

ANNUAL REPORT 2016



a new beginning



SWARAJ AUTOMOTIVES LIMITED

Swaraj Automotives Limited

Company Secretary

GAGAN KAUSHIK

Auditors

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

Bankers

STATE BANK OF PATIALA
AXIS BANK LIMITED

Registered Office

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

Works

Nabha (Distt. Patiala)
Punjab -147 201

Website

www.swarajenterprise.com

BOARD OF DIRECTORS

J.B. KAPIL

Chairman

R.K. SHARMA

Managing Director

JAMIL AHMAD

RAJIV SHARMA

JEEVAN MAHALDAR

Executive Director

NAMRATA JAIN

ANNUAL GENERAL MEETING

on Wednesday, 10th August, 2016
at 3.00 P.M. at Hotel Dawat,
S.C.O. 10-C, Phase-V, Sector 59,
S.A.S. Nagar (Mohali)
Punjab 160 059

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of Swaraj Automotives Limited will be held on **Wednesday, the 10th day of August, 2016 at 3.00 P.M.** at Hotel Dawat, SCO-10C, Phase-V, Sector-59, 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, 2016 including the Audited Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

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

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 152, 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), Mr. Rama Kant Sharma (DIN 00640581), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3rd February, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Jai Bhagwan Kapil (DIN 01894348), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3rd February, 2016 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company with effect from 3rd February, 2016 to hold office for three consecutive years for a term up to 2nd February, 2019, not liable to retire by rotation."

6. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
- "RESOLVED THAT pursuant to the provisions of Section 152, 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), Mr. Jamil Ahmad (DIN 07171910), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3rd February, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."
7. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
- "RESOLVED that pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Rajiv Sharma (DIN 07418337), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3rd February, 2016 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company with effect from 3rd February, 2016 to hold office for three consecutive years for a term up to 2nd February, 2019, not liable to retire by rotation."
8. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
- "RESOLVED THAT pursuant to the provisions of Section 152, 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), Mr. Jeevan Mahaldar (DIN 00137467), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3rd February, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."
9. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
- "RESOLVED THAT pursuant to the provisions of Section 152, 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), Mrs. Namrata Jain (DIN 07310940), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3rd February, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the company be accorded to the appointment of Mr. Rama Kant Sharma (DIN 00640581) as Managing Director of the Company for a period of 3 years with effect from 4th February, 2016 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 which may include salary, perquisites and allowances, performance pay, contribution to Provident Fund and other retiral benefits, and such other allowances, benefits, amenities and facilities etc., as per the Company's Policy.

Provided that:

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

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

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

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

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

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment

thereof for the time being in force) and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the company be accorded to the appointment of Mr. Jeevan Mahaldar (DIN 00137467) as Executive Director of the Company for a period of 3 years with effect from 4th February, 2016 on a remuneration of Rs.3,50,000/- per month in the scale of Rs.3,00,000/- to Rs.6,00,000/- per month which may include salary, perquisites and allowances, performance pay, contribution to Provident Fund and other retiral benefits, and such other allowances, benefits, amenities and facilities etc., as per the Company's Policy.

Provided that:

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

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

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

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

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

"RESOLVED that pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft Regulations contained in the Articles of Association submitted to this Meeting, be approved and adopted in substitution, and to the entire exclusion, of the Regulations contained in the existing Articles of Association of the Company.

FURTHER RESOLVED that approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and things and to take

all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

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

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s Aggarwal Vimal & Associates, Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017, be paid a remuneration of 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.

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

NOTES

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. The Company's Registrar & Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Limited having their office at F-65, First Floor, Okhla Industrial Area, Phase 1, New Delhi - 110020.
5. The Register of Members and Share Transfer Books of the Company will be closed from 16th July, 2016 to 22nd July, 2016 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after 11th August, 2016 to those shareholders or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 15th July, 2016 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agents on or before 15th July, 2016.
7. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be made available at the Meeting.
9. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for and upto the financial year ended 31st March, 2008 to the Investor Education

and Protection Fund (IEPF). The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 28th July, 2015 (date of last Annual General Meeting) on the website of the Company (www.swarajenterprise.com). Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof.

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH-13 duly filled in to Company's Registrar and Share Transfer Agent, MCS Limited at their above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
12. **Payment of Dividend through ECS:**
 - a) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
 - b) Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by 22nd July, 2016, to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited. Members located in places where ECS/NECS facility is not available may submit their bank details to enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
13. For receiving all shareholder communications faster, including annual reports, the shareholders are requested to kindly register/update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited.
14. Members are requested to:
 - Intimate to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent

Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form.

- Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc., at an early date, in case of shares are held in dematerialised form. The Company will not take cognizance of any such requests directly from shareholders.
- Quote their folio numbers / Client ID / DP ID in all correspondence.
- consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

15. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 41st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The shareholders may cast their vote using an electronic voting system from a place other than the venue of the meeting ("Remote e-voting").

The instructions for remote e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
 - (i) Open email and open attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Open the internet browser by typing the URL: <https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder - Login
 - (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - (vi) Password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vii) Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.
 - (viii) Select "EVEN" (E-Voting Event Number) of Swaraj Automotives Limited. Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ajaykcs@gmail.com with a copy marked to evoting@nsdl.co.in
- B. For the members whose email IDs are not registered with the Company/Depository Participants(s):
- (i) Initial password alongwith physical copy of the Notice of AGM is being sent separately in the permitted mode.
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of www.evoting.nsdl.com or call on toll free number 1800-222-990.
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The remote e-voting period commences on 6th August, 2016 (9:00 am) and ends on 9th August, 2016 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 3rd August, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast the vote again. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- V. The facility for voting through ballot will also be made available at the AGM and shareholders attending the AGM who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, the 3rd August, 2016
- VII. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 3rd August, 2016, may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or Registrar and Share Transfer Agent of the Company.
- If the shareholder is already registered with NSDL for remote e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.
- VIII. Mr. Ajay K Arora, Practicing Company Secretary (Membership No.2191), Proprietor - M/s. A.Arora & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- IX. The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days on conclusion of the annual general meeting, 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.swarajenterprise.com and on the website of NSDL.
- XI. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 10th August, 2016.

16. Appointment / Re-appointment of Directors

Mr. Rama Kant Sharma, Mr. Jai Bhagwan Kapil, Mr. Jamil Ahmad, Mr. Rajiv Sharma, Mr. Jeevan Mahaldar, and Mrs. Namrata Jain do not hold any Equity Shares in the Company.

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

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

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

Regd. Office :

C-127, IV Floor, Satguru Infotech

Phase-VIII, Industrial Area,

S.A.S.Nagar (Mohali), Punjab - 160 071

Tel: 0172-4628127, Fax: 0172-4628127

Email: kaushik.gagan@swarajenterprise.com

Website: www.swarajenterprise.com

CIN: L45202PB1974PLC003516

Ghaziabad, 10th May, 2016

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)
Company Secretary

ANNEXURE TO NOTICE

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

Item No. 4

Mr. Rama Kant Sharma was appointed by the Board as an Additional Director with effect from 3rd February 2016. He holds office up to the date of the ensuing Annual General Meeting (AGM) pursuant to Section 161 of the Companies Act, 2013 ("the Act"). The Company has received a notice in writing from a member under Section 160 of the Act proposing the appointment of Mr. Rama Kant Sharma as a Director of the Company.

Mr. R.K. Sharma is a Law Graduate and PGDBA in HR(IR) with 26 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.

The Board is of the view that Mr. Sharma's knowledge and experience will be of immense value to the Company and, therefore, recommends his appointment to the members in terms of Resolution set out in Item No. 4 of the Notice.

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

Except Mr. Rama Kant Sharma, none of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution.

Item No. 5

Mr. Jai Bhagwan Kapil was appointed by the Board as an Additional Director with effect from 3rd February 2016. The Company has received a notice in writing from a member under Section 160 of the Act proposing the appointment of Mr. Jai Bhagwan Kapil as a Director of the Company.

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

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

Mr. Kapil is an Electrical Engineer and having more than 50 years of experience. He is currently associated with PSG Electricals Pvt. Ltd. as Technical and Commercial Consultant and had worked with Companies like Ghaziabad Engineering Company / Harsha Tractors, Hindustan Tin Works Ltd. and Vidhyut Control (India) Pvt. Ltd.

The Board is of the view that Mr. Kapil's knowledge and experience will be of immense value to the Company and, therefore, recommends his appointment as Independent Director to the members in terms of Resolution set out in Item No.5 of the Notice.

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

Mr. Jai Bhagwan Kapil does not hold any shares in the Company.

Except Mr. Kapil, none of the Directors, key managerial personnel of the Company or their relatives are interested or concerned in the resolution.

Item No. 6

Mr. Jamil Ahmad was appointed by the Board as an Additional Director with effect from 3rd February 2016. He holds office up to the date of the ensuing Annual General Meeting (AGM) pursuant to Section 161 of the Companies Act, 2013 ("the Act"). The Company has received a notice in writing from a member under Section 160 of the Act proposing the appointment of Mr. Jamil Ahmad as a Director of the Company.

Mr. 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 MP, Punjab, UP, Delhi, Kolkatta and Chhattisgarh. After retirement,

Mr. Ahmad was appointed as Financial and Taxation Advisor by Chhattisgarh Govt. owned Power Companies. Currently, he is associated with b4S Solutions Pvt. Ltd. as Finance and Taxation Consultant.

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

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

Except Mr. Jamil Ahmad, none of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution.

Item No. 7

Mr. Rajiv Sharma was appointed by the Board as an Additional Director with effect from 3rd February 2016. The Company has received a notice in writing from a member under Section 160 of the Act proposing the appointment of Mr. Rajiv Sharma as a Director of the Company.

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

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

Mr. Rajiv Sharma is an MBA from Faculty of Management Studies (Delhi University), 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 25 years in finance and financial services sector. He is currently working as CFO of Fairwinds Private Equity. Earlier, Mr. Sharma had also worked with Axis Private Equity, BTS Investment Advisors, IFCI Financial Services etc.

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

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

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

Except Mr. Sharma, none of the Directors, key managerial personnel of the Company or their relatives are interested or concerned in the resolution.

Item No. 8

Mr. Jeevan Mahaldar was appointed by the Board as an Additional Director with effect from 3rd February 2016. He holds office up to the date of the ensuing Annual General Meeting (AGM) pursuant to Section 161 of the Companies Act, 2013 ("the Act"). The Company has received a notice in writing from a member under Section 160 of the Act proposing the appointment of Mr. Jeevan Mahaldar as a Director of the Company.

Mr. Mahaldar is an MBA & Mechanical Engineer, having experience of 32 years in engineering & automotive sector and had worked with Minda Group, TATA, Singer India Ltd., Shriram Piston and Rings etc. He is currently working as Advisor Automotive for Navis Capital.

The Board is of the view that Mr. Mahaldar's knowledge and experience will be of immense value to the Company and, therefore, recommends his appointment to the members in terms of Resolution set out in Item

No. 8 of the Notice.

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

Except Mr. Jeevan Mahaldar, none of Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution.

Item No. 9

Mrs. Namrata Jain was appointed by the Board as an Additional Director with effect from 3rd February 2016. She holds office up to the date of the ensuing Annual General Meeting (AGM) pursuant to Section 161 of the Companies Act, 2013 ("the Act"). The Company has received a notice in writing from a member under Section 160 of the Act proposing the appointment of Mrs. Namrata Jain as a Director of the Company. Further, as per the provisions of Section 149(1) of the Act, the Company should have at least one woman Director.

Mrs. Jain, BA(Hons.) Economics and PGDM in Finance & Marketing, is having 7 years of experience in corporate finance, project financing and financial research & analysis. She is currently working with b4S Solutions Pvt. Ltd.

The Board is of the view that Mrs. Jain's knowledge and experience will be of immense value to the Company and, therefore, recommends her appointment to the members in terms of Resolution set out in Item No. 9 of the Notice.

Mrs. Namrata Jain does not hold any shares in the Company.

Except Mrs. Namrata Jain, none of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution.

Item No. 10

The Board of Directors in its meeting held on 4th February, 2016 has, subject to the approval of members, appointed 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.

Terms of remuneration of Mr. Rama Kant Sharma are set out in the Special Resolution under Item No. 10.

The Board recommends this resolution as Special Resolution for the approval of the members in terms of Resolution set out in Item No. 10 of the Notice.

Except Mr. Rama Kant Sharma, none of the Directors, key managerial personnel of the Company or their relatives are interested or concerned in the resolution.

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

I. General Information**(1) Nature of Industry**

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

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

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

(3) In case of new companies, expected date of commencement of activities as per project approved

by financial institutions appearing in the prospectus.

Not Applicable

- (4) Financial performance based on given indicators - as per audited financial results for the year ended 31st March, 2016

Particulars	(Rs. in crores)
Turnover & Other Income	96.48
Net profit as per Statement of Profit & Loss (After Tax)	2.04
Profit as computed under Section 198 of the Act	2.98
Net Worth	26.19

- (5) Foreign investments or collaborations, if any

Nil

II. Information about the appointee

- (1) Background details

Mr. Rama Kant Sharma

Mr. R.K. Sharma is a Law Graduate and PGDBA in HR (IR) with 26 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.

- (2) Past remuneration during the financial year ended 31st March, 2016

Not applicable, fresh appointment with effect from 4th February 2016.

- (3) Recognition or awards

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

- (4) Job Profile and his suitability

Mr. R.K. Sharma, Managing Director will be responsible for looking after the affairs of the Company. Taking into consideration his qualifications and vast experience in relevant fields, he is suited for the responsibilities currently assigned to him by the Board of Directors.

- (5) Remuneration proposed

Remuneration of Rs.1,00,000/- per month in the scale of Rs.1,00,000/- to Rs.3,00,000/- per month.

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

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

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

Besides the remuneration proposed to be paid to him, Mr. Sharma does not have any other pecuniary relationship with the Company or relationship with any of its managerial personnel.

III. Other Information

(1) Reasons of loss or inadequate profits

In view of the competitive auto components industry market scenario, the Company has posted a profit before tax of Rs.2.98 crores and net profit after tax of Rs.2.04 crores for the year ended 31st March, 2016.

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

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

The Company posted an EBITDA of Rs. 3.80 crores for the year ended 31st March, 2016 and is focusing on widening its product portfolio to improve the profits going forward.

IV. Disclosures

The information and disclosures for remuneration criteria of the managerial personnel have been mentioned in the Annual Report for the year ended 31st March, 2016 in the Corporate Governance Report section under the heading "Remuneration to Directors".

Item No. 11

The Board of Directors in its meeting held on 4th February, 2016 has, subject to the approval of members, appointed Mr. Jeevan Mahaldar as Executive 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.

Terms of remuneration of Mr. Jeevan Mahaldar are set out in the Special Resolution under Item No. 11.

The Board recommends this resolution as Special Resolution for the approval of the members in terms of Resolution set out in Item No. 11 of the Notice.

Except Mr. Jeevan Mahaldar, none of the Directors, key managerial personnel of the Company or their relatives are interested or concerned in the resolution.

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

I. General Information

(1) Nature of Industry

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

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

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

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

Not Applicable

- (4) Financial performance based on given indicators - as per audited financial results for the year ended 31st March, 2016

Particulars	(Rs. in crores)
Turnover & Other Income	96.48
Net profit as per Statement of Profit & Loss (After Tax)	2.04
Profit as computed under Section 198 of the Act	2.98
Net Worth	26.19

- (5) Foreign investments or collaborations, if any

Nil

II. Information about the appointee

- (1) Background details

Mr. Jeevan Mahaldar

Mr. Mahaldar is an MBA & Mechanical Engineer, having experience of 32 years in engineering & automotive sector and had worked with Minda Group, TATA, Singer India Ltd., Shriram Piston and Rings etc. He is currently working as Advisor Automotive for Navis Capital.

- (2) Past remuneration during the financial year ended 31st March, 2016

Not applicable, fresh appointment with effect from 4th February 2016.

- (3) Recognition or awards

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

- (4) Job Profile and his suitability

Mr. Jeevan Mahaldar, Executive Director will be responsible for looking after the operations and affairs of the Company. Taking into consideration his qualifications and vast experience in relevant fields, he is suited for the responsibilities currently assigned to him by the Board of Directors.

- (5) Remuneration proposed

Remuneration of Rs.3,50,000/- per month in the scale of Rs.3,00,000/- to Rs.6,00,000/- per month.

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

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

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

Besides the remuneration proposed to be paid to him, Mr. Mahaldar does not have any other pecuniary relationship with the Company or relationship with any of its managerial personnel.

III. Other Information

(1) Reasons of loss or inadequate profits

In view of the competitive auto components industry market scenario, the Company has posted a profit before tax of Rs.2.98 crores and net profit after tax of Rs.2.04 crores for the year ended 31st March, 2016.

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

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

The Company posted an EBITDA of Rs. 3.80 crores for the year ended 31st March, 2016 and is focusing on widening its product portfolio to improve the profits going forward.

IV. Disclosures

The information and disclosures for remuneration criteria of the managerial personnel have been mentioned in the Annual Report for the year ended 31st March, 2016 in the Corporate Governance Report section under the heading "Remuneration to Directors".

Item No. 12

The Articles of Association ("AoA") of the Company as currently in force was originally adopted when the Company was incorporated under the Companies Act, 1956 and further amendments were made, from time to time, over the past several years. The existing AoA are based on the Companies Act, 1956 and as such several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956. Moreover, some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ("the Act"). The Act is now in force (barring certain provisions). As substantive sections of the Act which deal with the general working of companies stand notified, several regulations of the existing AoA of the Company require alteration or deletions.

Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles to make it consistent with the provisions of the Act including the Rules framed thereunder. The new AoA to be substituted in place of the existing AoA are largely based on Table 'F' of the Act which sets out the model Articles of Association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- (a) Existing articles have been streamlined and aligned with the Act;
- (b) New provisions relating to appointment of Chief Executive Officer and Chief Financial Officer, in addition to Manager and Company Secretary;
- (c) The statutory provisions of the Act which permit a company to do some acts "if so authorised by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- (d) Provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication - their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed draft AoA is being uploaded on the Company's website at www.swarajenterprise.com for

perusal by the Members and is also available for inspection of the Members in physical or in electronic form at the Registered Office of the Company between 10.00 a.m. to 12.00 noon, on all working days (except Saturdays, Sundays and Public Holidays), up to the date of the Annual General Meeting (AGM) as well as during the AGM at the venue thereof.

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 aforesaid Special Resolution except to the extent of their shareholding, if any, in the Company.

The Board recommends the Special Resolution set out at Item No. 12 of the Notice for approval of Members.

Item No. 13

The Board of Directors has approved the appointment of M/s Aggarwal Vimal & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 and the Board, subject to the ratification by the members, approved the remuneration of Rs.50,000/- (Rupees Fifty thousand only) plus applicable taxes and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

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.13 of the Notice.

The Board recommends the Resolution for the approval of the members in terms of Resolution set out in Item No. 13 of the Notice.

Regd. Office :
C-127, IV Floor, Satguru Infotech
Phase-VIII, Industrial Area,
S.A.S.Nagar (Mohali), Punjab - 160 071
Tel: 0172-4628127, Fax: 0172-4628127
Email: kaushik.gagan@swarajenterprise.com
Website: www.swarajenterprise.com
CIN: L45202PB1974PLC003516

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)
Company Secretary

Ghaziabad, 10th May, 2016

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their 41st Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS :

	(Rs. in Crores)	
	Year ended 31st March, 2016	Year ended 31st March, 2015
Net Revenue from Operations	95.64	93.83
Other Income	0.84	0.78
Total Revenue	96.48	94.61
Profit before Depreciation, Finance Charges and Tax	3.88	4.51
Finance Costs	0.02	0.01
Depreciation & Amortization Expense	0.80	0.96
Profit for the year	3.06	3.54
Prior period adjustments	(-)0.08	(+) 0.03
Profit Before Tax	2.98	3.57
Tax Provision		
– Current	1.06	1.35
– Deferred	(0.12)	(0.19)
– Short tax provision of earlier years	–	–
Profit After Tax	2.04	2.41
Surplus - Opening Balance after adjustment for carrying value of assets	5.05	4.15
Surplus available for appropriation	7.09	6.56
Appropriations:		
Proposed Dividend	0.84	0.84
Tax on Dividend	0.17	0.17
Transfer to General Reserve	0.50	0.50
Surplus - Closing Balance	5.58	5.05

REVIEW OF OPERATIONS

Members may kindly note that subdued market conditions that tractor industry witnessed during fiscal 2015, continued in fiscal 2016 as well. Further, sluggish demand conditions that were prevalent during the year in the car industry segment where your Company operates had turned FY 2015-16 into a tough year.

These industry trends has impacted seats and seat mechanism business of your Company. However, the Company was able to register growth in the agri implements business.

In the above backdrop, total net revenue for the financial year 2015-16 reached to Rs. 95.64 crores against the previous year's revenue of Rs. 93.83 crores. Profit before tax for the year at Rs. 2.98 crores was lower

against Rs. 3.57 Crores of previous year primarily because of the change in product mix. Profit after tax for the year was Rs. 2.04 crores (previous year - Rs. 2.41 crores). These post tax earnings translated into an Earning Per Share (EPS) of Rs. 8.48 (previous year - Rs. 10.07).

DIVIDEND

Your Directors have recommended a dividend of Rs.3.50 per Equity Share of face value of Rs.10.00 each for the financial year 2015-16, same as declared and paid in the previous year. The dividend would be payable to those Members whose names shall appear in the Register of Members as on Book Closure date. The dividend including dividend distribution tax, surcharge and education cess would absorb a sum of Rs.1.01 crores (previous year - Rs. 1.01 crore).

FINANCE

The fund position of the Company stayed comfortable throughout the financial year 2015-16. As a result, after meeting routine capital expenditure and working capital requirements to support the operations, net interest income for the year was Rs.0.57 crore against Rs.0.59 crore for the previous year.

CURRENT YEAR'S REVIEW

With positive signal for a good monsoon the current year has started on optimistic note in tractor and agri business. Growth in auto industry is also seems promising. The Company's business is expected to move in line with industry trend and Company is also exploring new business opportunities to generate additional revenue.

DIVESTMENT BY MAJOR SHAREHOLDERS

As members may be aware, Mahindra & Mahindra Limited, one of the promoters of the Company ("the Seller") entered into a Share Purchase Agreement on 16th October 2015 with b4S Solutions Private Limited ("the Acquirer") for sale of their entire equity stake of 71.19% held in the Company at Rs. 145.50 per share. The acquirer subsequently acquired the entire equity stake of 2.99% of other promoter, Punjab State Industrial Development Corporation (PSIDC), held in the Company, at the same rate. Thereafter, pursuant to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the acquirer had also made an open offer to the shareholders of the Company for acquiring another 25.82% equity shares of the Company. The entire process was successfully completed on 1st February 2016, taking b4S Solutions Private Limited's equity holding in the Company to 88.28% and they became promoter of the Company.

M/s. b4S Solutions Private Limited, is a leading manpower services providing Company, engaged in the business of manpower consultancy, outsourcing, security staff, contract labour, and managing operations & maintenance in telecom industry.

Your Directors believe that the acquisition by b4S Solutions Private Limited in SAL will bring in a new era of growth and progress for all the stakeholders of SAL.

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 2015-16.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

INDUSTRIAL RELATIONS

Industrial relations were cordial throughout the year under review.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

SUSTAINABILITY INITIATIVE

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

DIRECTORS

Punjab State Industrial Development Corporation Limited (PSIDCL) withdrew the nomination of Mr. A.K. Mahajan as their representative on the Company's Board. Accordingly, Mr. A.K. Mahajan ceased to be a Director of the Company with effect from 12th January 2016. Consequent upon their resignations, Mr. Hardeep Singh, Chairman of the Board of Directors of the Company and Mr. Rajesh Jejurikar, Mr. S. Durgashankar, and Mrs. Neera Saggi ceased to be Directors of the Company with effect from 3rd February, 2016. Your Board has placed on record its deep appreciation of notable contributions of Mr. Hardeep Singh, Mr. Rajesh Jejurikar, Mr. S. Durgashankar, and Mrs. Neera Saggi, as Directors of the Company.

Mr. Rama Kant Sharma, Mr. Jamil Ahmad, Mr. Jeevan Mahaldar, and Mrs. Namrata Jain were appointed as Additional Directors of the Company with effect from 3rd February, 2016, and shall hold office up to the date of upcoming Annual General Meeting. The Company has received notices under Section 160 of the Companies Act, 2013 from member signifying intention to propose Mr. Rama Kant Sharma, Mr. Jamil Ahmad, Mr. Jeevan Mahaldar, and Mrs. Namrata Jain, for the office of Director at the forthcoming Annual General Meeting.

Mr. Jai Bhagwan Kapil and Mr. Rajiv Sharma were appointed as Additional Directors of the Company with effect from 3rd February, 2016, and shall hold office up to the date of upcoming Annual General Meeting and the Company has received notices under Section 160 of the Companies act 2013 from member signifying intention to propose Mr. Jai Bhagwan Kapil and Mr. Rajiv Sharma for the office of Independent Director from

the said date at the forthcoming Annual General Meeting. The Company has received declarations from the Independent Directors of the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

The Board of Directors further at its meeting held on 4th February 2016 has approved the appointment of Mr. Rama Kant Sharma and Mr. Jeevan Mahaldar as Managing Director and Executive Director respectively for a period of 3 years with effect from 4th February, 2016. Appropriate resolutions for their appointment have been proposed for the approval of the shareholder at the forthcoming Annual General Meeting.

Consequent to the resignation of Mr. Hardeep Singh from Chairmanship, the Board of Directors in their meeting held on 4th February, 2016 has appointed Mr. J.B. Kapil as Chairman of the Company in place of Mr. Hardeep Singh.

As the entire Board was reconstituted during the year, hence, there is no Director, who shall retire by rotation at the forthcoming Annual General Meeting.

EVALUATION OF THE BOARD

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

REMUNERATION POLICY

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

DIRECTORS' MEETINGS

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of Annual Accounts, for the financial year 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any;
- b) in the selection of the accounting policies, consulted the Statutory Auditors and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;

- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the Company have been laid down, which are adequate and operating effectively;
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee was reconstituted during the year and currently comprises of the following Directors viz. Mr. Jai Bhagwan Kapil (Chairman of the Committee), Mr. Rajiv Sharma and Mr. Jeevan Mahaldar. Except Mr. Jeevan Mahaldar, all the members are Independent Directors. The Company Secretary of the Company is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

KEY MANAGERIAL PERSONNEL

Consequent to their resignations, Mr. Arun Arora, Manager, Mr. Rajesh Kumar Kapila, Company Secretary and Mr. Kulvinder Singh Dhiman, Chief Financial Officer from their respective positions, ceased to be Key Managerial Personnel of the Company with effect from 3rd February, 2016. The Board has appointed Mr. Rama Kant Sharma as Managing Director, Mr. Jeevan Mahaldar as Executive Director, Mr. Gagan Kaushik as Company Secretary, and Mr. Jagdish Lal as Chief Financial officer with effect from 4th February 2016 and also designated them as Key Managerial Personnel of the Company as per Companies Act, 2013.

INTERNAL FINANCIAL CONTROL SYSTEMS

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year 2015-16 were in the ordinary course of the business and were on arm's length basis. There were no materially significant related party transactions made by the Company which may have a potential conflict of the interest with its Promoters, Directors, Key Managerial Personnel or other persons. All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable. The policy on materiality of and dealing with related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company and the link for the same is "<http://www.swarajenterprise.com/AutoNCC.asp>". Details of related parties and transactions with them during the year are covered at Note 2.28 of the Annual Accounts.

AUDITORS

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

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

COST AUDITORS

Pursuant to Section 148(3) of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors on the recommendation of Audit Committee has appointed M/s Aggarwal Vimal & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year ending on 31st March, 2017. M/s Aggarwal Vimal & Associates have confirmed that their appointment, if approved, will be within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from disqualification specified under Section 141(3) of the Companies Act, 2013. The Audit Committee has also received a certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s A.Arora & Co., Company Secretaries in practice (CP No. 993) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure A. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DEPOSITS

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

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

EXTRACT OF ANNUAL RETURN

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

LISTING WITH BSE LIMITED

As shared in the last year's Directors Report, the Securities and Exchange Board of India (SEBI) vide its order dated 19th November, 2014 withdrew the recognition of Delhi Stock Exchange where Company's equity shares were listed exclusively. In the back drop of these developments, the Company took the initiatives to get its equity shares listed at one of the nationwide Stock Exchange and accordingly got the Company's

equity shares listed at BSE Limited (BSE). The trading in Company's equity shares at BSE started with effect from 23rd September 2015.

The Securities and Exchange Board of India, by replacing the earlier listing agreement had issued SEBI (Listing Obligations and Discloser Requirements) Regulations, 2015 effective from 1st December, 2015. Accordingly, your Company has executed fresh listing agreement with BSE Limited.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

GENERAL

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

The Company has no subsidiary Company.

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

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

ACKNOWLEDGMENT

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

FOR AND ON BEHALF OF THE BOARD

Place : Ghaziabad
Date : 10th May, 2016

J.B. KAPIL
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

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

FINANCIAL ANALYSIS (2015-16)

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

(A) Statement of Profit & Loss

Income:

Total revenue for the year was Rs.96.48 crores (previous year Rs.94.61 crores) with the following breakdown:

	(Rs. in Crores)	
	2015-16	2014-15
Seats, seat mechanism & components	77.12	78.94
Agri implements	17.93	14.10
Others	0.59	0.79
Net Revenue from Operations	95.64	93.83
Other Income	0.84	0.78
Total Revenue	96.48	94.61

With a comfortable fund position throughout the Financial Year 2015-16 and after meeting operations requirement, interest income for the year was Rs 0.59 crore (previous year Rs. 0.61 crore). Other miscellaneous income for the year stood at Rs. 0.25 crore (previous year Rs.0.17 crore).

Expenses:

Material cost as a percentage of net revenue from operations at 73.9% remained almost at last year's level of 73.6%.

Personnel cost during the year at Rs. 15.31 crores though in absolute value was higher than last year (Rs.14.98 crores), however, the same in terms of percentage of net revenue from operations remained at last year's level (16%).

Other expenses, consisting of manufacturing expenses, administrative expenses and sales & distribution expenses during the year were Rs. 6.62 Crore (last year Rs. 6.09 Crores), 6.9% in terms of percentage of net revenue from operations (last year 6.5%). The same were higher as compared to last year mainly because of increased repair & maintenance expense, consumption of stores & spares and onetime expense related to listing of Company's equity shares at BSE Limited etc.

Depreciation for the year at Rs. 0.80 crore was lower as compared to last year's Rs. 0.96 crore.

Reflecting the above and after considering finance cost and prior period adjustments, Profit Before Tax reached Rs. 2.98 crores (previous year Rs.3.57 crores). After providing for corporate tax, Profit after Tax for the current year was Rs. 2.03 crores (previous year Rs.2.41 crores).

B) Balance Sheet

Equity & Reserves

The Company's net worth as on 31st March, 2016 stood at Rs. 26.19 crores comprising of an Equity component of Rs. 2.40 crores and Reserves & Surplus of Rs. 23.79 crores - a book value of Rs. 109 per share (previous year Rs. 105 per share).

Fixed Assets

Gross Block and Net Block of fixed assets on 31st March, 2016 stood at Rs. 24.83 crores (previous year Rs.24.02 crores) and Rs.9.86 crores (previous year Rs. 9.84 crores) respectively. Additions during the year were primarily towards plant and machinery. Capital work in progress / capital spares at the year-end stood at Rs.0.87 crore (previous year Rs. 0.53 crore).

Inventories

With continued focus on raw material & components and stores & spares, total year-end Inventories came down to Rs. 5.72 crores against previous year's Rs. 5.82 crores. The same in terms of number of days of operating revenue stood at 22 days (last year 23 days).

Trade Receivables

On the basis of improved collections, year-end trade receivables of fiscal 2016 came down to Rs. 16.31 crores against Rs. 20.08 crores of last year. The same in terms of number of days of operating revenue stood at 62 days (last year 78 days).

Trade Payables

Year-end trade payables stood at Rs.17.19 crores (previous year Rs. 19.69 crores).

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

HUMAN RESOURCES

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

Industrial relations were cordial throughout the year under review.

Regular employee strength as on 31st March, 2016 stood at 224 (31st March, 2015 - 227).

INDUSTRY STRUCTURE AND DEVELOPMENTS

As the Company is primarily in the business of supplying seats and seat mechanism systems to various tractor, LCV, and Car manufactures, thus, it would be appropriate to take a look at the trends that are prevailing in tractor industry and automobile industry.

While Indian tractor industry is largest in the world, in terms of volume, the Indian automobile industry is also one of the largest in the world. Both tractor industry and automobile industry have a mix of local and international players. Fiscal 2016 was a tough year for the domestic tractor industry as it continued to grapple with weak demand conditions during the year. After witnessing a drop of 13% in fiscal 2015, the tractor industry has gone down further by around 10% in current year. Due to factors like drought conditions experienced in second consecutive year and with continued weak farm sentiments etc., recovery in demand remained elusive for tractor industry. However, the automobile industry, after going through flat/slowdown scenario

during fiscal 2015, had shown some signs of improvement in demand during Fiscal 2016 where the passenger vehicles segments had grown by 7%, the commercial vehicle segment was up by around 11%.

OUTLOOK AND OPPORTUNITIES

The current market developments show that after remaining in de-growth trajectory for almost two years, some recovery in the demand has started during Q4 of fiscal 2016 in the domestic tractor industry. The automobile industry has also began the year on a positive note. Based on these positive trends, the tractor and automobile industries are expected to perform good in the near term. Factors like government continuous thrust on strengthening rural sector, infrastructure development, make in India, skill India, and launch of new models by vehicle manufactures, changing buying pattern, replacement demand etc. along with good monsoon forecast and overall improvement in economic fundamentals will be the positive drivers for tractor and automobile industries in the medium to long term. The optimistic outlook of tractor and automobile industries will give boost to the demand for auto components as well and as a component supplier, the prospects of Company's business also looks good.

THREATS, RISKS & CONCERNS

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

I Company's philosophy on Code of Governance

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

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

II Board of Directors

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

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

Apart from the above and the re-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 judgement would affect their independence. The Directors of the Company are not inter-se related to each other.

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

A. Composition of the Board

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

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

Name of Director	Category	Financial Year 2015-16		Attendance at the last AGM	Total No. of Directorships [^] in public companies [#]	Committee ⁺ Position held in public companies [#]	
		Board Meetings held	Board Meetings attended			Chairman	Member
Non-Executive							
Mr. J.B.Kapil, Chairman (appointed w.e.f. 03.02.2016)	Independent	2	1	N.A.	1	1	-
Mr. Jamil Ahmad (appointed w.e.f. 03.02.2016)	Non Independent	2	1	N.A.	1	1	-
Mr. Rajiv Sharma (appointed w.e.f. 03.02.2016)	Independent	2	1	N.A.	1	-	1

Name of Director	Category	Financial Year 2015-16		Attendance at the last AGM	Total No. of Directorships [^] in public companies [#]	Committee ⁺ Position held in public companies [#]	
		Board Meetings held	Board Meetings attended			Chairman	Member
Mrs. Namrata Jain (appointed w.e.f. 03.02.2016)	Non Independent	2	1	N.A.	1	-	-
Mr. Hardeep Singh (ceased w.e.f. 03.02.2016)	Independent	4	4	Yes	N.A.	N.A.	N.A.
Mr. Rajesh Jejurikar (ceased w.e.f. 03.02.2016)	Non	4	3	No	N.A.	N.A.	N.A.
Mr. A.K.Mahajan (ceased w.e.f. 12.01.2016)	Non Independent	4	1	Yes	N.A.	N.A.	N.A.
Mr. S.Durgashankar (ceased w.e.f. 03.02.2016)	Non Independent	4	2	Yes	N.A.	N.A.	N.A.
Mrs. Neera Saggi (ceased w.e.f. 03.02.2016)	Independent	4	4	Yes	N.A.	N.A.	N.A.
Executive							
Mr. Rama Kant Sharma, Managing Director (appointed w.e.f. 03.02.2016)	Non Independent	2	2	N.A.	2	-	1
Mr. Jeevan Mahaldar, Executive Director (appointed w.e.f. 03.02.2016)	Non Independent	2	2	N.A.	1	-	1

* Indicates the Board meetings held during the tenure of Director(s).

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

[^] Excludes Alternate Directorships but includes Additional Directorships and Directorship in Swaraj Automotives Ltd.

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

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

B. Board Procedure

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

During the financial year 2015-16, 5 Board Meetings were held on 27th April, 2015, 28th July, 2015, 16th October, 2015, 3rd February, 2016 and 4th February, 2016. The gap between two Meetings did not exceed four months.

The 40th Annual General Meeting (AGM) was held on 28th July, 2015.

C. Board Evaluation

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

D. Directors Profile

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

Mr. J.B.Kapil

Mr. J.B.Kapil joined the Company's Board on 3rd February 2016.

Mr. Kapil is an Electrical Engineer and having more than 50 years of experience. Mr. Kapil is currently associated with PSG Electricals Pvt. Ltd. as Technical and Commercial Consultant and had worked with Companies like Ghaziabad Engineering Company / Harsha Tractors, Hindustan Tin Works Ltd. and Vidhyut Control (India) Pvt. Ltd.

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

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

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

Mr. Jamil Ahmad

Mr. Jamil Ahmad joined the Company's Board on 3rd February 2016.

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

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

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

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

Mr. Rajiv Sharma

Mr. Rajiv Sharma joined the Company's Board on 3rd February 2016.

Mr. Rajiv Sharma is an MBA from Faculty of Management Studies, a Fellow Member of the Institute of Company Secretaries of India and has qualified examination of Certified Public Accountant from United States. He has experience of over 25 years in finance and financial services sector. He is currently working as CFO of Fairwinds Pvt. Equity, formerly Reliance Private Equity. Mr. Sharma had also worked with Axis Private Equity, BTS Investment Advisors, IFCI Financial Services etc.

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

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

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

Mrs. Namrata Jain

Mrs. Namrata Jain joined the Company's Board on 3rd February 2016.

Mrs. Jain has done post graduate diploma in Finance & Marketing and is having 7 years of experience in corporate finance, project financing and financial research & analysis. She is currently working with b4S Solutions Pvt. Ltd.

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

Mr. Rama Kant Sharma

Mr. Rama Kant Sharma joined the Company's Board on 3rd 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 26 years of corporate experience. He is currently Director in b4S Solutions Pvt. Ltd., a leading Manpower providing company dealing in consultancy, outsourcing, and managing operations & maintenance in telecom industry.

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

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

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

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

Mr. Jeevan Mahaldar

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

Mr. Mahaldar is a MBA & Mechanical Engineer, having experience of 32 years in engineering & automotive sector and had worked with Minda Group, TATA, Singer India Ltd., Shriram Piston and Rings etc. He is currently working as Advisor Automotive for Navis Capital.

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

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

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

III Committees of the Board**A. Audit Committee**

The Audit Committee was reconstituted during the year and currently comprising the following Directors of which two are independent Directors, including the Chairman of the Committee:

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

During the year, consequent to their resignations from the Directorship of the Company, Mr. Hardeep Singh, Mr. Rajesh Jejurikar and Mrs. Neera Saggi ceased to be the Members of Audit Committee w.e.f 3rd February, 2016.

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

The role, terms of reference and the authority and powers of this Committee are in conformity with the requirements of the Companies Act 2013 and the Listing Regulations. The functions of the Audit Committee 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 Auditors and the Company Secretary besides other senior functionaries of the Company as and when required.

The Company Secretary acts as the Secretary to the Committee.

Mr. Hardeep Singh, the then Chairman of the Audit Committee, attended the last Annual General Meeting held on 28th July, 2015.

During the financial year under review, 5 meetings of Audit Committee of the Board were held on 27th April, 2015, 28th July, 2015, 16th October, 2015, 3rd February, 2016 and 4th February, 2016. The gap between the two meetings did not exceed four months.

Attendance record of the Members of the Audit Committee for FY 2015-16 is as under:

Name of the Member Director	No. of Meetings Held*	No. of Meetings Attended
Mr. J.B.Kapil (co-opted w.e.f. 04.02.2016)	1	1
Mr. Rajiv Sharma (co-opted w.e.f. 04.02.2016)	1	1
Mr. Jeevan Mahaldar (co-opted w.e.f. 04.02.2016)	1	1
Mr. Hardeep Singh (ceased w.e.f. 03.02.2016)	4	4
Mr. Rajesh Jejurikar (ceased w.e.f. 03.02.2016)	4	3
Mrs. Neera Saggi (ceased w.e.f. 03.02.2016)	4	4

* Indicates the Audit Committee meetings held during the tenure of Director(s).

B. Stakeholders Relationship Committee

The Stakeholder Relationship Committee was reconstituted during the year and presently functions under the Chairmanship of Mr. Jamil Ahmad, Non-Executive Director and comprises the following Directors:

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

During the year, consequent upon their resignation from the Directorship of the Company, Mr. Rajesh Jejurikar and Mr. S.Durgashankar ceased to be Members of the Committee w.e.f. 3rd February, 2016.

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

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

During the financial year under review, one meeting of Stakeholders Relationship Committee was held on 16th October, 2015.

Attendance record of the members of the Stakeholders Relationship Committee for FY 2015-16 is as under:

Name of the Member Director	No. of Meetings Held*	No. of Meetings Attended
Mr. Jamil Ahmad (co-opted w.e.f. 04.02.2016)	-	-
Mr. R.K. Sharma (co-opted w.e.f. 04.02.2016)	-	-
Mr. Rajesh Jejurikar (ceased w.e.f. 03.02.2016)	1	1
Mr. S.Durgashankar (ceased w.e.f. 03.02.2016)	1	1

* Indicates the Stakeholders Relationship Committee meetings held during the tenure of Director(s).

The Company had received 36 enquiries/complaints from the shareholders and all of them have been attended / resolved.

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

C. Nomination and Remuneration Committee

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

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

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

During the year, consequent upon their resignation from the Directorship of the Company, Mrs. Neera Saggi, Mr.

Hardeep Singh and Mr. Rajesh Jejurikar ceased to be Members of the Committee w.e.f. 3rd February, 2016.

During the financial year, 3 meetings of Nomination and Remuneration Committee of the Board were held on 27th April 2015, 3rd February, 2016 and 4th February, 2016.

Attendance record of the Members of the Nomination and Remuneration Committee for FY 2015-16 is as under:

Name of the Member Director	No. of Meetings Held*	No. of Meetings Attended
Mr. Rajiv Sharma (co-opted w.e.f. 04.02.2016)	1	1
Mr. J.B.Kapil (co-opted w.e.f. 04.02.2016)	1	1
Mr. Jamil Ahmad (co-opted w.e.f. 04.02.2016)	1	1
Mrs. Neera Saggi (ceased w.e.f. 03.02.2016)	2	2
Mr. Hardeep Singh (ceased w.e.f. 03.02.2016)	2	2
Mr. Rajesh Jejurikar (ceased w.e.f. 03.02.2016)	2	1

* Indicates the Nomination and Remuneration Committee meetings held during the tenure of Director(s).

IV Remuneration to Directors

Remuneration Policy

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

a) Policy for Selection and appointment of Directors

i) Appointment of Directors

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

b) 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 committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and the Listing Regulations and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

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

Remuneration Details

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

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

The details of Directors' remuneration for 2015-16 is as follows;

Independent Non-Executive Directors

(Rs. in Lacs)

Name of the Directors who were in receipt of sitting fees during FY 2015-16	Sitting Fees for Board and Committee Meetings paid during FY 2015-16
Mr. Hardeep singh	4.10
Mrs. Neera Saggi	4.10
Mr. J.B. Kapil	0.70
Mr. Rajiv Sharma	0.70

Executive - Managing Director and Executive Director

(Rs.in Lacs)

Name of Director	Salary (Basic and Allowance)	Commission	Contribution to Provident	Otyher Perquisites	Stock Option	Total	Service Contract (Tenure)
Mr. Rama Kant Sharma (Managing Director)	1.69	Nil	0.20	Nil	Nil	1.89	4th February, 2016 to 3rd February, 2019
Mr. Jeevan Mahaldar (Executive Director)	5.93	Nil	0.71	Nil	Nil	6.64	4th February, 2016 to 3rd February, 2019

V General Body Meetings

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

Year	Date	Time	Special Resolutions passed
2013	30 July, 2013	4.30 P.M.	-
2014	31 July, 2014	4.30 P.M.	Appointment of Mr. Arun Arora as Manager of the Company for a period of 5 years effective 29th April, 2014.
2015	28 July, 2015	3.45 P.M.	Payment of Commission upto 1% of the net profit of the Company to the Independent Directors for a period of 5 years w.e.f. 1st April, 2014.

The above meetings were held at Swaraj Engines Ltd, Plot No 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab-160062.

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

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

VI Means of Communication

- In compliance with the requirements of the Listing Regulations, the Company regularly intimates quarterly un-audited as well as audited financial results to the Stock Exchange immediately after they are taken on record by the Board. These financial results are normally published in the leading financial / national / regional newspapers (Business Standard and Punjabi Tribune) and are also displayed on the Company's website www.swarajenterprise.com;
- The official news releases are displayed on the Company's website www.swarajenterprise.com;
- During the year ended 31st March, 2016, no presentations were made to institutional investors or analysts.

VII Shareholder Information**1. 41st Annual General Meeting**

Date : 10th August, 2016
 Time : 3.00 P.M.
 Venue : Hotel Dawat, SCO-10C, Phase-V,
 Sector-59, S.A.S Nagar (Mohali), Punjab-160059

2. Financial Calendar (tentative)

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

Calendar for the Board Meetings to be held to review / approve the financial results of the Company for FY 2016-17 is given below:

- Quarter ending 30th June, 2016 First week of August, 2016
- Half year ending 30th September, 2016 First week of November, 2016
- Quarter ending 31st December, 2016 First week of February, 2017
- Year ending 31st March, 2017 May, 2017

Note: The above schedules are indicative.

3. Dividend Payment

Will be paid/dispached between 11th August, 2016 to 18th August, 2016

4. Date of Book Closure

16th July, 2016 to 22nd July, 2016 (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. 2016-17 of BSE has been paid.

6. Stock Code

BSE Ltd. (BSE) : 539353

7. CIN: L45202PB1974PLC003516**8. Stock Price Data**

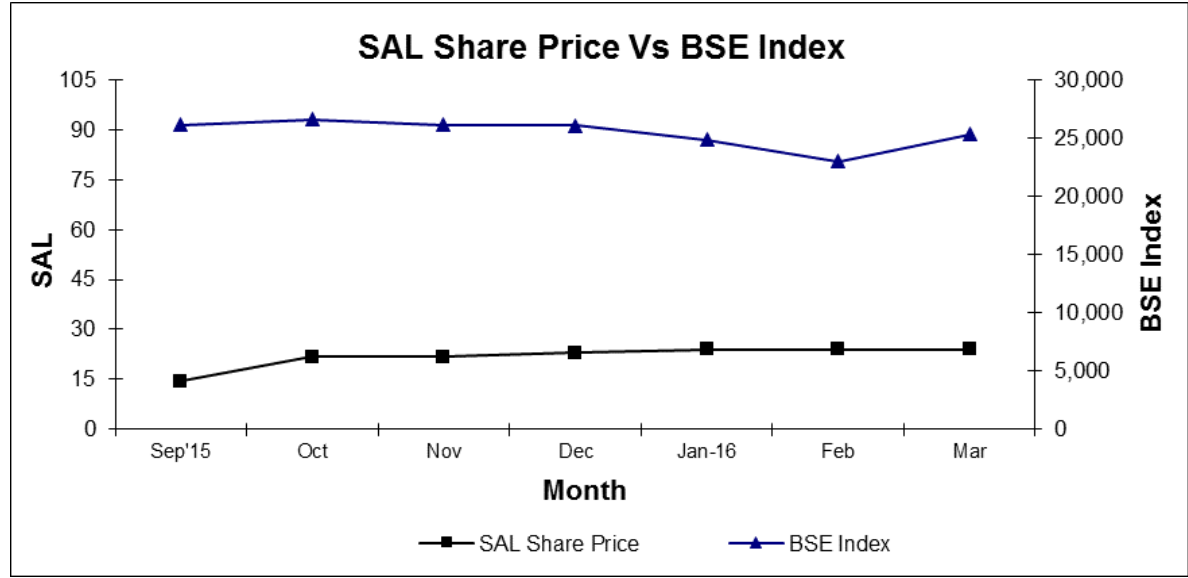
The Company's shares got listed at BSE Ltd. w.e.f. 23rd September, 2015. Accordingly, monthly (September 2015 - March 2016) High - Low Quotations of shares traded at BSE Ltd. are as under:

Month	BSE Ltd.	
	High (Rs.)	Low (Rs.)
September 2015	14.45	12.50
October 2015	21.84	15.17
November 2015*	21.84	15.17
December 2015	22.90	22.90
January 2016	24.00	24.00
February 2016*	24.00	24.00
March 2016*	24.00	24.00

*As for the month of Nov. 2015, Feb., March 2016 there were no tradings, last month data has been considered.

9. Stock Price Performance

SAL Share Price performance relative to BSE Sensitive Index



Note: Based on the month end closing share price of SAL and BSE Index. As for the month of Nov. 2015, Feb., March 2016 there were no tradings, last month data has been considered.

10. Registrar and Transfer Agents

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

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

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

11. Transfer System for physical shares

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

Total number of shares transferred during 2015-16 was Nil (Previous Year - Nil).

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

12. Shareholding Pattern as on 31st March, 2016

Category of Shareholders	No. of Share holders	No. of Shares Held	% of Holding
1 Promoters	2	21,16,730	88.28
2 Mutual Funds -	—	—	—
3 Financial Institutions / Banks	1	1,06,389	4.44
4 Foreign Institutional Investors	—	—	—
5 Bodies Corporate - Indian	6	93,381	3.89
6 NRIs	—	—	—
7 Indian Public	588	81,213	3.39
8 OCB	—	—	—
Total	597	23,97,713	100.00

13. Distribution Pattern of Shareholding as on 31st March, 2016

No. of Equity Shares held	No. of Shareholders		No. of Shares Held	
	Numbers	% total	Numbers	% total
1 - 500	585	97.98	40,350	1.68
501 - 1000	2	0.34	1600	0.07
1001 - 5000	5	0.84	18,644	0.78
5001 - 50000	1	0.17	24,000	1.00
50001 - 100000	1	0.17	90,000	3.75
100001 & above	3	0.50	22,23,119	92.72
Total	597	100.00	23,97,713	100.00

14. Dematerialisation of Shares

The trading in Equity Shares of Swaraj Automotives Limited is permitted only in dematerialised form. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the trading. As on 31st March, 2016, 94.80% of the equity capital is held in electronic form.

International Securities Identification Number (ISIN): INE724G01014

(with NSDL and CDSL)

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

Not Applicable.

16. Plant Location

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

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

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

Phone : 011 - 41406149

Fax : 011 - 41709881

Compliance Officer & Company Secretary

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

Phone : 0172 - 4628127

Fax : 0172 - 4628127

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

During FY 2015-16, all transactions entered into with related parties were in the ordinary course of business and on arms length basis. The Company has not entered into any transaction of material nature with the promoters, the directors or the management or their relatives etc. that may have potential conflict with the interests of the Company. The Company has no subsidiary. Details of related parties and transactions with them are covered at Note 2.28 of the Annual Accounts. The policy for related party transactions approved by the Board of Directors of the Company is available at the Company's website www.swarajenterprise.com

B. Details of non-compliance etc.

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

C. Whistle Blower Policy

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

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

D. Disclosure of Accounting Treatment in preparation of Financial Statements

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

E. CEO / CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Executive Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2016.

F. Management Discussion and Analysis Report

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

G. Risk Management

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

H. Code for prevention of Insider Trading Practices

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

IX Compliance with Mandatory requirements

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

X Adoption of the non-mandatory requirements

a) Audit Qualifications

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

b) Separate Posts of Chairman and CEO

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

c) Internal Auditor

The internal auditor reports directly to the Audit Committee.

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

XI Code of Conduct

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

Ghaziabad, 10th May, 2016

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

To
The Members of Swaraj Automotives Limited

I, Jeevan Mahaldar, Executive Director of Swaraj Automotives Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2016.

Ghaziabad, 10th May, 2016

Jeevan Mahaldar
Executive Director

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

To
The Members of Swaraj Automotives Limited

We have examined the compliance of conditions of Corporate Governance by Swaraj Automotives Limited ("the Company"), for the year ended on 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange for the period 23rd September, 2015 to 30th November, 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as referred to Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing regulations, as applicable.

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

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

Chandigarh, 10th May, 2016

Jagdeep S. Chopra, FCA
Partner
Membership No. 087476

ANNEXURE A TO DIRECTORS' REPORT**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

[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, Punjab

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, 2016 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, 2016 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 erstwhile Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 effective from May 15, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the company has not issued any securities during the financial year under review.
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, in reference of the Employee Stock Option Scheme.-Not applicable as the company has not granted any options to its employees 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 effective from December 01, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and Amended Regulations, 2016- 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- Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air (Prevention and Control of Pollution) Act, 1981
- (x) The Water (Prevention and Control of Pollution) Act, 1974

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India as notified by Government of India, effective from July 01, 2015.
- b) The Listing Agreements entered into by the Company with BSE Limited and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

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.
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, there were no instances of

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

AJAY K. ARORA
(Proprietor)

A. ARORA & COMPANY
F.C.S. No. 2191
CP No. 993

Place : Chandigarh
Date : 06th May, 2015

ANNEXURE B TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

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

FORM NO. MGT - 9

I. Registration and Other Details

CIN	L45202PB1974PLC003516
Registration Date	20-11-1974
Name of the Company	Swaraj Automotives Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	C-127, IV Floor, Satguru Infotech, Industrial Area Phase VIII, S.A.S.Nagar (Mohali) Punjab - 160071 Tel. No. 0172-4628127
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	82.9%
Agri implements	28212	17.1%

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	88.28	2(46)

*Became holding company w.e.f. 1st February, 2016. Mahindra & Mahindra Limited was holding company till 31st January, 2016.

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 01-04-2015)				No. of shares held at the end of the year (as on 31-03-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt.(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	1778655	—	1778655	74.18	2116730	—	2116730	88.28	14.10
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other...	—	—	—	—	—	—	—	—	—
Sub-Total (A)(1):	1778655	—	1778655	74.18	2116730	—	2116730	88.28	14.10
(2) Foreign									
a) NRIs-Individuals	—	—	—	—	—	—	—	—	—
b) Other-Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corporate	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other...	—	—	—	—	—	—	—	—	—
Sub-Total (A)(2):	—	—	—	—	—	—	—	—	—
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	1778655	—	1778655	74.18	2116730	0	2116730	88.28	14.10
B. Public Shareholding									
(1) Institutions									
a) Mutual Fund	—	—	—	—	—	—	—	—	—
b) Banks / FI	194865	—	194865	8.13	106389	—	106389	4.44	–3.69
c) Central Govt.	—	—	—	—	—	—	—	—	—
d) State Govt.(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	40220	—	40220	1.68	—	—	—	—	–1.68
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (B)(1):	235085	—	235085	9.81	106389	—	106389	4.44	–5.37

SWARAJ AUTOMOTIVES LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2015)				No. of shares held at the end of the year (as on 31-03-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	256	94994	95250	3.97	3281	90100	93381	3.89	-0.08
ii) Overseas	204132	—	204132	8.51	—	—	—	—	-8.51
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakh	21000	38591	59591	2.49	22674	34539	57213	2.39	-0.10
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	25000	—	25000	1.04	24000	—	24000	1.00	-0.04
c) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (B)(2):	250388	133585	383973	16.01	49955	124639	174594	7.28	-8.73
Total Public Shareholding (B)=(B)(1)+(B)(2)	485473	133585	619058	25.82	156344	124639	280983	11.72	-14.10
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	2264128	133585	2397713	100.00	2273074	124639	2397713	100.00	—

(ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (as on 01-04-2015)			Shareholding at the end of the year (as on 31-03-2016)			% 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	
Mahindra & Mahindra Ltd.	1706925	71.19	—	—	—	—	-71.19
Punjab State Industrial Development Corp. Ltd.	71730	2.99	—	—	—	—	-2.99
B4S Solutions Pvt. Ltd.	—	—	—	2116730	88.28	—	88.28
Total	1778655	74.18	—	2116730	88.28	—	14.10

(iii) Change in Promoters Shareholding

	Shareholding at the beginning of the year (as on 01-04-2015)		Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	1778655	74.18	1778655	74.18
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	338075* (Open Offer by new promoter)	14.10
At the end of the year	1778655	74.18	2116730	88.28

*M/s b4S Solutions Private Ltd. acquired the entire equity stake held by the Company's promoters viz. Mahindra & Mahindra Ltd. (1706925 equity shares on 1st February, 2016) and Punjab State Industrial Development Corporation Ltd. (71730 equity shares on 24th December, 2015). Pursuant to SEBI (SAST) Regulations, b4S Solutions Private Ltd. gave open offer to the shareholders of the Company and acquired 338075 equity shares. The entire process was completed on 1st February, 2016 and accordingly, b4S Solutions Private Ltd. became the new promoter of the Company w.e.f. 1st February, 2016.

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

Name of Shareholder	Shareholding at the beginning of the year (as on 01-04-2015)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
	No. of Shares	% of total shares of Company	Increase/ (Decrease)	Date/ Reason	No. of Shares	% of total shares of Company
1. ICICI Bank Limited	106389	4.44	-	-	106389	4.44
2. Punjab Wireless Systems Limited	90000	3.75	-	-	90000	3.75
3. RajendraDhirajlal Gandhi	-	-	25000 (1000)	10-07-2015/ Market Purchase	24000	1.00
4. P PZibi Jose	2000	0.08	4994	23-10-2015/ Market Sale	6994	0.29
5. Gursharan Kaur	5000	0.21	-	06-11-2015/ Market Purchase	5000	0.21
6. Lenus Finvest Private Limited	-	-	3000	25-03-2016/ Market Purchase	3000	0.13
7. Satinder Kaur	2400	0.10	-	-	2400	0.10
8. Shital Navinbhai Chokshi	-	-	1250	30-10-2015/ Market Purchase	1250	0.04
9. Harish Chandra	1000	0.04	-	-	1000	0.04
10. Anagha Vinayak Joshi	600	0.03	-	-	600	0.03

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

(v) Shareholding of Directors and Key Managerial Personnel

Name of Director and KMP	Shareholding at the beginning of the year (as on 01-04-2015)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2015 to 31-3-2016)	
	No. of Shares	% of total shares of Company	Increase/ (Decrease)	Date/ Reason	No. of Shares	% of total shares of Company
Directors	—	—	—	—	—	—
KMPs						
1. Sh. Rajesh K Kapila, Company Secretary	11	—	—	01-02-2016/ Open offer	11	—

*Consequent to his resignation, Mr. Rajesh K Kapila ceased to be the Company Secretary and Key Managerial Personnel of the Company w.e.f. 3rd February, 2016.

V. Indebtedness

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

VI. Remuneration of Directors and Key Managerial Personnel

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

S. No.	Particulars of Remuneration	Mr. Arun Arora (Manager)#	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	39.78	1.69	5.93	47.40
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	1.29	—	—	1.29
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	—	—	—	—
2	Stock Option*	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission				
	— as % of profit	—	—	—	—
	— others	—	—	—	—
5	Others	—	—	—	—
	Total (A)	41.07	1.69	5.93	48.69

*Excludes stock options from Holding Company - Mahindra & Mahindra Ltd.

Consequent to his resignation, Mr. Arun Arora ceased to be the Manager and Key Managerial Personnel of the Company w.e.f. 3rd February, 2016.

^Appointed w.e.f. 4th February, 2016.

B. Remuneration to other Directors:

1. Independent Directors

(Rs. in lacs)

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Hardeep Singh (Ceased w.e.f. 03-02-2016)	Mrs. Neera Saggi (Ceased w.e.f. 03-02-2016)	Mr. J.B. Kapil (Appointed w.e.f. 03-02-2016)	Mr. Rajiv Sharma (Appointed w.e.f. 03-02-2016)	
– Fee for attending Board/Committee Meetings	4.10	4.10	0.70	0.70	9.60
– Commission	-	-	-	-	-
– Others -	-	-	-	-	-
Total (B)(1)	4.10	4.10	0.70	0.70	9.60

2. Other Non-Executive Directors

(Rs. in Lacs)

Particulars of Remuneration	Name of Directors	Total Amount
– Fee for attending Board/Committee Meetings	-	-
– Commission	-	-
– Others	-	-
Total (B)(2)	-	-
Total (B) = (B)(1) + (B)(2)		
		9.60

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 lacs)

Particulars of Remuneration	Mr. Rajesh K. Kapila (Company Secretary)#	Mr. Kulvinder S. Dhiman (CFO)#	Mr. Gagan Kaushik (Company Secretary)	Mr. Jagdish Lal (CFO)^	Total Amount
1 Gross Salary					
(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	22.62	9.50	1.4	2.6	36.12
(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.71	–	–	–	0.71
(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–	–
2 Stock Option*	–	–	–	–	–
3 Sweat Equity	–	–	–	–	–
4 Commission					
- as % of profit	–	–	–	–	–
- others	–	–	–	–	–
5 Others -	–	–	–	–	–
Total (C)	23.33	9.50	1.4	2.6	36.83

*Excludes stock options from Holding Company - Mahindra & Mahindra Ltd.

Consequent to their resignations, Mr. Rajesh K Kapila and Mr. Kulvinder S Dhiman ceased to be the Company Secretary and Chief Financial Officer respectively of the Company and also Key Managerial Personnel of the Company w.e.f. 3rd February, 2016.

^Appointed w.e.f. 4th February, 2016.

VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2016.

ANNEXURE C TO DIRECTORS' REPORT

Particulars as per the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2016

A. CONSERVATION OF ENERGY:

(a) Steps taken for conservation of energy:

1. Installations of PLC on 400 MT Fine blanking press resulting in productivity improvement and savings in energy consumption.
2. Installation of magnetic type seal coupling on motor pump unit at P.U. Machine to avoid excess running of machine.
3. Digital temperature indicator cum controller unit installed on P.T. Tank heaters to reduce energy consumption.
4. Installed capacitor on 20 HP Submersible pump motor to reduce line current.
5. Installation of Electronic timer on Powder Coating Agitator motors to avoid idle running of motor.

(b) Steps taken by the company for utilising alternate sources of energy: The Company is exploring potential of using alternate source of energy which may be considered for implementation in future.

(c) Capital investments on energy conservation equipments: Nil

Total annual estimated savings for the year - Rs. 6.50 lacs

B. TECHNOLOGY ABSORPTION:

(a) The efforts made towards technology absorption:

The Company's focus during the year under review continued to be on the technology upgradation and development of seats & seat mechanisms and agri implements. The Company's on-going programmes on product improvement for performance, reliability and upgradation of products with customer as focus continued with vigour.

(b) Benefits derived as a result of the above efforts: Development of new products

(c) No technology has been imported during the last 3 years.

(d) Expenditure on R&D: The Company spent revenue expenditure of Rs.1.51 lacs on Research & Development work during the year, which was 0.01% of the total turnover.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No. 2.33 of Notes on Accounts in the Annual Report.

FOR AND ON BEHALF OF THE BOARD

Place : Ghaziabad
Date : 10th May, 2016

J.B.KAPIL
Chairman

BALANCE SHEET AS AT 31ST MARCH, 2016
(Rs. in Lacs)

Particulars	Note	2016	2015
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	239.77	239.77
Reserves & Surplus	2.2	<u>2379.35</u>	<u>2277.03</u>
		2619.12	2516.80
Non-Current Liabilities			
Other Long-term Liabilities	2.3	3.95	7.65
Long-term Provisions	2.4	<u>230.85</u>	<u>288.00</u>
		234.80	295.65
Current Liabilities			
Trade Payables	2.5	1719.04	1969.08
Other Current Liabilities	2.6	52.48	49.94
Short-term Provisions	2.7	<u>287.67</u>	<u>259.68</u>
TOTAL		<u>4913.11</u>	<u>5091.15</u>
ASSETS			
Non-Current Assets			
Fixed Assets	2.8		
– Tangible Assets		898.94	930.82
– Intangible Assets		–	0.08
– Capital Work-in-progress		86.39	51.82
– Capital Spares		0.49	0.89
Deferred Tax Assets (Net)	2.9	127.67	115.53
Long-term Loans & Advances	2.10	<u>22.54</u>	<u>27.08</u>
		1136.03	1126.22
Current Assets			
Inventories	2.11	572.40	582.34
Trade Receivables	2.12	1631.17	2007.96
Cash & Cash Equivalents	2.13	1049.57	766.13
Short-term Loans & Advances	2.14	503.10	576.43
Other Current Assets	2.15	<u>20.84</u>	<u>32.07</u>
		3777.08	3964.93
TOTAL		<u>4913.11</u>	<u>5091.15</u>
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached

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

J.S. CHOPRA
Partner
Membership No. 087476

JAGDISH LAL
Chief Financial Officer

GAGAN KAUSHIK
Company Secretary

Chandigarh, 10th May, 2016

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

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

R.K. SHARMA
Managing Director

JEEVAN MAHALDAR
Executive Director

Ghaziabad, 10th May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016 (Rs. in Lacs)

Particulars	Note	2016	2015
Revenue from Operations (Gross)	2.16	10542.77	10363.54
Less : Excise Duty		<u>979.04</u>	<u>980.62</u>
Net Revenue from Operations		9563.73	9382.92
Other Income	2.17	84.57	77.69
Total Revenue		<u>9648.30</u>	<u>9460.61</u>
Expenses			
Cost of Materials Consumed	2.18	7124.34	7007.76
Changes in Inventories of Finished Goods and Work-in-Progress	2.19	(57.18)	(105.44)
Employee Benefits Expense	2.20	1530.58	1497.75
Finance Costs	2.21	2.29	1.34
Depreciation & Amortization Expense	2.8	80.07	96.10
Other Expenses	2.22	<u>662.34</u>	<u>609.36</u>
Total Expenses		<u>9342.44</u>	<u>9106.87</u>
Profit for the year		305.86	353.74
Prior period adjustments		(-) 8.25	(+) 3.27
Profit Before Exceptional and Extraordinary items and Tax		297.61	357.01
Exceptional and Extraordinary items		—	—
Profit Before Tax		297.61	357.01
Tax Expense			
— Current Tax	106.46		135.13
— Deferred Tax (Net)	(12.13)		(19.45)
— Short Tax provision of earlier year	<u>(0.04)</u>	94.29	—
Profit After Tax		203.32	241.33
Earning per Equity Share	2.29		
Basic / Diluted Earning Per Share (Rs.)		8.48	10.07
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached

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

For J. S. CHOPRA & ASSOCIATES
Chartered Accountants (FRN008849N)FOR AND ON BEHALF OF THE BOARD
J.B. KAPIL
ChairmanJ.S. CHOPRA
Partner
Membership No. 087476JAGDISH LAL
Chief Financial OfficerR.K. SHARMA
Managing DirectorGAGAN KAUSHIK
Company SecretaryJEEVAN MAHALDAR
Executive Director

Chandigarh, 10th May, 2016

Ghaziabad, 10th May, 2016

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

The financial statements are prepared in accordance with historical cost convention and on accrual basis, and as per applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

1.2 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.3 REVENUE RECOGNITION

- i) Sales are recognised at the time of despatches to customers or their respective transporters for onward despatches and upon transfer of ownership to customers. Impact of variation in selling price with respect to goods sold, are recognised as and when confirmed. Sales include excise duty, wherever applicable. Sales are recorded net of Trade Discounts, Rebates & Sales Tax. In respect of Toolings developed for the customers to be used for the production of components, sale is recognised on completion of such Toolings.
- ii) Incomes from services rendered are booked based on agreements / arrangements with the concerned parties.
- iii) Interest on fixed deposits is recognized on a time proportion basis taking into account the underlying interest rate.

1.4 PROVISIONS & CONTINGENT LIABILITIES

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

Contingent Liabilities are not recognised in the financial statements but disclosed in the Notes.

1.5 FIXED ASSETS / DEPRECIATION

- i) Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on a Straight-Line Method based on useful life basis as specified and in the manner prescribed in Schedule II to the Companies Act, 2013, except for the fixed assets mentioned in para (ii) to (v) below. Cost is inclusive of Freight, Duties, Levies and any other directly attributable cost of bringing the assets to their working condition for intended use.
- ii) Depreciation on dies manufactured by the Company is charged @ 20%. Depreciation on vehicles (cars) is charged @ 25%.

Intangible Assets (Others than Software) are stated at cost less accumulated amortisation. These are amortised over a period of 6 years, which is the estimated useful life of the asset.

Software expenditure capitalised during the year is amortised over 3 years from the date of its capitalization.

- iii) Capital spares are amortised in a systematic manner over the useful life of the assets to which it relates.
- v) Assets individually costing up to Rs.5000/- are depreciated at 100% within one year from the date of purchase.
- vi) Capital Work in progress includes cost of assets not ready for intended use before the year end.

1.6 INVENTORIES

- i) Stores, Spare Parts, Loose Tools, Raw Materials, Components and Packing Materials are valued at material cost determined on the basis of moving weighted average cost method with due provisioning for non useable / obsolete items and impact of provisioning for price variation, if any.
- ii) Work-in-progress and Finished goods are valued at lower of cost or net realisable value as certified by Management, with due provisioning for slow moving / obsolete items .Cost includes material cost and an appropriate portion of manufacturing overheads, wherever applicable, incurred in bringing them to their present location and condition. Finished goods include excise duty, wherever applicable.
- iii) Scrap / damaged goods value is incorporated in books on the basis of expected realisable value.
- iv) Rejected goods pending for quality approval are valued at 10% of the actual cost till further disposal/rework.

1.7 EMPLOYEE BENEFITS

- (i) Defined contribution plans

The Company's contribution to Provident Fund is considered as defined contribution plan and is charged as an expense to the Statement of Profit and Loss for the year when the contributions are due. The Company contributes to Life Insurance Corporation of India to cover its liability towards its master policies of employees' superannuation and gratuity. Payment of gratuity at the time of retirement is routed through the trust created by the company.

- (ii) Defined benefit plans

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

- (iii) Short term employee benefits

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

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

The employees of the Company are entitled to compensated absences. The Company has a policy for leave encashment, whereby the balance of leave is either availed or encashed in

the following year, and hence the same is classified as short term. The short term leave encashment liability has been measured based on the actual leave balance outstanding at the year end.

1.8 RESEARCH & DEVELOPMENT

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

1.9 TAXATION

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961. Advance tax and provision for current tax are presented in the balance sheet after off-setting advance tax paid and income tax provisions.
- (ii) Deferred Tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax charge or credit is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax liabilities are recognised for all timing differences.

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

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

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

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

1.10 GRANTS-IN-AID

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

1.11 FOREIGN CURRENCY TRANSACTIONS

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

1.12 PRODUCT WARRANTY

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

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

2.1 SHARE CAPITAL

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Authorised		
Equity Shares, Rs.10/- par value		
30,00,000 (2015 - 30,00,000) Equity Shares	300.00	300.00
Redeemable Cumulative Preference Shares, Rs.100/- par value		
50,000 (2015 - 50,000) Redeemable Cumulative Preference Shares	50.00	50.00
	350.00	350.00
Issued, Subscribed & Paid-up		
Equity Shares, Rs.10/- par value		
23,97,713 (2015 - 23,97,713) Equity Shares fully paid-up	239.77	239.77
	239.77	239.77

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

The Company declares and pays dividend in Indian Rupees. The Board of Directors, in their meeting held on 10th May, 2016 proposed a dividend of Rs.3.50 per equity share. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2016 amounted to Rs.101.00 lacs including corporate dividend tax of Rs. 17.08 lacs (2015 - Rs.101.00 lacs including corporate dividend tax of Rs.17.08 lacs).

Equity Shares held by Holding Company on 31-03-2016 :

– Name of Holding Company	b4S Solutions Pvt. Limited
– Shares Held	21,16,730 (88.28%)

Equity Shareholders holding more than 5% shares :

Name	As at 31st March			
	2016		2015	
	No. of Shares Held	% of Shareholding	No. of Shares Held	% of Shareholding
b4S Solutions Private Limited	21,16,730	88.28%	–	–
Mahindra & Mahindra Limited	–	–	17,06,925	71.19%
CDC-PTL Holdings Limited	–	–	2,04,132	8.51%

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

	As at 31st March			
	2016		2015	
	No. of Shares	Share Capital (Rs. in Lacs)	No. of Shares	Share Capital (Rs. in Lacs)
Number of equity shares at the beginning	23,97,713	239.77	23,97,713	239.77
Movement in equity shares during the year	–	–	–	–
Number of equity shares at the closing	23,97,713	239.77	23,97,713	239.77

In the last 5 years, the Company has not :

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

2.2 RESERVES AND SURPLUS
(Rs. in Lacs)

Particulars	As at 31st March			
	2016		2015	
General Reserve - Opening Balance	1772.24		1722.24	
Add : Transfer from Surplus	50.00	1822.24	50.00	1772.24
Surplus - Opening Balance	504.79		471.33	
Less : Adjustment for carrying value of Assets	—		56.87	
	504.79		414.46	
Add : Profit for the Year	203.32		241.33	
	708.11		655.79	
Less : Appropriations				
Proposed Dividend	83.92		83.92	
Tax on Proposed Dividend	17.08		17.08	
Transfer to General Reserve	50.00	557.11	50.00	504.79
		2379.35		2277.03

2.3 OTHER LONG TERM LIABILITIES
(Rs. in Lacs)

Particulars	As at 31st March			
	2016		2015	
Grants-in-Aid (Refer Note 1.10)				
Capital Grant				
Opening Balance	7.64		11.34	
Less : Depreciation	3.70	3.94	3.70	7.64
Deposits & Earnest Money		0.01		0.01
		3.95		7.65

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

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

2.4 LONG TERM PROVISIONS
(Rs. in Lacs)

Particulars	As at 31st March			
	2016		2015	
Provision for Employee Benefits (Refer Note 1.7)				
– Provision for Gratuity (Refer Note 2.34)	139.77		199.79	
– Provision for Leave Encashment	91.08		88.21	
	230.85		288.00	

2.5 TRADE PAYABLES (Refer Note 2.35)

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Trade Payables - Micro & Small Enterprises	68.78	157.56
Trade Payables - Other than Micro & Small Enterprises	1481.12	1661.11
Accruals	169.14	150.41
	1719.04	1969.08

2.6 OTHER CURRENT LIABILITIES

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Grants-in-Aid (Refer Note 1.10 & 2.3)		
– Capital Grant	3.70	3.70
Deposits & Earnest Money	1.35	1.00
Advances from Customers	4.89	12.12
Unpaid / Unclaimed Dividend *	4.01	3.74
Other Liabilities		
– Statutory Dues Payable	38.53	29.38
	52.48	49.94

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2016.

2.7 SHORT-TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Provision for Employee Benefits (Refer Note 1.7)		
– Provision for Gratuity (Refer Note 2.34)	90.79	60.65
– Provision for Leave Encashment	91.79	91.17
	182.58	151.82
Others		
– Proposed Dividend	83.92	83.92
– Tax on Proposed Dividend	17.08	17.08
– Provision for Warranty	4.09	5.25
– Income Tax (net of provisions) (Refer Note 1.9)	–	1.61
	105.09	107.86
	287.67	259.68

2.8 FIXED ASSETS
(Rs. in Lacs)

(Refer Note 1.5)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Cost as at 01.04.2015	Additions during the year	Sale/ Adjust- ments during the year	Cost as at 31.03.2016	As at 01.04.2015	Provided during the year	Disposal/ Adjust- ments* during the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
A) TANGIBLE ASSETS										
Land - Freehold *	451.81	—	—	451.81	—	—	—	—	451.81	451.81
Buildings **	415.86	—	—	415.86	277.38	8.21	—	285.59	130.27	138.48
Plant & Machinery	1050.65	42.86	(3.96)	1089.55	783.93	49.32	(1.92)	831.33	258.22	266.72
Electrical Installations	126.96	0.29	1.37	128.62	108.98	1.67	0.99	111.64	16.98	17.98
Furniture & Fixtures	17.11	1.97	—	19.08	10.70	1.40	—	12.10	6.98	6.41
Office Equipments	133.77	4.65	—	138.42	107.69	9.01	—	116.70	21.72	26.08
Vehicles	121.59	—	—	121.59	98.25	10.38	—	108.63	12.96	23.34
TOTAL (A)	2317.75	49.77	(2.59)	2364.93	1386.93	79.99	(0.93)	1465.99	898.94	930.82
B) INTANGIBLE ASSETS										
Software	31.45	—	—	31.45	31.37	0.08	—	31.45	—	0.08
TOTAL (B)	31.45	—	—	31.45	31.37	0.08	—	31.45	—	0.08
GRAND TOTAL (A+B)	2349.20	49.77	(2.59)	2396.38	1418.30	80.07	(0.93)	1497.44	898.94	930.90
Previous Year	2262.21	103.14	(16.15)	2349.20	1249.79	96.10	72.41	1418.30	930.90	1012.42
Capital Work-in-progress									86.39	51.82
Capital Spares									0.49	0.89

* Includes non commercial plot of Rs 449.08 Lacs

** Includes construction cost on non commercial plot of Rs 3.00 Lacs

Depreciation for the year on Motor vehicles, Air Conditioners and Coolers, Office Equipment and certain Plant & Machinery costing Rs.1110.09 lacs (2015 - Rs.389.36 lacs) has not been charged since 95% of its original cost has already been charged to depreciation.

2.9 DEFERRED TAX

(Refe Note No. 1.9)

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Defferred Tax Liabilities		
– Difference between book & tax depreciation	66.88	71.86
Deferred Tax Assets		
– Provision for Employees Cost	(150.04)	(146.15)
– Others (Refer Note 2.36)	(44.51)	(41.24)
Deferred Tax Liabilities / (Assets)	(127.67)	(115.53)

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

2.10 LONG-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Capital Advances	–	3.47
Security Deposits	19.61	20.11
Prepaid Expenses	2.93	3.50
	22.54	27.08

2.11 INVENTORIES

(Refer Note 1.6)

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Raw Materials & Components	218.29	286.91
Work-in-Progress	119.98	110.91
Finished Goods	197.78	149.67
Stores and Spares	24.74	24.56
Loose Tools	11.61	10.29
	572.40	582.34

Inventory as at 31st March, 2016 has been physically verified and certified by the Management.

2.12 TRADE RECEIVABLES
(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Debts outstanding from the date they are due for payment		
Unsecured for more than six months		
– Considered Doubtful	48.28	37.09
Less : Provision for doubtful debts	48.28	37.09
– Considered good	110.84	101.01
Unsecured for less than six months		
– Considered good *	1520.33	1906.95
	1631.17	2007.96

* Include dues from Holding Company amounting to Rs. Nil lacs (2015 - Rs.803.27 lacs) (Refer Note 2.28).

Provision for doubtful debts - as at 31st March, 2016 :

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

2.13 CASH & CASH EQUIVALENTS
(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Cash on hand	1.27	0.65
Balances with Banks		
– In Current Accounts	264.26	146.91
Balance with Banks held as Margin Money and Deposit against Guarantees	14.58	12.90
Other Bank Balances		
– Deposit Account with more than 12 months maturities	112.62	260.58
– Deposit Account with less than 12 months maturities	652.83	341.35
Unpaid/Unclaimed Dividend Accounts	4.01	3.74
	1049.57	766.13

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

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

Cash and cash equivalents as of 31st March, 2016 include restricted cash and bank balances of Rs.18.59 lacs (2015 - Rs.16.64 lacs). The restrictions are primarily on account of cash and bank balances held as margin money and deposits against guarantees and unpaid / unclaimed dividends.

2.14 SHORT-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Deposit with Excise & Taxation Authorities	4.89	28.64
Insurance Claim recoverable	1.47	0.23
Prepaid Expenses	7.27	7.28
Advances to Suppliers	10.98	10.96
Advances to Employees	1.59	1.99
Balance with Excise Authorities	36.73	19.31
Security Deposits	10.49	9.70
Value Added Tax Recoverable	414.87	482.26
Income Tax (net of provisions) (Refer Note 1.9)	8.19	–
Others	6.62	16.06
	503.10	576.43

2.15 OTHER CURRENT ASSETS**(Rs. in Lacs)**

Particulars	Year ended 31st March	
	2016	2015
Interest Accrued on Fixed Deposits	20.84	32.07
	<u>20.84</u>	<u>32.07</u>

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

Particulars	Year ended 31st March	
	2016	2015
Sale of Products (Refer Note 2.32 A)	10477.17	10275.61
Other Operating Revenues		
– Sale of Scrap	65.60	87.93
	<u>10542.77</u>	<u>10363.54</u>

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

Particulars	Year ended 31st March	
	2016	2015
Interest Income	59.47	60.84
Profit on Sale of Fixed Assets	0.48	1.25
Miscellaneous Income	24.62	15.60
	<u>84.57</u>	<u>77.69</u>

2.18 COST OF MATERIALS CONSUMED

(Refer Note 2.32 B)

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2016	2015
Opening Stock	297.20	251.83
Add : Purchases	6920.15	6943.75
Job Charges	<u>136.89</u>	<u>109.38</u>
	7354.24	7304.96
Less : Closing Stock	<u>229.90</u>	<u>297.20</u>
	<u>7124.34</u>	<u>7007.76</u>

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

Particulars	Year ended 31st March	
	2016	2015
Opening Stock	260.58	155.14
Less : Closing Stock	<u>317.76</u>	<u>260.58</u>
	<u>(57.18)</u>	<u>(105.44)</u>

2.20 EMPLOYEE BENEFIT EXPENSE**(Rs. in Lacs)**

Particulars	Year ended 31st March	
	2016	2015
Salaries & Wages	1323.31	1253.57
Contribution to Provident & Other Funds	73.20	71.26
Gratuity & Superannuation (Refer Note 1.7)	27.11	63.45
Workmen & Staff Welfare	106.96	109.47
	<u>1530.58</u>	<u>1497.75</u>

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

Particulars	Year ended 31st March	
	2016	2015
Bank Charges	2.29	0.91
Other Interest Cost	—	0.43
	<u>2.29</u>	<u>1.34</u>

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

Particulars	Year ended 31st March	
	2016	2015
Power, Fuel & Water Charges	206.04	188.87
Consumption of Stores & Spares	49.83	37.26
Rent	2.48	2.80
Rates and Taxes	23.15	7.48
Insurance	3.21	4.29
Repairs and Maintenance		
– Buildings	5.52	3.40
– Machinery	41.09	37.42
– Others	37.32	33.46
Postage & Telephone	3.58	3.98
Printing & Stationery	11.82	9.46
Legal and Professional Charges	10.08	10.99
Advertisement	8.40	8.10
Freight Outward	162.02	160.63
Sales Promotion Expenses	6.34	5.40
Travelling & Conveyance Expenses	48.07	48.07
Provision for Bad & Doubtful Debts	11.19	6.10
Auditors' Remuneration		
– Statutory Audit Fees	1.50	1.20
– Other Services	1.85	0.75
– Reimbursement of Expenses	0.72	0.61
Tax Auditors' Fees	0.25	0.25
Cost Auditors' Fees	0.30	—
Directors' Sitting Fees	9.62	2.60
Design & Development Expenses	0.22	1.15
Warranty Claims	6.87	17.22
Loss on Fixed Assets written off	0.42	—
Miscellaneous Expenses	10.45	17.87
	<u>662.34</u>	<u>609.36</u>

2.23 The Company is having Nil outstanding as on 31st March, 2016 (2015 - Nil) against Cash Credit limit from State Bank of Patiala, secured by pari-passu first charge over stocks in trade, stores, spares, book debts and other current assets and additional charge over the fixed assets of the Company.

2.24 CONTINGENT LIABILITIES

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

Contingent Liabilities		(Rs. in Lacs)	
Particulars	As at 31st March		
	2016	2015	
(a) Claims against the Company, not acknowledged as debts*.			
i) Telephone & Telex (Disputed Amount)	1.47	1.47	
ii) Employees / Workers dispute	8.00	8.00	
iii) Excise / Service Tax / Sales Tax demand (pending in appeal)	23.38	10.12	
(b) Counter guarantees to bank	—	—	

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

2.25 COMMITMENTS

(Rs. in Lacs)

Particulars	As at 31st March	
	2016	2015
Estimated amount of contracts remaining to be executed on capital account (net of advances)	11.80	22.54

2.26 CURRENT ASSETS

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

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

2.28 In accordance with Accounting Standard -18, the related party disclosures for the year ended 31st March, 2016 are as follows :

i) Holding Company	Mahindra & Mahindra Limited* b4S Solutions Private Limited*
ii) Fellow Subsidiary	Mahindra Engineering Services Limited**
iii) Key Management Personnel	Shri Arun Arora^ Shri Rama Kant Sharma^^ Shri Jeevan Mahaldar^^

		(Rs. in Lacs)	
		Holding Company	Fellow Subsidiary
iv)	Transactions with related parties :		
(A)	Holding Company & Fellow Subsidiary		
a)	Sale of finished goods	3959.71	—
		(4755.58)	(—)
	Mahindra & Mahindra Limited	3959.71	—
		(4755.58)	(—)
b)	Reimbursement in respect of services received	75.95	—
		(91.90)	(30.28)
	Mahindra & Mahindra Limited	71.37	—
		(91.90)	(—)
	b4S Solutions Private Limited	4.58	—
		(—)	(—)
	Mahindra Engineering Services Limited	—	—
		(—)	(30.28)
c)	Reimbursement in respect of services rendered	93.41	—
		(102.51)	(—)
	Mahindra & Mahindra Limited	93.41	—
		(102.51)	(—)
d)	Inter-Corporate Deposit paid	—	—
		(—)	(—)
e)	Interest paid	—	—
		(—)	(—)
f)	Dividend Paid	59.74	—
		(59.74)	(—)
	Mahindra & Mahindra Limited	59.74	—
		(59.74)	(—)
	Aggregate balances outstanding as at the year end		
—	Receivables	—	—
		(803.27)	(—)
—	Payables	4.49	—
		(2.56)	(—)

Previous year's figures are given in brackets.

		(Rs. in lacs)	
		2016	2015
(B)	Key Management Personnel		
	Remuneration	54.53	51.94

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

**Ceased to be Fellow Subsidiary w.e.f. 08-12-2014 consequent to the merger of Mahindra Engineering Services Limited into Tech Mahindra Limited.

^Ceased to be a key management personnel with effect from 3rd February, 2016 consequent upon his resignation as Manager of the Company.

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

2.29 EARNING PER SHARE (EPS)

Particulars	Year ended 31st March	
	2016	2015
Profit attributable to equity shareholder (Rs. in lacs)	203.32	241.33
Basic/Weighted average number of equity shares	23,97,713	23,97,713
Basic / Diluted Earning Per Share	Rs.8.48	Rs.10.07
(Face Value Rs.10/- per share)		

- 2.30** Miscellaneous income under Other Income includes a sum of Rs.3.70 lacs (2015 - Rs.3.70 lacs) being the depreciation on Plant & Machinery received as Capital Grant in aid which is adjusted against the grant received.
- 2.31** Trade Receivables includes debts aggregating to Rs.48.28 lacs, which may be doubtful of recovery. Adequate provisions for doubtful balances have been made in financial statements. Out of provision for doubtful debts / security deposits made in earlier years, Rs Nil lacs (2015 - Rs.3.40 lacs) has been written off during the year.
- 2.32** Information with regard to Production, Sales & Stocks, as certified by the management.

A. Production, Sales & Stock of Finished Goods

Particulars	Unit	Year ended 31st March	
		2016	2015
i) Seats for Light Commercial Vehicles			
Opening stock	Sets	182	168
Production	"	9678	8371
Sales	"	9738	8357
Closing stock	"	122	182
ii) Seats Others			
Opening stock	Nos.	565	288
Production	"	128160	127102
Sales	"	127125	126825
Closing stock	"	1600	565
iii) Seat Components			
Opening stock	Nos.	5540	5109
Production	"	2244466	2170967
Sales	"	2237360	2170536
Closing stock	"	12646	5540
iv) Agricultural Implements			
Opening stock	Nos.	157	-
Production	"	2862	2258
Sales	"	2932	2101
Closing stock	"	87	157
v) Sales of Products (including Excise Duty)		2016	2015
		(Rs. in Lacs)	(Rs. in Lacs)
Seat Components		4537.27	4665.06
Seats of Light Commercial Vehicles		714.48	550.34
Tools, Dies & Fine Blanking Components		30.34	-
Exhaust Brake & Cover Service Hole		31.40	22.12
Tractor Parts		3370.59	3627.79
Agricultural Implements		1793.09	1410.31
		10477.17	10275.61

Due to change in accounting policy relating to sales recognition in the current year, sales revenue for 2015-16 has decreased by Rs.102.35 lacs in comparison to 2014-15.

B (i) Consumption of Raw Materials & Components

Particulars	UM	Year ended 31st March			
		2016		2015	
		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
PU Foam Material	MT	195.94	313.77	160.99	276.74
CRCA Sheet & Steel Sheet	MT	1221.83	592.51	759.10	446.41
Paints & Chemicals	MT	121.84	186.88	118.42	183.01
Trim Comp., Frames & Silencer etc.	Nos. (in lacs)	6.26	499.84	5.96	450.01
Stopper, B. Plates, Arm Plate, H Plate	"	50.82	450.66	50.34	492.04
Guide Block, Sect-disc Lever etc.	"	70.21	625.04	67.86	621.28
Upper Rail, Lower Rail, Pawl Lock etc.	"	27.70	480.58	25.08	466.39
Tractor Seat Parts	-	—	1332.85	—	1440.62
Agricultural Implement Parts	-	—	1665.43	—	1478.06
Packing Materials	-	—	148.36	—	158.44
Job Work Charges	-	—	136.89	—	109.38
Others	-	—	691.52	—	885.38
			7124.34		7007.76

Notes:

- It is not possible to furnish quantitative information of all the components in view of large number of items varied in size and nature.
- Quantities and values of all items in Analysis of Raw Materials consumed represent the issues from stores made during the year. The figure of others is a balancing figure, based on total consumption shown in Note 2.18 and includes adjustments for excess / shortage found on physical verification.

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

Particulars	Year ended 31st March			
	2016		2015	
	%age	Rs. in Lacs	%age	Rs. in Lacs
a) Raw material & Components				
i) Imported	—	—	0.49	34.58
ii) Indigenous	100.00	7124.34	99.51	6973.18
	100.00	7124.34	100.00	7007.76
b) Stores & Spares				
i) Imported	—	—	—	—
ii) Indigenous	100.00	49.83	100.00	37.26
	100.00	49.83	100.00	37.26

2.33 Value of Import on CIF Basis**(Rs. in Lacs)**

Particulars	Year ended 31st March	
	2016	2015
Raw Materials & Components	—	37.38
Stores & Spares	—	—
	—	37.38

2.34 Employee Defined Benefits:

Defined benefit plans - as per Actuarial Valuation

(Rs. in Lacs)**Gratuity Plan**

	2016	2015
I. Expenses Recognised in the Statement of Profit & Loss Account		
1. Current Service Cost	21.71	21.16
2. Interest	36.66	35.28
3. Expected Return on plan assets	(19.33)	(19.67)
4. Actuarial (Gain) / Loss	(13.07)	23.49
5. Total Expense	25.97	60.26
II. Net Asset / (Liability) recognised in the Balance Sheet		
1. Present value of Defined Benefit Obligation	475.54	500.18
2. Fair Value of plan assets	244.98	239.73
3. Funded Status [Surplus / (Deficit)]	(230.56)	(260.45)
4. Net Asset / (Liability)	(230.56)	(260.45)
III. Change in the obligation during the year		
1. Present value of Defined Benefit Obligation as at beginning of the year	500.18	476.57
2. Current service cost	21.71	21.16
3. Interest Cost	36.66	35.28
4. Benefit payments	(72.23)	(54.21)
5. Actuarial (Gain) / Loss	(10.78)	21.38
6. Present value of Defined benefit Obligation as at end of the year	475.54	500.18
IV. Change in the Fair Value of Assets		
1. Fair Value of plan assets at the beginning of the year	239.73	227.36
2. Expected return on plan assets	19.33	19.67
3. Contribution by employer	55.86	49.02
4. Actual benefits paid	(72.23)	(54.21)
5. Actuarial Gain / (Loss) on Plan assets	2.29	(2.11)
6. Fair value of plan assets at the end of the year	244.98	239.73
7. Actual return on plan assets	21.63	17.56

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

Funded with LIC	100%	100%
------------------------	-------------	-------------

VI. Actuarial Assumptions

	2016	2015
1. Imputed Rate	7.90%	7.85%
2. Expected rate of return on plan assets	8.35%	8.75%
3. In-service Mortality	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
4. Turnover Rate	5.00%	5.00%
5. Salary Rise - Officers/workers	10% / 5%	8% / 6%
6. Remaining Working life	15.64 Yrs	13.95 Yrs

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

		(Rs. in Lacs)	
S.No	Particulars	2016	2015
(a)	Dues remaining unpaid as at 31st March		
	– Principal	–	–
	– Interest on above	–	–
(b)	Interest paid in terms of section 16 of the act along with the amount of payments made to the supplier beyond the appointed date during the year		
	– Principal paid beyond the appointed date	870.50	222.38
	– Interest paid in terms of section 16 of the act	0.68	0.08
(c)	Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	4.30	0.68
(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	4.30	0.68

2.36 Prior period adjustments includes income / expenses pertaining to earlier years amounting to Rs.8.25 lacs (2015 - Rs.3.27 lacs).

2.37 Research & Development Expenditure.

		(Rs. in Lacs)	
Particulars	Year ended 31st March		
	2016		2015
a. Revenue Expenditure (Charged to Statement of Profit and Loss)	0.22		1.15
b. Capital Expenditure (Capitalised under CWIP/Assets)	74.95		46.63
	75.17		47.78

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016 (Rs. in Lacs)

	2016	2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	297.61	357.01
Adjustments for :		
Depreciation	80.07	96.10
Interest Paid	—	0.43
Provision for Earned Leave & Gratuity	(26.39)	31.96
Provision for Doubtful Debts & Warranty	10.03	10.28
Interest Income	(59.47)	(60.84)
Profit on Sale of Assets	(0.05)	(1.25)
Adjustment in fixed assets	—	—
Capital grant-in-aid	(3.70)	72.98
Operating Profit before Working Capital Changes	298.10	429.99
Adjustments for:		
Trade Receivables	365.60	102.02
Inventories	9.95	(150.51)
Loans & Advances	97.29	(138.82)
Trade Payables	(247.49)	(189.95)
Cash Generated From Operations	523.45	240.04
Direct taxes refund/(paid)	(116.23)	(133.33)
Net Cash From Operating Activities	407.22	106.71
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(83.95)	(121.18)
Sale of Fixed Assets	1.71	6.28
Interest received	59.47	(54.06)
Net Cash Used in Investing Activities	(22.77)	(54.06)

	2016	2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Corporate Loans		
Dividend paid	(101.00)	(98.18)
Interest Paid	—	(0.43)
Net Cash Used in Financing Activities	(101.00)	(98.61)
Net Increase/(Decrease) in Cash & Cash Equivalents	283.45	(45.96)
Opening Cash & Cash Equivalents (#1)	766.13	812.09
Closing Cash & Cash Equivalents (#2)	1049.58	766.13
#1 Cash & Bank Balances	766.13	812.09
Cash Credit Account	—	—
Opening Cash & Cash Equivalents	766.13	812.09
#2 Cash & Bank Balances	1049.58	766.13
Cash Credit Account	—	—
Closing Cash & Cash Equivalents	1049.58	766.13

Notes:

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

As per our report of even date attached

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

J.S. CHOPRA
Partner
Membership No. 087476

JAGDISH LAL
Chief Financial Officer

GAGAN KAUSHIK
Company Secretary

Chandigarh, 10th May, 2016

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

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

R.K. SHARMA
Managing Director

JEEVAN MAHALDAR
Executive Director

Ghaziabad, 10th May, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Swaraj Automotives Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Swaraj Automotives Limited ("the Company") which comprise the Balance Sheet as at 31 March 2016, the statement of Profit and Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management and Board of Directors of the Company, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

Place : Chandigarh
Dated : 10 May, 2016

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

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Swaraj Automotives Limited ("the Company") for the year ended 31 March 2016. We report that:

(i) In respect of Fixed Assets:

- a. The Company has maintained proper records to show full particulars, including quantitative details and situation of Fixed Assets;
- b. According to the information and explanations given to us, the management has a policy of physical verification of fixed assets in a phased manner. Some of these fixed assets have been physically verified by the management during the current year and the discrepancies noticed on comparison between book records and physical inventory were not material and have been properly dealt with in the books of accounts. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
- c. The title deeds of immovable properties are held in the name of the company.

(ii) In respect of Inventory:

- a. The inventory of finished goods, stores, spare parts and raw materials of the Company in its possession have been physically verified by the management at reasonable period. Stock-in-transit as on 31st March 2016 has been verified by the management on subsequent receipt of the goods.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of inventories, we are of the opinion that the Company has maintained proper records for inventory. According to the information and explanations given to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records, and these have been properly dealt with in the books of accounts.

(iii) According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

(v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) On the basis of information given to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India, under sub section (1) of section 148 of the Companies Act 2013, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

(vii) In respect of statutory dues:

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

According to information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding for a period of more than six months as at 31 March, 2016 from the date they became payable.

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

S.No.	Name of the Statute	Nature of the dues	Amount of Tax Liability (Rs. Lacs)	Period to which the amount relates	Forum where dispute is Pending
1.	Central Excise	Excise Duty	0.34	2005-06	Appellate Tribunal
2.	Central Excise	Excise Duty	9.78	2005-06 to April 2008	Appellate Tribunal
3.	Central Excise	Excise Duty	13.26	March 2009 to Dec. 2011	Commissioner Appeals
4.	Central Excise	Service Tax	3.00	2008-09 to Oct. 2009	Appellate Tribunal
	Total		26.38		

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

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

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

Place : Chandigarh
Dated : 10 May, 2016

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

ANNEXURE A TO AUDITORS REPORT

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

We have audited the internal financial controls over financial reporting of Swaraj Automotives Limited, ("the Company") as on 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Place : Chandigarh
Dated : 10 May, 2016

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

SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Registered Office :

C-127, IV Floor, Satguru Infotech, Phase VIII, Industrial Area, S.A.S. Nagar (Mohali), Punjab-160071

Tel : 0172-4628127, Fax : 0172-4628127, Email : kaushik.gagan@swarajenterprise.com

Website : www.swarajenterprise.com

41st Annual General Meeting - 10th August, 2016

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*

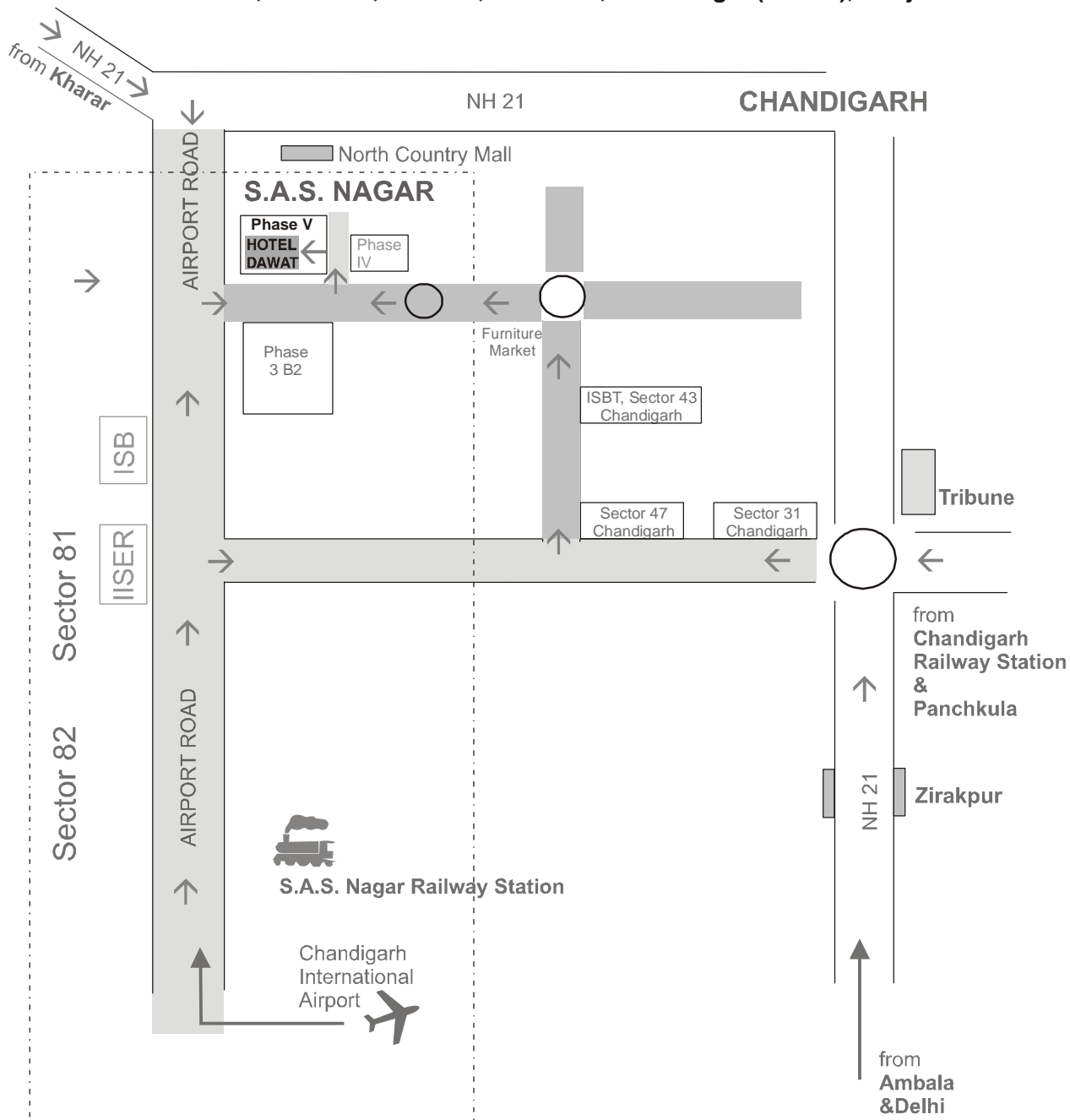
I hereby record my presence at the 41st ANNUAL GENERAL MEETING of the Company at Hotel Dawat, SCO 10C, Phase-V, Sector 59, S.A.S. Nagar (Mohali), Punjab -160 059 on Wednesday, the 10th August, 2016 at 3:00 p.m.

*To be used for shares held in
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY

ROUTE MAP FOR AGM VENUE

Hotel Dawat, SCO-10C, Phase-V, Sector-59, S.A.S Nagar (Mohali), Punjab-160059



SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

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

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

Tel : 0172-4628127, Fax : 0172-4628127

Email:kaushik.gagan@swarajenterprise.com, Website: www.swarajenterprise.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 41st Annual General Meeting of the Company, to be held on Wednesday, 10th August, 2016 at 3.00 p.m. at Hotel Dawat, SCO-10C, Phase-V, Sector-59, S.A.S Nagar (Mohali), Punjab-160059 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions		Optional*	
S.No.	Ordinary Business	For	Against
1	To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016, and the Reports of the Directors and the Auditors thereon		
2	Declaration of Dividend on Equity Shares		
3	Appointment of Auditors and fix their remuneration		
Special Business			
4	Appointment of Mr. Rama Kant Sharma (DIN 00640581) as Director of the Company		
5	Appointment of Mr. Jai Bhagwan Kapil (DIN 01894348) as Director of the Company		
6	Appointment of Mr. Jamil Ahmad (DIN 07171910) as Director of the Company		
7	Appointment of Mr. Rajiv Sharma (DIN 07418337) as Director of the Company		
8	Appointment of Mr. Jeevan Mahaldar (DIN 00137467) as Director of the Company		
9	Appointment of Mrs. Namrata Jain (DIN 07310940) as Director of the Company		
10	Appointment of Mr. Rama Kant Sharma (DIN 00640581) as Managing Director of the Company		
11	Appointment of Mr. Jeevan Mahaldar (DIN 00137467) as Executive Director of the Company		
12	Approval and adoption of new Articles of Association of the Company		
13	Approval of the remuneration payable to the Cost Auditors of the Company		

Signed this _____ day of _____ 2016

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 41st Annual General Meeting.
- *3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.