

The Company doesn't have any subsidiary

**g) Adoption of the non-mandatory requirements**

i. 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.

## **SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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ii. Separate Posts of Chairman and CEO

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

iii. 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.

**h) Compliances with Governance Framework**

The Company has complied with the requirements of the Schedule V of the Listing Regulations;

The Company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

i) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

There were no complaints received during the financial year under review

**24. 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 Managing Director to this effect is enclosed at the end of this Report as Annexure - A.

**25. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

In terms of Regulation 34 of the Listing Regulations, the Certificate on Corporate Governance issued by practicing company secretaries / independent auditors annexed as Annexure-B to this report.

**26. 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, 2019. The same is annexed as Annexure-C.

**27. CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE**

Also a certificate from a company secretary in practice dated 24th May, 2019 that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority is attached as Annexure-D.

For and on behalf of the Board

J.B. Kapil  
Chairman

Place: S.A.S. Nagar (Mohali)

Date: May 24, 2019

**ANNEXURE-A TO CORPORATE GOVERNANCE REPORT**

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

To  
The Members of Swaraj Automotives Limited

This is to confirm that the Board of Directors of Swaraj Automotives Limited ("the Company") has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. The same has also been posted on the Company's website. It is further confirmed 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, 2019.

S.A.S. Nagar, 24th May, 2019

Rama Kant Sharma  
Managing Director

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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**ANNEXURE B TO CORPORATE GOVERNANCE REPORT****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 2019, 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, 2019.
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)

A.P. Mangla,  
Partner  
Membership No. 080173

Mohali, 24th May, 2019

## **ANNEXURE C OF CORPORATE GOVERNANCE REPORT**

The Board of Directors  
Swaraj Automotives Limited  
S.A.S.Nagar (Mohali)  
Punjab

### **Certificate pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015**

We, Rama Kant Sharma, Managing Director and Jagdish Lal Raheja, Chief Financial Officer, of Swaraj Automotives Limited, to the best of our knowledge and belief certify that:

- (a) We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2019 and all its schedules and notes on accounts, as well as Cash Flow Statement and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
  - (i) Significant changes, if any, in internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

**Jagdish Lal Raheja**  
**Chief Financial Officer**

Date : 24-05-2019  
Place : (SAS Nagar) Mohali

**Rama Kant Sharma**  
**Managing Director**

Date : 24-05-2019  
Place : (SAS Nagar) Mohali

**SAL AUTOMOTIVE LIMITED***(Formerly Swaraj Automotives Limited)***ANNEXURE D OF CORPORATE GOVERNANCE REPORT****CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Swaraj Automotives Limited having CIN: L45202PB1974PLC003516 and having registered office at C-127, 4th Floor, Sat Guru Infotech, Industrial Area, Phase VIII, S.A.S. Nagar, Mohali, Punjab (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the company
1.	Mr. Rama Kant Sharma	00640581	03.02.2016
2.	Mr. Rajiv Sharma	07418337	03.02.2016
3.	Mr. Jamil Ahmad	07171910	03.02.2016
4.	Mr. Jai Bhagwan Kapil	01894348	03.02.2016
5.	Ms. Namrata Jain	07310940	03.02.2016
6.	Jeevan Mahaldar*	00137467	03.02.2016

\*Ceased to be Director of the company w.e.f. 24.04.2019 due to resignation.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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.

For A. ARORA &amp; COMPANY

Place : Chandigarh  
 Date : 24.05.2019

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

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Swaraj Automotives Limited**

#### **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, 2019, 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.

#### **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 Act, 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, 2019; 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.

#### **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 Auditors' Responsibilities section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the 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.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Information other than the Standalone Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibilities Report, Corporate Governance and Shareholder's information, but does not include the Standalone Financial Statements and our auditors' report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **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.

## **SAL AUTOMOTIVE LIMITED**

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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 standalone Indo 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

### **Auditors' Responsibility**

- A. Our objectives are to obtain reasonable assurance about whether the standaloneInd AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.
- B. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
  - i) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and operating effectiveness of such controls.
  - iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements, or if, such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - v) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- C. Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

- D. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- E. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- F. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are, therefore, the key audit matters. We describe that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

- i) As required by the Companies (Auditors' 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 paragraphs 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 31st March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, 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 Auditors' 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 IndAS financial statements.
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

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

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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**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 accounts 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, Employees' 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, 2019.

<b>S.No.</b>	<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount of Tax Liability (Rs. in Lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is Pending</b>
1.	Central Excise	Excise Duty	9.78	2005-06 to April 2008	Appellate Tribunal
2.	Central Excise	Excise Duty	13.26	March 2009 to Dec. 2011	Commissioner (Appeals)
3.	Central Excise	Excise Duty	1.28	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	0.98	February 2016 to April 2017	Commissioner (Appeals)
6.	Service Tax	Service Tax	0.93	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 term 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 IndAS 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.

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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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)

Gaziabad, 24th May, 2019

A.P. Mangla,  
Partner  
Membership No. 080173

**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, 2019 in conjunction with our audit of the standalone IndAS 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone IndAS 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 IndAS 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 IndAS 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, 2019, 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,  
Partner  
Membership No. 080173

Ghaziabad, 24th May, 2019

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

**BALANCE SHEET AS AT 31ST MARCH, 2019** (Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2019		As at 31st March, 2018		
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
– Property , Plant & Equipment	2.1	<b>844.90</b>	808.97			
– Capital Work in Progress	2.1	<b>7.26</b>	9.58			
– Investment Property	2.2	<b>451.23</b>	451.33			
– Intangible Assets	2.3	<b>60.89</b>	<b>1364.28</b>	<b>69.64</b>		
<b>– Financial Assets</b>				1339.52		
(a) Investments						
(b) Loans	2.4	<b>52.24</b>	37.28			
(c) Others	2.5	<b>250.33</b>	<b>302.57</b>	<b>297.00</b>		
– <b>Deferred Tax Assets (net of provisions)</b>	2.6		<b>133.60</b>	164.15		
<b>(Refer Note 1.10 (ii))</b>						
– <b>Income Tax (net of provisions)</b>			<b>57.20</b>	12.12		
<b>(Refer Note 1.10 (i))</b>						
– <b>Other Non-Current Assets</b>	2.7		<b>67.59</b>	49.71		
<b>Current Assets</b>						
– Inventories	2.8		<b>691.77</b>	634.47		
<b>– Financial Assets</b>						
(a) Trade Receivables	2.9	<b>2614.19</b>	3077.04			
(b) Cash & Cash Equivalents	2.10	<b>14.85</b>	85.20			
(c) Bank Balances (other than covered in (b) above)	2.10	<b>843.96</b>	636.83			
(d) Other Financial Assets	2.11	<b>55.02</b>	<b>3528.02</b>	<b>38.33</b>		
– <b>Other Current Assets</b>	2.12		<b>456.95</b>	<b>519.17</b>		
<b>TOTAL ASSETS</b>			<b>6601.98</b>	<b>6890.82</b>		
<b>EQUITY &amp; LIABILITIES</b>						
<b>Equity</b>						
– Share Capital	2.13	<b>239.77</b>	239.77			
– Other Equity (Refer SOCE)	2.14	<b>3103.22</b>	<b>3342.99</b>	2886.19		
<b>Non-Current Liabilities</b>				3125.96		
<b>– Financial Liabilities</b>						
(a) Interest Bearing Loans & Borrowings	2.15	<b>8.46</b>	22.10			
(b) Others	2.16	—	<b>8.46</b>	22.10		
– <b>Non-Current Provisions</b>	2.17		<b>198.95</b>	269.43		
<b>Current Liabilities</b>						
<b>– Financial Liabilities</b>						
(a) Interest Bearing Loans & Borrowings	2.18	<b>498.15</b>	360.48			
(b) Trade Payable						
(i) Micro & Small Enterprise	2.19	<b>333.52</b>	460.25			
(ii) Other than (i) above	2.19	<b>1873.45</b>	2338.22			
(c) Others	2.20	<b>6.35</b>	<b>2711.47</b>	<b>6.14</b>		
– <b>Current Provisions</b>	2.21		<b>154.93</b>	115.73		
– <b>Other Current Liabilities</b>	2.22		<b>185.18</b>	<b>192.51</b>		
<b>TOTAL EQUITY &amp; LIABILITIES</b>			<b>6601.98</b>	<b>6890.82</b>		
Significant Accounting Policies	1					
Notes to Accounts	2					

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  
Membership No. 080173  
S.A.S. Nagar, Mohali, 24th May, 2019

JAGDISH LAL RAHEJA  
Chief Financial Officer  
GAGAN KAUSHIK  
Company Secretary

R.K. SHARMA  
Managing Director  
S.A.S. Nagar, Mohali, 24th May, 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019 (Rs. in Lakhs)**

Particulars	Notes	For the period ended 31st March, 2019	For the period ended 31st March, 2018
Revenue from Operations (Gross)	2.23	<b>13064.73</b>	11641.17
Other Income	2.24	<b>83.30</b>	92.77
<b>Total Revenue</b>		<b>13148.03</b>	<b>11733.94</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.25	<b>9907.61</b>	8332.18
Changes in Inventories of Finished Goods and Work-in-Progress	2.26	<b>(75.02)</b>	16.63
Excise Duty		-	270.40
Employee Benefits Expense	2.27	<b>1872.57</b>	1665.68
Finance Costs	2.28	<b>35.37</b>	12.46
Depreciation & Amortization Expense	2.1, 2.2 & 2.3	<b>136.59</b>	90.36
Other Expenses	2.29	<b>788.42</b>	850.03
<b>Total Expenses</b>		<b>12665.54</b>	<b>11237.74</b>
<b>Profit before exceptional items and tax</b>		<b>482.49</b>	496.20
Exceptional items		-	-
<b>Profit Before Tax</b>		<b>482.49</b>	496.20
<b>Tax Expense</b>			
– Current Tax	2.6	<b>110.63</b>	146.53
– Deferred Tax (Net)	2.6	<b>30.54</b>	9.26
– Tax provision in earlier years Short / (Excess)	2.6	<b>(6.09)</b>	<b>135.08</b>
<b>Net Profit / (Loss) for the period</b>		<b>347.41</b>	<b>340.62</b>
<b>Other Comprehensive Income</b>			
– Items that will not be reclassified to profit & loss account			
(a) Remeasurement of post employment benefit obligation		<b>(0.30)</b>	16.27
(b) Change in revaluation surplus		-	
(c) Income Tax relating to above items		-	(5.38)
– Items that will be reclassified to profit & loss account		-	-
<b>Total Comprehensive Income for the period</b>		<b>347.11</b>	<b>351.51</b>
<b>Earnings Per Equity Share</b>		<b>14.48</b>	14.66

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  
S.A.S. Nagar, Mohali, 24th May, 2019

GAGAN KAUSHIK  
Company Secretary

S.A.S. Nagar, Mohali, 24th May, 2019

## **SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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### **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 20th November, 1974 having its registered office at C-127, IV Floor, Satguru Infotech, Phase VIII, Industrial Area, SAS Nagar, (Mohali), Punjab - 160071.

SAL has its principal place of manufacturing at Nabha located in the State of Punjab and second manufacturing plant at Dharwad located in the State of Karnataka.

SAL is engaged in the business of manufacturing seats for tractor & LCV, Seats Mechanisms, Seat Frames, Rotavator, Tractor Trolleys etc.

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 Act 2013 as per Section 133; read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

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 thereto 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, judgments and assumptions. These estimates, judgments 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 revenue 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 Revenue is 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 Revenue is recorded net of Trade Discounts, Rebates and any taxes or duties collected on behalf of the government, if any.
- iii) In respect of Tools and fixtures developed for the production of components exclusively for customer concerned, revenue is recognized on completion of development process for production readiness.
- iv) Incomes from services rendered are booked based on agreements / arrangements with the concerned parties, in proportion to the stage of completion of the transactions at the reporting date when the outcome of the transaction can be estimated reliably.
- v) 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-useable / obsolete items and impact of provisioning for price variation, if any.
- ii) Work-in-progress and Finished goods are valued at lower of cost or net realizable 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 government taxes, 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 realizable 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; and
- (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.
- (d) 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:-
  - (i) Depreciation on dies manufactured by the Company is charged @ 20%.
  - (ii) Depreciation on vehicles (cars) is charged @ 25%.
- (e) Capital spares are amortized in a systematic manner over the useful life of the assets to which it relates.
- (f) 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 of 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 computed on the basis of useful lives prescribed under part C of schedule II to 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 (Other 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, and 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.

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 offsetting advance tax paid and income tax provisions.
- (ii) Deferred Tax is recognised, subject to consideration of prudence, on timing differences, being the difference between carrying amount and tax base of all assets and liabilities 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**

Dividends are recommended by the board in the board meeting while approving annual financial results and subsequently approved by the shareholders in annual general meeting. Post approval of dividend in AGM, dividends are paid and recorded in books accordingly.

#### **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.

The financial instruments are recognized in the balance sheet when the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial instruments at initial recognition.

#### **1.15 Impairment of assets**

**Financial assets:** The company recognizes loss allowances using the expected credit loss (ECL) model

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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 life time 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-month 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 Cashflows" 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 MSMED Act, 2006**

Payment of Interest as per provisions of MSMED Act, 2006 is accounted for on actual payment basis as & when incurred.

### **1.20 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.

### **1.21 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.

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**Statement of Changes in Equity (SOCE)**

**A. CHANGES IN EQUITY SHARE CAPITAL**

Particulars	As at 31st March, 2019	As at 31st March, 2018
Outstanding at the beginning	239.77	239.77
Changes during the year	—	—
Outstanding at the end	239.77	239.77

**B. CHANGES IN OTHER EQUITY**

Particulars	As at 31st March, 2019				As at 31st March, 2018			
	General Reserve	Retained Earnings	OCI	Total	General Reserve	Retained Earnings	OCI	Total
Opening Balance	1872.24	1005.30	8.65	2886.19	1872.24	780.11	(2.24)	2650.11
Profit / (Loss) after tax for the period	347.41	(0.30)	347.11		340.62	10.89	351.51	
Dividend paid on Equity Shares		(107.90)		(107.90)		(95.91)		(95.91)
Dividend Distribution Tax		(22.18)		(22.18)		(19.52)		(19.52)
<b>Closing Balance</b>	<b>1872.24</b>	<b>1222.63</b>	<b>8.35</b>	<b>3103.22</b>	<b>1872.24</b>	<b>1005.30</b>	<b>8.65</b>	<b>2886.19</b>

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**2.1 PROPERTY, PLANT AND EQUIPMENT as at 31st March, 2019 (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, 2018	2.73	422.46	1393.41	143.27	134.12	26.64	148.41	2271.04
Additions during the year		7.49	124.82	6.68	12.19	1.66	-	152.84
Disposals / Adjustments during the year			(0.86)					(0.86)
<b>Gross Carrying Value as at 31st March, 2019</b>	<b>2.73</b>	<b>429.95</b>	<b>1517.37</b>	<b>149.95</b>	<b>146.31</b>	<b>28.30</b>	<b>148.41</b>	<b>2423.02</b>
Accumulated depreciation as at 1st April, 2018	-	301.72	849.73	114.41	104.52	14.84	76.85	1462.07
Depreciation expense for the year	-	11.71	74.14	3.29	11.13	2.43	13.39	116.09
Adjustment on disposals during the year		-	(0.04)	-	-	-	-	(0.04)
<b>Accumulated depreciation as at 31st March, 2019</b>	<b>-</b>	<b>313.43</b>	<b>923.83</b>	<b>117.70</b>	<b>115.65</b>	<b>17.27</b>	<b>90.24</b>	<b>1578.12</b>
<b>Net Carrying Value as at 31st March, 2019</b>	<b>2.73</b>	<b>116.52</b>	<b>593.54</b>	<b>32.25</b>	<b>30.66</b>	<b>11.03</b>	<b>58.17</b>	<b>844.90</b>
Net Carrying Value as at 31st March, 2018	2.73	120.74	543.68	28.86	29.60	11.80	71.56	808.97
<b>Capital Work in Progress as at 31st March, 2019</b>								<b>7.26</b>
Capital Work in Progress as at 31st March, 2018								9.58

**2.2 INVESTMENT PROPERTY as at 31st March, 2019** (Refer Note 1.6)

(Rs in Lakhs)

<b>Description of Assets</b>	<b>Total</b>
Gross Carrying Value as at 1st April, 2018	452.08
Additions during the year	
Disposals / Adjustments during the year	
<b>Gross Carrying Value as at 31st March, 2019</b>	<b>452.08</b>
Accumulated depreciation as at 1st April, 2018	0.75
Depreciation expense for the year	0.10
Adjustment on disposals during the year	
<b>Accumulated depreciation as at 31st March, 2019</b>	<b>0.85</b>
<b>Net Carrying Value as at 31st March, 2019</b>	<b>451.23</b>
Net Carrying Value as at 31st March, 2018	451.33

**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 31-03-2019, Fair Value of the plot is appraised for Rs 776.31 Lakhs through an independent accredited valuer.

**2.3 INTANGIBLE ASSETS as at 31st March, 2019** (Refer Note 1.7)

(Rs in Lakhs)

<b>Description of Assets</b>	<b>Softwares</b>	<b>Design &amp; Development</b>	<b>Patents</b>	<b>Total</b>
Gross Carrying Value as at 1st April, 2018	68.16	67.45	0.09	135.70
Additions during the year	11.65	-	-	11.65
Disposals / Adjustments during the year	-	-	-	-
<b>Gross Carrying Value as at 31st March, 2019</b>	<b>79.81</b>	<b>67.45</b>	<b>0.09</b>	<b>147.35</b>
Accumulated depreciation as at 1st April, 2018	48.81	17.25	-	66.06
Depreciation expense for the year	9.72	10.67	0.01	20.40
Adjustment on disposals during the year	-	-	-	-
<b>Accumulated depreciation as at 31st March, 2019</b>	<b>58.53</b>	<b>27.92</b>	<b>0.01</b>	<b>86.46</b>
<b>Net Carrying Value as at 31st March, 2019</b>	<b>21.28</b>	<b>39.53</b>	<b>0.08</b>	<b>60.89</b>
Net Carrying Value as at 31st March, 2018	19.35	50.20	0.09	69.64

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**2.4 LOANS & ADVANCES** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Security Deposits	52.24	37.28
	<u>52.24</u>	<u>37.28</u>

Security deposits includes refundable deposits against rental shed, deposits with Govt. authorities and earnest money deposits with various State road transport undertakings.

**2.5 OTHER NON-CURRENT FINANCIAL ASSETS** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Fixed Deposits	-	297.00
Fixed Deposits against Margin Accounts and Guarantee	250.33	-
	<u>250.33</u>	<u>297.00</u>

Other Non-Current Financial Assets includes restricted fixed deposits against margin money and guarantees.

**2.6 (a) DEFERRED TAX ASSET / (LIABILITY)** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Deferred Tax Liabilities</b>		
– PPE	(55.96)	(59.25)
– Intangibles	(8.65)	(4.13)
<b>Deferred Tax Assets</b>		
– Investment Property	67.42	60.87
– Provision for Gratuity	48.52	64.14
– Provision for Leave Encashment	47.64	61.45
– Provision for Bonus	9.48	10.02
– Provision for Warranty	2.29	1.74
– Provision for Doubtful Debts	22.86	29.31
	<u>133.60</u>	<u>164.15</u>

**2.6 (b) Income Tax Recognised in Profit and Loss Account** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
– Current Tax	104.54	146.32
– Deferred Tax	<u>30.54</u>	<u>135.08</u>
	9.26	155.58

**2.6 (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)**

<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
Profit before Tax	482.49	496.20
Income Tax expense	134.22	164.04
Income not considered for tax purposes	-	-
Effect of estimated non-deductible expenses	1.32	1.94
Others (including temporary difference)	<u>(0.46)</u>	<u>(10.40)</u>
<b>Income Tax recognised in profit &amp; loss account</b>	<b><u>135.08</u></b>	<b><u>155.58</u></b>

**2.7 NON-CURRENT OTHER ASSETS**

**(Rs. in Lakhs)**

<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
Capital Advances	47.80	30.14
Prepaid Expenses	<u>19.79</u>	<u>19.57</u>
	<u>67.59</u>	<u>49.71</u>

**2.8 INVENTORIES** (Refer Note 1.4) **(Rs. in Lakhs)**

<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
Raw Materials & Components*	303.46	324.02
Work-in-Progress	206.60	117.95
Finished Goods	86.35	115.13
Goods in Transit	60.41	45.26
Stores and Spares	18.63	19.93
Loose Tools	<u>16.32</u>	<u>12.18</u>
	<u>691.77</u>	<u>634.47</u>

Inventory as at 31st March, 2019 has been physically verified and certified by the Management.

\* Includes Goods in Transit of Rs 2.41 Lakhs (LY - Rs 3.99 Lakhs)

**2.9 TRADE RECEIVABLES** **(Rs. in Lakhs)**

<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
<b>Debts outstanding from the date they are due for payment</b>		
<b>Unsecured</b>		
<b>For more than six months</b>		
– Considered Doubtful	82.16	88.66
Less : Provision for doubtful debts (Refer Note 1.15 & 2.47 (b))	<u>(82.16)</u>	<u>(88.66)</u>
– Considered good	<u>111.09</u>	<u>92.29</u>
<b>For less than six months</b>		
– Considered good	<u>2503.10</u>	<u>2984.75</u>
	<u>2614.19</u>	<u>3077.04</u>

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**2.10 CASH & BANK BALANCES** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Cash &amp; Cash Equivalents</b>		
– Cash on hand	1.11	1.17
– Cheques & Drafts on hand	-	-
– In Current Accounts	13.74	84.03
<b>Bank Balances</b>		
– Fixed Deposits maturing within next 12 months	402.00	170.00
– On Margin Accounts and Deposits against Guarantee and OD Limit	436.76	462.08
– Earmarked Balances with Banks - Unclaimed Dividend	5.20	4.75
	<b>858.81</b>	<b>722.03</b>

Cash and cash equivalents comprise cash balances on hand, bank balance and term deposits with banks. Deposits are with State Bank of India and Axis Bank Ltd., which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Cash and cash equivalents as at 31st March, 2019 include restricted cash and bank balances of **Rs.441.96 Lakhs** (31st March, 2018 - Rs. 466.83 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.

**2.11 OTHER FINANCIAL ASSETS** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Insurance Claim recoverable	1.04	-
Other Recoverable	3.22	6.20
Loans & Advances to Employees	2.23	3.28
Interest Accrued on Fixed Deposits	44.77	25.09
Security Deposits	3.76	3.76
	<b>55.02</b>	<b>38.33</b>

**2.12 OTHER CURRENT ASSETS** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Prepaid Expenses	11.41	12.12
Balance with Govt. Authorities (other than income tax)	66.84	51.10
Advances to Suppliers	59.91	22.38
Value Added Tax Recoverable	318.79	433.57
	<b>456.95</b>	<b>519.17</b>

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**2.13 EQUITY SHARE CAPITAL** (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Authorised</b>		
Equity Shares, Rs.10/- par value		
<b>30,00,000</b> (2018 - 30,00,000) Equity Shares	<b>300.00</b>	300.00
Redeemable Cumulative Preference Shares, Rs.100/- par value		
<b>50,000</b> (2018 - 50,000) Redeemable Cumulative Preference Shares	<b>50.00</b>	50.00
	<b>350.00</b>	<b>350.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>		
Equity Shares, Rs.10/- par value		
<b>23,97,713</b> (2018 - 23,97,713) Equity Shares fully paid-up	<b>239.77</b>	239.77
	<b>239.77</b>	<b>239.77</b>

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 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 was approved by the shareholders in their Annual General Meeting held on 10th Aug, 2018. Same has resulted in a cash outflow of Rs 130.08 Lakhs including corporate dividend tax of Rs 22.18 Lakhs.

**Proposed Dividend :** "The company declares and pay dividend in Indian Rupees. The Board of Directors in their meeting held on 24th May, 2019 proposed a Dividend of Rs 4.50 per Equity Share for the financial year ended on 31-03-2019. 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 31-03-2019 :**

– 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, 2019		As at 31st March, 2018
Name	No. of Shares Held	% of Shareholding	No. of Shares Held
b4S Solutions Pvt. Limited	1,798,285	75%	1,798,285

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

<b>Particulars</b>	<b>As at 31st March, 2019</b>		<b>As at 31st March, 2018</b>	
	<b>No. of Shares</b>	<b>Share Capital (Rs. in Lakhs)</b>	<b>No. of Shares</b>	<b>Share Capital (Rs. in Lakhs)</b>
Number of equity shares at the beginning	<b>2397713</b>	<b>239.77</b>	2397713	239.77
Movement in equity shares during the year	-	-	-	-
Number of equity shares at the closing	<b>2397713</b>	<b>239.77</b>	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.

**2.14 OTHER EQUITY (refer SOCE) (Rs. in Lakhs)**

<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
General Reserve	<b>1872.24</b>	1872.24
Retained Earnings	<b>1230.98</b>	1013.95
	<b>3103.22</b>	2886.19

**2.15 NON-CURRENT BORROWINGS (Rs. in Lakhs)**

<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
<b>Secured Loans</b>		
Car Loan - ICICI Bank *	<b>11.77</b>	14.82
Vehicle Loan - Axis Bank	-	12.76
	<b>11.77</b>	27.58
Less : Current Maturities of Long-Term Loan (Ref. Note No 2.18)	<b>(3.31)</b>	(5.48)
	<b>8.46</b>	22.10

\* Secured against hypothecation of vehicle.

**2.16 NON CURRENT LIABILITIES (Rs. in Lakhs)**

<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
<b>Financial Liabilities</b>		
<b>Capital Grant (Refer Note 1.11)</b>		
Opening Balance	-	0.24
Less : Transfer to Current Financial Liabilities	-	(0.24)
Deposits & Earnest Money	-	-
	-	-

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.

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<b>2.17 NON-CURRENT PROVISIONS</b> <span style="float: right;">(Rs. in Lakhs)</span>		
<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
<b>Provision for Employee Benefits</b> (Refer Note 1.8)		
– Provision for Gratuity (Refer Note 2.44)	100.05	158.19
– Provision for Leave Encashment	98.90	111.24
	<u>198.95</u>	<u>269.43</u>
<b>2.18 CURRENT FINANCIAL LIABILITIES</b> <span style="float: right;">(Rs. in Lakhs)</span>		
<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
Current Maturities of Long-Term Loan (Ref. Note No. 2.15)	3.31	5.48
Bank Overdrafts	494.84	355.00
	<u>498.15</u>	<u>360.48</u>
<b>2.19 TRADE PAYABLES</b> <span style="float: right;">(Rs. in Lakhs)</span>		
<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
Trade Payables - Micro & Small Enterprises (Refer Note 1.19 & 2.46)	333.52	460.25
Trade Payables - Other than Micro & Small Enterprises	1845.56	2291.05
Other Accruals	27.89	47.17
	<u>2206.97</u>	<u>2798.47</u>
<b>2.20 OTHER CURRENT FINANCIAL LIABILITIES</b> <span style="float: right;">(Rs. in Lakhs)</span>		
<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
<b>Grants-in-Aid</b>		
– Capital Grant (Refer Note 1.11 & 2.16)	-	0.24
Deposits & Earnest Money	1.15	1.15
Unpaid / Unclaimed Dividend *	5.20	4.75
	<u>6.35</u>	<u>6.14</u>
* Net of Rs. 0.51 lakhs (2017-18 - Rs. 0.68 lakh) credited to Investor Education and Protection Fund during the year.		
<b>2.21 CURRENT PROVISIONS</b> <span style="float: right;">(Rs. in Lakhs)</span>		
<b>Particulars</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
<b>Provision for Employee Benefits</b>		
– Provision for Gratuity	74.36	35.81
– Provision for Leave Encashment	72.34	74.64
<b>Others</b>		
– Warranty Claim (Refer Note 1.20 & 2.48 (a))	8.23	5.28
	<u>154.93</u>	<u>115.73</u>

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advances from Customers	27.47	4.08
Statutory Dues Payable	46.52	76.19
Employees Dues Payable	111.19	112.24
	<b>185.18</b>	<b>192.51</b>

**2.23 REVENUE FROM OPERATIONS \*** (Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
Sale of Products (Refer Note 2.43 A)	12981.60	11581.32
<b>Other Operating Revenue</b>		
– Sale of Scrap	79.25	55.69
– Job Charges	3.88	4.16
	<b>13064.73</b>	<b>11641.17</b>

\* Post the applicability of GST w.e.f. 01st July, 2017, sales are disclosed net of GST. Hence, the gross sales figures are not comparable.

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

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
Interest Income	72.74	64.28
Profit on Sale of Fixed Assets	–	15.99
Miscellaneous Income *	10.56	12.50
	<b>83.30</b>	<b>92.77</b>

\* Includes written back of Trade Liabilities and reversal of excess provision related to previous year/s

**2.25 COST OF MATERIALS CONSUMED** (Refer Note 2.43B) (Rs. in Lakhs)

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
Opening Stock	336.20	240.85
Add : Purchases*	9763.35	8320.36
Job Charges	127.84	107.17
	<b>10227.39</b>	<b>8668.38</b>
Less : Closing Stock*	319.78	336.20
	<b>9907.61</b>	<b>8332.18</b>

\* Includes Goods in Transit of Rs. 2.41 Lakhs (2018 – Rs. 3.99 Lakhs)

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

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Opening Stock</b>		
– Work in Progress	117.95	111.91
– Finished Goods	160.39	183.06
	<u>278.34</u>	<u>294.97</u>
<b>Closing Stock</b>		
– Work in Progress	206.60	117.95
– Finished Goods	146.76	160.39
	<u>353.36</u>	<u>278.34</u>
	<u>(75.02)</u>	<u>16.63</u>

**2.27 EMPLOYEE BENEFITS EXPENSE** (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salaries & Wages	1636.73	1429.02
Contribution to Provident & Other Funds	83.53	82.58
Gratuity	32.61	37.73
Workmen & Staff Welfare	119.70	116.35
	<u>1872.57</u>	<u>1665.68</u>

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

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Processing Charges	0.76	0.73
Interest Charges	33.40	10.21
Vehicle Loan Interest	1.21	1.52
	<u>35.37</u>	<u>12.46</u>

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<b>2.29 OTHER EXPENSES</b>		<b>(Rs. in Lakhs)</b>	
<b>Particulars</b>	<b>For the year ended 31st March, 2019</b>	<b>For the year ended 31st March, 2018</b>	
Power, Fuel & Water Charges	211.13	189.55	
Consumption of Stores & Spares	64.22	57.09	
Rent	33.35	19.89	
Rates and Taxes	8.33	11.12	
Insurance	4.48	4.13	
<b>Repairs and Maintenance</b>			
– Buildings	6.48	6.89	
– Machinery	33.42	67.05	
– Others	<u>42.31</u>	<u>82.21</u>	<u>46.25</u> 120.19
Postage & Telephone	6.81	6.57	
Printing & Stationery	13.23	10.22	
Legal and Professional Charges	11.77	17.59	
Advertisement	4.57	7.36	
Freight Outward	176.75	166.81	
Business Promotion Expenses	3.72	3.14	
Festival Expenses	9.71	8.32	
Travelling & Conveyance Expenses	82.36	102.33	
Provision for Doubtful Debts	-	25.30	
<b>Auditor's Remuneration :</b>			
– Statutory Audit Fee	2.00	1.50	
– Other Services	2.42	1.75	
– Reimbursement of Expenses	0.94	0.74	
– Tax Audit Fee	0.40	0.30	
– GST Audit Fee	<u>1.00</u>	<u>6.76</u>	<u>-</u> 4.29
Cost Auditor's Fee	0.50	0.50	
Secretarial Audit Fee	0.50	0.50	
Internal Auditor's Fee	4.32	2.70	
Internal Auditor's Expenses	0.84	0.71	
Director's Sitting Fee	5.40	4.81	
Design & Development Expenses	5.50	24.93	
Warranty Claims	4.75	3.70	
Loss on sale of Fixed Assets	-	0.63	
Bank Charges	0.62	0.45	
Interest & Penalties	1.21	7.48	
Testing Charges	2.75	2.81	
Miscellaneous Expenses	<u>42.63</u>	<u>46.91</u>	
	<b><u>788.42</u></b>	<b><u>850.03</u></b>	

## 2.30 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.

### A. Debt/Equity Ratio (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>– Net Debts</b>	-	-
Total	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px;"/>
<b>– Total Equity</b>	-	-
Share Capital	<b>239.77</b>	239.77
Other Equity	<b>3103.22</b>	2886.19
Total	<b>3342.99</b>	<b>3125.96</b>

### Net Debts to Equity Ratio

### B. Dividends (Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
– Final Dividend for the year ended 31st March' 2018 of Rs 4.50 per share (excluding tax)	<b>107.90</b>	-
– Final Dividend for the year ended 31st March' 2017 of Rs 4.00 per share (excluding tax)	-	95.91

In addition to above paid dividends, dividend of Rs 4.50 per equity share proposed by the board of directors for the year ended 31st March, 2019 is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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**2.31 FINANCIAL INSTRUMENTS**

(Refer Note 1.14)

**Categories of Financial Assets and Liabilities as at 31st March, 2019**

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit & Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Non-Current Assets</b>					
– Loans	52.24	-	-	52.24	52.24
– Other Financial Assets	250.33	-	-	250.33	250.33
	<u>302.57</u>	<u>—</u>	<u>—</u>	<u>302.57</u>	<u>302.57</u>
<b>Non-Current Liabilities</b>					
– Loans	8.46	-	-	8.46	8.46
	<u>8.46</u>	<u>—</u>	<u>—</u>	<u>8.46</u>	<u>8.46</u>
<b>Current Assets</b>					
– Trade Receivables	2614.19	-	-	2614.19	2614.19
– Cash & Cash Equivalents	858.81	-	-	858.81	858.81
– Other Financial Assets	55.02	-	-	55.02	55.02
	<u>3528.02</u>	<u>—</u>	<u>—</u>	<u>3528.02</u>	<u>3528.02</u>
<b>Current Liabilities</b>					
– Trade Payables	2206.97	-	-	2206.97	2206.97
– Other Financial Liabilities	504.50	-	-	504.50	504.50
	<u>2711.47</u>	<u>—</u>	<u>—</u>	<u>2711.47</u>	<u>2711.47</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>Non-Current Assets</b>					
– Loans	37.28	-	-	37.28	37.28
– Other Financial Assets	297.00	-	-	297.00	297.00
	<u>334.28</u>	<u>—</u>	<u>—</u>	<u>334.28</u>	<u>334.28</u>
<b>Non-Current Liabilities</b>					
– Loans	22.10	-	-	22.10	22.10
	<u>22.10</u>	<u>—</u>	<u>—</u>	<u>22.10</u>	<u>22.10</u>
<b>Current Assets</b>					
– Trade Receivables	3077.04	-	-	3077.04	3077.04
– Cash & Cash Equivalents	722.03	-	-	722.03	722.03
– Other Financial Assets	38.33	-	-	38.33	38.33
	<u>3837.40</u>	<u>—</u>	<u>—</u>	<u>3837.40</u>	<u>3837.40</u>
<b>Current Liabilities</b>					
– Trade Payables	2798.47	-	-	2798.47	2798.47
– Other Financial Liabilities	366.62	-	-	366.62	366.62
	<u>3165.09</u>	<u>—</u>	<u>—</u>	<u>3165.09</u>	<u>3165.09</u>

### **Financial Risk Management Framework**

Company's 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 creditworthiness of receivables and looking into their past record, company 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 require to pay.

**As at 31st March, 2019** (Rs. in Lakhs)

Particulars	Less than One year	One to Three Years	More than 3 years
– Trade Payables	2206.97	-	-
– Other Financial Liabilities	504.50	-	-
	<b><u>2711.47</u></b>	<b><u>—</u></b>	<b><u>—</u></b>

**As at 31st March, 2018** (Rs. in Lakhs)

Particulars	Less than One year	One to Three years	More than 3 years
– Trade Payables	2798.47	-	-
– Other Financial Liabilities	366.62	-	-
	<b><u>3165.09</u></b>	<b><u>—</u></b>	<b><u>—</u></b>

**The Company had a working capital of Rs. 1625.16 Lakhs including cash and cash equivalents of Rs. 858.81 Lakhs as at 31st March, 2019**

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

Accordingly, company does 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, 2019	As at 31st March, 2018
– Cash Credit facility Secured (expiring within one year)	-	250.00
	<b><u>—</u></b>	<b><u>250.00</u></b>

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**2.32 CONTINGENT LIABILITIES**

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

Particulars	As at 31st March	
	2019 (Rs. in Lakhs)	2018 (Rs. in Lakhs)

**Claims against the Company, not acknowledged as debts\***

i) Telephone & Telex	1.47	1.47
ii) Employees / Workers	13.00	15.65
iii) Excise & Service Tax	23.04	24.02
iv) Pending C Forms (Tax Value)	13.43	98.23

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

**2.33 CAPITAL COMMITMENTS**

Particulars	As at 31st March	
	2019 (Rs. in Lakhs)	2018 (Rs. in Lakhs)
Estimated amount of contracts remaining to be executed on capital account (Net of advances <b>Rs 47.80 Lakhs</b> ; 2018 Rs. 30.14 Lakhs)	23.63	70.00

**2.34 EARNINGS IN FOREIGN CURRENCY**

Particulars	As at 31st March	
	2019	2018
i) Exports (on FOB basis)		
- In US\$	—	6,099.62
- In INR	—	3,96,603

**2.35 CURRENT ASSETS / CURRENT LIABILITIES**

Major party's accounts are reconciled and some of the accounts are in process of reconciliation. 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.

**2.36 EXPENDITURE IN FOREIGN CURRENCY**

Particulars	As at 31st March	
	2019	2018
i) Development Charges		
- In Euro	—	12,347
- In INR	—	8,75,252
ii) Purchase of Raw Material		
- In Euro	671.40	—
- In INR	54,867	—

### **2.37 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>2019</b> <b>(Rs. in Lakhs)</b>	<b>2018</b> <b>(Rs. in Lakhs)</b>
<b>Segment Revenue:-</b>		
Automobile Components	<b>9876.66</b>	8931.69
Agriculture Implements	<b>3188.07</b>	2439.08
<b>Total</b>	<b><u>13064.73</u></b>	<b><u>11370.77</u></b>
<b>Segment Results before finance cost and other un-allocable income (loss): -</b>		
Automobile Components	<b>649.56</b>	663.11
Agriculture Implements	<b>65.94</b>	39.70
<b>Total</b>	<b><u>715.50</u></b>	<b><u>702.81</u></b>
<b>Less:</b>		
(i) Finance Cost	<b>35.37</b>	12.46
(ii) Un-allocable Exp (net of Income)	<b>197.65</b>	194.15
(iii) Tax Expense	<b>135.08</b>	155.58
<b>Total</b>	<b><u>347.40</u></b>	<b><u>340.62</u></b>
<b>Segment Assets:-</b>		
Automobile Components	<b>3747.02</b>	3712.77
Agriculture Implements	<b>784.28</b>	1186.91
Un-allocable	<b>2070.67</b>	1991.14
<b>Total</b>	<b><u>6601.97</u></b>	<b><u>6890.82</u></b>
<b>Segment Liabilities :-</b>		
Automobile Components	<b>2542.74</b>	2759.72
Agriculture Implements	<b>352.48</b>	591.78
Un-allocable	<b>363.77</b>	413.36
<b>Total</b>	<b><u>3258.99</u></b>	<b><u>3764.86</u></b>

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**2.38 RELATED PARTY DISCLOSURES**

Related party disclosures for the year ended 31st March, 2019 are as follows:

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

**A) Transactions with related parties:**

		(Rs. in Lakhs)
	Holding Company	Associate Company
a) Purchase of Raw Materials/Tools & Dies	-	79.06
	(-)	(60.53)
Bhardwaj Packaging & Comp Pvt Ltd	(-)	47.38
	-	(60.53)
Insulation & Electrical Products Pvt Ltd	-	31.68
	(-)	(-)
b) Purchase of Fixed Assets	-	-
	(-)	(19.02)
SAB Motors Pvt Ltd	-	-
	(-)	(19.02)
c) Expenditure in respect of services Received	31.43	-
	(28.98)	(-)
b4S Solutions Pvt Ltd	31.43	-
	(28.98)	(-)
d) Dividend Paid	80.92	-
	(78.33)	(-)
b4S Solutions Pvt. Limited	80.92	-
	(78.33)	(-)
<b>B) Aggregate balances outstanding as at the year end</b>		
– Payables	3.02	19.71
	(3.04)	(14.38)

Previous year's figures are given in brackets.

**C) Key Management Personnel**

Particulars	2019 (Rs. in Lakhs)	2018 (Rs. in Lakhs)
Remuneration	47.38	54.00
Reimbursement of Expenses	10.60	18.63

\*ceased to be Key Management personnel w.e.f. 03.02.19

^ become an Associate Company w.e.f. 02.12.18

### **2.39 EARNING PER SHARE (EPS)**

<b>Particulars</b>	<b>Year ended 31st March</b>	
	<b>2019</b>	<b>2018</b>
a) Profit attributable to equity shareholder (Rs. Lakhs)	<b>347.09</b>	351.51
b) Basic/Weighted average number of equity shares	<b>23,97,713</b>	23,97,713
c) Basic / Diluted Earnings Per Share (a/b) (Face Value Rs.10/- per share)	<b>Rs.14.48</b>	Rs.14.66

### **2.40 GRANTS- IN -AID**

Miscellaneous income under Other Income includes a sum of Rs.Nil (2018 - Rs.0.24 Lakhs) being the depreciation on Plant & Machinery received as Capital Grant in aid which is adjusted against the grant received.

### **2.41 PROVISION FOR DOUBTFUL DEBTS**

Trade Receivables include debts aggregating to **Rs. 82.16 Lakhs** (2018 - Rs 88.66 lakhs), which management consider as doubtful for recovery. Adequate provisions for doubtful balances have been made in financial statements.

### **2.42 LIABILITIES WRITTEN BACK**

Trade Payables amounting to **Rs. 2.62 Lakhs** being more than three years old which management consider not required to be paid has been written back during the year (2018 - Rs. 6.87 Lakhs).

### **2.43 PRODUCT SALES & CONSUMPTION OF MATERIALS**

Information about Production, Sales & Stocks, as certified by the management.

#### **A. Production, Sales & Stock of Finished Goods**

<b>Particulars</b>	<b>Units</b>	<b>Year ended 31st March</b>	
		<b>2019</b>	<b>2018</b>
i) <b>Seats for Light Commercial Vehicles</b>			
Opening stock	Nos.	<b>52</b>	98
Production	"	<b>17284</b>	18253
Sales	"	<b>16946</b>	18299
Closing stock	"	<b>390</b>	52
ii) <b>Seats for Tractors</b>			
Opening stock	Nos.	<b>233</b>	200
Production	"	<b>167587</b>	159983
Sales	"	<b>167357</b>	159950
Closing stock	"	<b>463</b>	233
iii) <b>Seat Components</b>			
Opening stock	Nos.	<b>35620</b>	43966
Production	"	<b>1932752</b>	1887555
Sales	"	<b>1917183</b>	1895901
Closing stock	"	<b>51189</b>	35620

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iv) **Agriculture Implements**

Opening stock	Nos.	93	87
Production	"	5639	4467
Sales	"	5676	4461
Closing stock	"	56	93
v) <b>Sales of Products</b>	(Rs. in Lakhs)		(Rs. in Lakhs)*
Tractor Seat and Parts		5226.84	4714.81
Seats-Light Commercial Vehicles & Parts		473.96	588.60
Seat - Components		4004.23	3763.67
Agriculture Implements		3188.07	2439.15
Tools, Dies & Fine Blanking Components		88.50	75.08
		<b>12981.60</b>	<b>11581.32</b>

\*including Excise Duty

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

Particulars	Unit	Year ended 31st March			
		2019 Qty.	2019 Rs. Lakhs	2018 Qty.	2018 Rs. Lakhs
PU Foam Material	MT	216.01	405.40	207.03	353.62
CRCA Sheet & Steel Sheet	MT	992.80	618.23	1008.48	546.98
Paints & Chemicals	MT	116.26	148.54	120.26	158.72
Trim Comp., Frames & Silencer etc.	Nos. (in lakhs)	3.72	417.05	5.50	472.43
Stopper, B. Plates, Arm Plate, H Plate	"	48.51	563.11	47.68	463.91
Guide Block, Sect-disc Lever etc.	"	59.17	578.43	59.62	531.54
Upper Rail, Lower Rail, Pawl Lock etc.	"	20.43	440.34	22.20	434.47
Tractor Seat Parts	-		2437.18		2066.88
Agriculture Implement Parts	-		2867.94		2200.59
Packing Materials	-		107.76		127.59
Job Work Charges	-		127.84		107.17
Seat Frame	-		321.10		37.86
Others	-		874.69		830.42
			<b>9907.61</b>		<b>8332.18</b>

**Notes:**

- i) It is not feasible to furnish quantitative information of all the components in view of large number of items varied in size and nature.
- ii) Quantities and values of all items in Analysis of Raw Materials consumed represent the issues from stores made during the year. The figure of others is a balancing figure, based on total consumption shown 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**

Particulars	Year ended 31st March			
	2019 %age	Rs. Lakhs	2018 %age	Rs. Lakhs
<b>a) Raw material &amp; Components</b>				
i) Imported	-	<b>0.55</b>	-	-
ii) Indigenous	100.00	<b>9907.06</b>	100.00	8332.18
	<b>100.00</b>	<b>9907.61</b>	100.00	8332.18
<b>b) Stores &amp; Spares</b>				
i) Imported	-	-	-	-
ii) Indigenous	100.00	<b>64.22</b>	100.00	57.09
	<b>100.00</b>	<b>64.22</b>	100.00	57.09

**2.44 EMPLOYEE DEFINED BENEFITS:**

Defined benefit plans - as per Actuarial Valuation

Gratuity Plan	2019 (Rs. in Lakhs)	2018 (Rs. in Lakhs)
<b>I. Expenses Recognised in the Statement of Profit &amp; Loss Account</b>		
1. Current Service Cost	<b>19.77</b>	22.05
2. Interest	<b>29.73</b>	30.04
3. Expected Return on plan assets	<b>(16.89)</b>	(15.23)
4. Total Expense	<b>32.61</b>	36.86
<b>II. Net Asset / (Liability) recognised in the Balance Sheet</b>		
1. Present value of Defined Benefit Obligation	<b>(417.04)</b>	(409.16)
2. Fair Value of plan assets	<b>242.62</b>	214.93
3. Funded Status [Surplus / (Deficit)]	<b>(174.41)</b>	(194.23)
<b>III. Change in the obligation during the year</b>		
1. Present value of Defined Benefit Obligation as at beginning of the year	<b>409.16</b>	428.65
2. Expenses recognised in profit & loss account		
– Current service cost	<b>19.77</b>	22.05
– Interest Exp / (Income)	<b>29.73</b>	30.04
3. Recognised in Other Comprehensive Income		
Remeasurement (Gain) / Losses		
– Actuarial (Gain) / Loss arising from		
i) Demographic Assumption	–	–
ii) Financial Assumptions	<b>(16.97)</b>	(6.89)
iii) Experience Adjustments	<b>16.34</b>	(8.48)

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4. Benefits Paid	(40.99)	(56.21)
5. Present value of Defined Benefit Obligation as at end of the year	417.04	409.16
<b>IV. Change in the Fair Value of Assets</b>		
1. Fair Value of plan assets at the beginning of the year	214.93	207.38
2. Expected return on plan assets	16.89	15.23
3. Recognised in Other Comprehensive Income		
<b>Re measurement Gain / (Loss)</b>		
– Actual Return on Plan Assets in excess of the expected return	(0.94)	0.89
4. Contribution by employer	52.73	47.64
5. Actual benefits paid	(40.99)	(56.21)
6. Fair value of plan assets at the end of the year	242.62	214.93
<b>V. The major categories of plan assets as a percentage of total plan</b>		
Funded with LIC	100%	100%
<b>VI. Actuarial Assumptions</b>		
1. Imputed Rate	7.60%	7.65%
2. Expected rate of return on plan assets	7.65%	7.50%
3. In-service Mortality	IAL 2012-14 Ultimate	IAL 2006-08 Ultimate
4. Turnover Rate	12% / 5%	10% / 5%
5. Salary Rise - Officers/workers	8% / 5%	10% / 6%
6. Remaining Working life	15.85 Yrs	15.01 Yrs

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

(Rs. in Lakhs)

Principal Assumptions	Changes in Assumptions	Increase / (Decrease) Impact on defined obligation	
		Increase in assumption	Decrease in assumption
Discount Rate	2019	1.00%	(13.23)
	2018	1.00%	(15.74)
Salary Growth Rate	2019	1.00%	13.81
	2018	1.00%	16.23
			(13.24)
			(15.57)

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

### 2.45 COMPENSATED ABSENCES (UNFUNDDED)

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. 20.02 Lakhs** (2018 Rs. 37.25 lakhs) has been recognized in the statement of profit & loss.

Particulars	2019 (Rs. in Lakhs)	2018 (Rs. in Lakhs)
Current	72.34	74.64
Non-Current	98.90	111.24

#### **2.46 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	2019 (Rs. in Lakhs)	2018 (Rs. in Lakhs)
(a) Dues remaining unpaid as at 31st March		
– Principal	56.56	239.94
– Interest on above	0.57	2.80
(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	–	–
– Interest paid in terms of Section 16 of the Act	–	–
(c) Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	2.80	3.10
(d) Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	–	–
(e) Amount of interest accrued and remaining unpaid as at 31st March	0.57	2.80

#### **2.47 RESEARCH & DEVELOPMENT EXPENDITURE**

Particulars	Year ended 31st March	
	2019 Rs. Lakhs	2018 Rs. Lakhs
Revenue Expenditure (Charged to Statement of Profit and Loss)	5.50	24.93
	<hr/> 5.50	<hr/> 24.93

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**2.48 (a) MOVEMENT IN PROVISIONS FOR WARRANTY OBLIGATIONS** (Rs. in Lakhs)

Particulars	Year ended 31st March	
	2019	2018
a. As at the beginning of the Year	5.28	2.68
b. Provided during the Year	2.95	2.60
c. Reversed during the Year	-	-
d. As at the end of the Year	8.23	5.28

**2.48 (b) MOVEMENT IN PROVISIONS FOR DOUBTFUL DEBTS** (Rs. in Lakhs)

Particulars	Year ended 31st March	
	2019	2018
As at the beginning of the Year	88.66	87.65
Provided during the year	-	25.31
Written off during the Year	6.50	24.30
As at the end of the Year	82.16	88.66

**2.48 (c) MOVEMENT IN PROVISIONS FOR BONUS** (Rs. in Lakhs)

Particulars	Year ended 31st March	
	2019	2018
As at the Beginning of the Year	30.32	29.98
Provided during the year	31.35	29.01
Utilized during the Year	27.58	28.67
As at the end of the Year	34.09	30.32

**2.49 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE****a) Derivative Outstanding :-**

Currency	Payable / Receivable	As at 31.03.19	As at 31.03.18
US\$	-	-	-

**b) Un hedged Foreign Currency Exposures :-**

Currency	Payable / Receivable	As at 31.03.19	As at 31.03.18
US\$ / INR	Payable	-	-
US\$ / INR	Receivable	US\$ 2333.20 INR 1,62,018	US\$ 6099.62 / INR 3,96,903

**2.50 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The amendments to the standards that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below.

The company intends to adopt these standards, if applicable, when they become effective.

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The adoption of this standard is not likely to have a material impact in its Financial Statements.

## **2.51 PREVIOUS YEAR FIGURES**

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

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Rs. in Lakhs)**

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	482.49	496.20
<b>Adjustments for :</b>		
Depreciation	136.59	90.36
Interest Paid	35.37	12.46
Interest Income	(72.74)	(64.28)
Profit/Loss on Fixed Assets Disposed / Written off	-	(15.36)
Actuarial Gain/(Loss) on re-measurement of defined benefit Liability	(0.30)	16.27
Capital grant-in-aid	<u>98.92</u>	<u>(3.70)</u>
<b>Operating Profit before Working Capital Changes</b>	<b>581.41</b>	<b>531.95</b>
<b>Adjustments for:</b>		
Trade Receivables	462.86	(1170.41)
Inventories	(57.30)	(74.05)
Loans & Advances	59.36	(179.34)
Provision for Earned Leave & Gratuity	(34.23)	(23.75)
Provision for Doubtful Debts, Warranty & Advances	2.95	27.90
Trade Payables	<u>(598.62)</u>	<u>(164.98)</u>
<b>Cash Generated From Operations</b>	<b>416.43</b>	<b>86.67</b>
Direct taxes refund/(paid)	(149.62)	(155.86)
<b>Net Cash From Operating Activities</b>	<b>266.81</b>	<b>(69.19)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(161.35)	(410.47)
Sale of Fixed Assets	-	29.06
Interest received	72.74	(88.61)
<b>Net Cash Used in Investing Activities</b>	<b>(88.61)</b>	<b>(317.13)</b>

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

Particulars	As at 31st March, 2019	As at 31st March, 2018	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Bank Loans	<b>139.84</b>	385.90	
Repayment of Corporate Loans	(15.81)	(3.32)	
Dividend Paid	(130.08)	(115.43)	
Interest Paid	(35.37)	(41.42)	(12.46) 254.69
<b>Net Cash Used in Financing Activities</b>	<b>(41.42)</b>	254.69	
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>136.78</b>	(131.63)	
Opening Cash & Cash Equivalents	722.03	853.66	
<b>Closing Cash &amp; Cash Equivalents</b>	<b>858.81</b>	722.03	

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

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

For 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  
S.A.S. Nagar, Mohali, 24th May, 2019

GAGAN KAUSHIK  
Company Secretary

S.A.S. Nagar, Mohali, 24th May, 2019

# **SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Ltd.)

(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 44th Annual General Meeting of the Company, to be held on Friday, 13th September, 2019 at 3.00 p.m. at Hotel Cama, SCF-13-18, Sector- 53, Phase- 3A, S.A.S Nagar (Mohali), Punjab-160059 and at any adjournment thereof in respect of such resolutions as are indicated below:

<b>Resolutions</b>		<b>Optional*</b>	
S.No.	<b>Ordinary Business</b>	For	Against
1	Adoption of Financial Statements of the Company along with the Auditor's Report and Board's Report thereon		
2.	To declare dividend on Equity Shares for Financial Year ended 31st March, 2019		
3.	To appoint a Director in place of Mr. Jamil Ahmed who retires by rotation and, being eligible, offers himself for re-appointment		
<b>Special Business</b>			
4.	Ratification of Cost Auditor's remuneration		
5.	Re-appointment of Mr. R. K. Sharma as Managing Director		
6.	Re-appointment of Mr. J.B. Kapil as Independent Director		
7.	Re-appointment of Mr. Rajiv Sharma as Independent Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder \_\_\_\_\_

Signature of Proxyholder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

**Notes:**

1. This Form 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. \*This is only optional. Please put a 'P' in the appropriate column against the resolutions indicated in the Box.
3. If you leave the 'For'or Against' column blank against the above resolution, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Appointing Proxy does not prevent a member from attending in person if he so wishes. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be state.

ATTENDANCE SLIP

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Ltd.)

(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

**44th Annual General Meeting -13th September, 2019**

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

NAME OF THE SHAREHOLDER/PROXY  
ADDRESS

Folio No. ....

No. of Shares held :

DP ID\* .....

Client ID\* .....

I hereby record my presence at the 44th 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 13th Day of September, 2019 at 3:00 p.m.

\*To be used for shares held in  
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY



## ROUTE MAP FOR AGM VENUE

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

