

A n n u a l R e p o r t 2 0 1 1

**SWARAJ AUTOMOTIVES LIMITED**

# Swaraj Automotives Limited

## **Chief Financial Officer**

M.N. KAUSHAL

## **Company Secretary**

RAJESH KUMAR KAPILA

## **Auditors**

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

## **Bankers**

STATE BANK OF PATIALA

## **Registered Office**

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

## **Works**

Nabha (Distt. Patiala)  
Punjab-147 201

## **BOARD OF DIRECTORS**

DR. PAWAN GOENKA  
*Chairman*

A.K.MAHAJAN

DEVI SINGH

G.RATHINAM

BISHWAMBHAR MISHRA

A.M.SAWHNEY

V.S.PARTHASARATHY

MANDEEP J. SACHDEVA

**ANNUAL GENERAL MEETING**

on Wednesday, 3rd August, 2011  
at 4.00 P.M. at Swaraj Engines Limited,  
Plot No. 2, Industrial Phase IX,  
S.A.S. Nagar (Mohali)  
Punjab 160 062.

---

| <b>CONTENTS</b>   | <b>PAGE NO.</b> |
|---|-----------------|
| Notice of Annual General Meeting                            | 3               |
| Report of the Directors                                     | 6               |
| Balance Sheet   | 10              |
| Profit and Loss Account                                     | 11              |
| Schedules to the Accounts                                   | 12              |
| Notes forming part of the Accounts                          | 17              |
| Balance Sheet Abstract & Company's General Business Profile | 25              |
| Cash Flow Statement   | 26              |
| Auditors' Report  | 28              |

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 36th Annual General Meeting of Swaraj Automotives Limited will be held on **Wednesday, the 3rd day of August, 2011 at 4.00 P.M.** at Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab 160062 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri G.Rathinam who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri V.S.Parthasarathy who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.K.Mahajan who retires by rotation and, being eligible, offers himself for re-appointment.
6. 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 a Special Resolution:

"RESOLVED that pursuant to the provisions of section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s J.S.Chopra & Associates, Chartered Accountants, bearing ICAI Registration No. 008849N, the retiring Auditors of the Company, be and are hereby 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."

### **NOTES**

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 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.
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 Register of Members and Share Transfer Books of the Company will be closed from 16th July, 2011 to 22nd July, 2011 (both days inclusive).
5. The dividend, if declared at the Annual General Meeting, will be paid on or after 3rd August, 2011 to those shareholders or their mandates :
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 15th July, 2011 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 form; 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 on or before 15th July, 2011.
6. Members are requested to bring their copy of Annual Report to the Meeting. 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.

7. 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, 2003 to the Investor Education and Protection Fund (IEPF).

All unclaimed dividends for the financial year ended 31st March, 2004 will become due for transfer to IEPF on 28th September, 2011. Members who have not encashed the dividend warrant(s) so far for the said period or 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 Fund or the Company in respect thereof and the Members would lose their right to claim such dividend.

8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form 2B duly filled in to the Company.

9. Payment of Dividend through ECS :

- a) Members holding shares in electronic form may please note that bank details as furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as directed by the Securities and Exchange Board of India. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in electronic form must give instructions regarding bank account in which they wish to receive dividend, to their Depository Participants. The Company will not act on any direct request from these members to change/deletion in such details.
- b) Members holding shares in physical form are advised to submit particulars of their bank account, viz, name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 21st July, 2011, to the Company.

10. Members are requested to:

- Intimate to the Company changes, if any, in their registered address at an early date for the shares held in physical form.
- Quote ledger folio / beneficiary numbers in all their correspondence.

11. For shares held in electronic form, all instructions regarding change of address, nomination, power of attorney etc., should be given directly to your Depository Participants. The Company will not take cognizance of any such requests directly from shareholders.

12. The Directors of the Company are not inter se related to each other.

Regd.Office :  
Phase IV, Industrial Area  
S.A.S. Nagar (Mohali)  
Punjab – 160 055  
Email: kapila.rajesh@mahindraswaraj.com  
Dated: 26<sup>th</sup> April, 2011

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)  
Company Secretary

**ANNEXURE TO NOTICE**

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.

**Item No. 6**

Section 224A of the Companies Act, 1956 ('the Act') provides that in the case of a public company, in which not less than 25% of the subscribed share capital of the Company is held, whether singly or in any combination by Financial Institutions, Nationalised Banks, Insurance Companies and other Bodies specified in that section, the appointment of Auditors needs to be approved by way of a Special Resolution of the Shareholders.

The shareholding of the Financial Institutions, Nationalised Banks, etc. as on the date of the accompanying Notice exceeds 25% of the paid up share capital of the Company. Hence, the resolution for reappointment of the Auditors M/s J.S.Chopra & Associates, Chartered Accountants, is being proposed as a Special Resolution. As required under section 224 of the Act, certificate has been received from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified under section 224(1B) of the Act.

The Shareholders' approval is also being sought to authorise the Board of Directors to determine the remuneration payable to the Auditors in consultation with them. The Board recommends the Resolution for approval by the Shareholders as set out in the Item No. 6 of the Notice.

None of the Directors of the Company is concerned or interested in this item of business.

Regd. Office :  
Phase IV, Industrial Area  
S.A.S. Nagar (Mohali)  
Punjab – 160 055  
Email: kapila.rajesh@mahindraswaraj.com  
Dated: 26<sup>th</sup> April, 2011

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)  
Company Secretary

**REPORT OF THE DIRECTORS TO THE MEMBERS**

Your Directors are pleased to present their 36<sup>th</sup> Annual Report together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS :**

|   | <b>(Rs. in Crores)</b>                            |   |
|---|---|---|
|   | <b>Year ended<br/>31<sup>st</sup> March, 2011</b> | <b>Year ended<br/>31<sup>st</sup> March, 2010</b> |
| Net Operating Revenue                               | 67.33   | 69.23   |
| Profit before Depreciation, Finance Charges and Tax | 2.95  | 5.86  |
| Finance Charges (Net)                               | (0.04)  | (0.40)  |
| Depreciation  | 0.96  | 1.02  |
| Profit for the year                                 | 2.03  | 5.24  |
| Prior period adjustments                            | 0.03  | -   |
| Profit Before Tax                                   | 2.00  | 5.24  |
| Tax Provision                                       |   |   |
| – Current   | 1.00  | 1.95  |
| – Deferred  | (0.34)  | (0.19)  |
| Profit After Tax                                    | 1.34  | 3.48  |
| Balance of Profit from Prior Years                  | 2.61  | 2.50  |
| <b>Surplus available for appropriation</b>          | <b>3.95</b>                                       | <b>5.98</b>                                       |
| <b>Appropriations:</b>                              |   |   |
| Proposed Dividend                                   | 0.72  | 0.96  |
| Tax on Dividend                                     | 0.12  | 0.16  |
| Transfer to General Reserve                         | 0.40  | 2.25  |
| Balance carried to Balance Sheet                    | 2.71  | 2.61  |

**REVIEW OF OPERATIONS**

The Net Revenue of Rs.67.33 crores for the year under review was marginally lower compared to the previous year's revenue of Rs.69.23 crores. This was mainly due to decline in business from one of the key customers - Maruti - for its existing model of Wagon R which was phased out during fiscal 2011. The drop was however partially offset by the introduction of supplies to Maruti for other products and higher business from Mahindra & Mahindra Limited (Farm Equipment Sector), Tata Johnson, Lear Automotive, SML ISUZU and State Roadways. Operating under highly competitive market scenario, your Company was not able to pass on the full impact of increase in input costs to its customers. This had impacted the earnings of your Company. Profit before Interest, Depreciation and Tax for the financial year 2010-11 was Rs.2.95 crores as against Rs.5.86 crores for the previous year. While Profit before Tax for the financial year 2010-11 was Rs.2.00 crores against Rs.5.24 crores for the previous year, Profit after Tax for the financial year 2010-11 was Rs.1.34 crores as against the Rs. 3.48 crores for the previous year. These post tax earnings translates into an Earning Per Share (EPS) of Rs.5.58 as against Rs.14.49 for the previous year.

**DIVIDEND**

In the context of financial performance of the company during the financial year 2010-11, your Directors have recommended a dividend of Rs.3.00 per Equity Share as compared to Rs.4.00 per Equity Share for the previous year, payable to those members whose names appear in the Register of Members as on 15th July, 2011. The dividend including dividend distribution tax, surcharge and education cess would absorb a sum of Rs.0.84 crores (Previous year Rs.1.12 crores).

**FINANCE**

Your Directors report that while the fund position of the Company stayed comfortable throughout financial year 2010-11, due to capital expenditure of Rs.4.68 crores and increased working capital requirements to support operations, net interest income for the year was Rs.0.04 crore against Rs.0.40 crore for the previous year.

**INDUSTRIAL RELATIONS**

Industrial relations were cordial throughout the year. The Company has entered into a new four year wage agreement with the workers.

**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, including educating the employees on Industrial Hygiene at the work place.

**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 plantation of trees, arranging medical check up camps, awareness campaign on ill effects of tobacco, distribution of clothes to needy in the orphanage, etc.

**DIRECTORS**

Consequent upon their resignations, Shri G.S.Tripathy and Shri Himmat Singh ceased to be Directors of the Company with effect from 22<sup>nd</sup> December, 2010 and 1<sup>st</sup> April, 2011 respectively. Your Board has placed on record its deep appreciation of notable contributions of Shri Tripathy and Shri Singh as Directors of the Company.

Shri G.Rathinam, Shri V.S.Parthasarathy and Shri A.K.Mahajan retire by rotation, and being eligible, offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of Annual Accounts, the applicable accounting standards have been followed;

- b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis.

**AUDITORS**

The Company's Statutory Auditors M/s J.S. Chopra & Associates, Chartered Accountants, hold office until the conclusion of the forthcoming Annual General Meeting and have given their consent for re-appointment. The Company has received a certificate from M/s. J.S. Chopra & Associates, Chartered Accountants to the effect that their re-appointment, if made, would be within the limits specified under section 224(1B) of the Companies Act, 1956. The shareholders will be required to appoint Auditors and fix their remuneration.

**DEPOSITS**

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

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

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.**

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

**PARTICULARS OF EMPLOYEES**

In accordance with section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975, as amended, the Company had no employee who was in receipt of remuneration of not less than Rs.60,00,000 and was employed throughout the year ended 31<sup>st</sup> March, 2011 or not less than Rs.5,00,000 per month and was employed for a part of the financial year 2010-11.

FOR AND ON BEHALF OF THE BOARD

Place : S.A.S. Nagar (Mohali)  
Date : 20<sup>th</sup> June, 2011

DR. PAWAN GOENKA  
Chairman

**ANNEXURE TO DIRECTORS' REPORT**

(Year ended 31<sup>st</sup> March, 2011)

**Particulars as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2011**

**A. CONSERVATION OF ENERGY:**

(a) Energy Conservation measures taken:

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

1. Installation of auto drain valve on Gas Carburising Furnace (GCF) lid water cooling line to avoid frequent burning of seal during power failure.
2. Installation of portable lower H.P. air compressor in Seat Assembly to avoid running of higher H.P. compressor during holidays and non working hours.
3. Replacement of 15 H.P. motors with 10 H.P. motors in Powder Coating blower fans.
4. Installation of timers at cooling towers, water coolers and fans in Canteen.
5. Frequent cleaning of glass panes to improve light in Shop Floor and to reduce usage of tube lights/ M.V. Lamps during day time.

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

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

Total annual estimated savings – Rs.5.50 lacs

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

**B. TECHNOLOGY ABSORPTION:**

**Research & Development:**

1. Areas in which Research & Development is carried out: Seat mechanisms
2. Benefits derived as a result of the above efforts: Improvement in the business.
3. Future plan of action : Continuous focus on seats & seat mechanisms
4. Expenditure on R&D : The Company spent revenue expenditure of Rs. 0.62 lac on Research & Development work during the year, which was 0.01% of the total turnover.

**Technology absorption, adaptation and innovation:**

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

No technology has been imported during the last 5 years.

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

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No. 17 of Notes on Accounts (Schedule-N).

FOR AND ON BEHALF OF THE BOARD

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

Date : 20<sup>th</sup> June, 2011

DR. PAWAN GOENKA

Chairman

**BALANCE SHEET AS AT 31ST MARCH, 2011**

(Rs. in lacs)

|   | Schedule | 2011           | 2010           |
|---|----------|----------------|----------------|
| <b>SOURCES OF FUNDS</b>                     |          |                |                |
| <b>Shareholders' Funds</b>                  |          |                |                |
| Share Capital                               | A        | <u>239.77</u>  | 239.77         |
| Reserves and Surplus                        | B        | <u>1842.96</u> | <u>1792.76</u> |
| <b>Grants-in-Aid</b>                        | C        | <b>26.14</b>   | 29.84          |
| <b>Deferred Tax Liability</b>               | D        | <b>16.75</b>   | 50.87          |
|   |          | <u>2125.62</u> | <u>2113.24</u> |
| <b>APPLICATION OF FUNDS</b>                 |          |                |                |
| <b>Fixed Assets</b>                         |          |                |                |
| Gross Block                                 | E        | <u>2099.87</u> | 1637.30        |
| Less: Depreciation                          |          | <u>1076.28</u> | 984.83         |
| Net Block                                   |          | <b>1023.59</b> | <u>652.47</u>  |
| Capital Spares                              |          | <b>2.18</b>    | 2.72           |
| <b>Current Assets, Loans &amp; Advances</b> |          |                |                |
| Inventories                                 | F        | <u>413.52</u>  | 297.92         |
| Sundry Debtors                              |          | <u>1925.24</u> | 1389.39        |
| Cash and Bank Balances                      |          | <u>394.00</u>  | 1161.31        |
| Loans and Advances                          |          | <u>308.27</u>  | <u>333.84</u>  |
|   |          | <b>3041.03</b> | 3182.46        |
| Less:                                       |          |                |                |
| Current Liabilities & Provisions            | G        | <u>1587.90</u> | 1398.20        |
| Current Liabilities                         |          | <u>353.28</u>  | 326.21         |
| Provisions                                  |          | <u>1941.18</u> | <u>1724.41</u> |
| Net Current Assets                          |          | <b>1099.85</b> | <u>1458.05</u> |
|   |          | <u>2125.62</u> | <u>2113.24</u> |
| <b>Significant Accounting Policies</b>      | M        |                |                |
| <b>Notes on Accounts</b>                    | N        |                |                |

This is the Balance Sheet referred to in our report of even date.

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

J.S. CHOPRA  
Partner  
Membership No. 087476

M.N. KAUSHAL  
Chief Financial Officer

RAJESH KUMAR KAPILA  
Company Secretary

Chandigarh, 27th April, 2011

The schedules referred to above form an integral part of the Balance Sheet.

FOR AND ON BEHALF OF THE BOARD

DR. PAWAN GOENKA  
Chairman

MANDEEP J. SACHDEVA  
Director

Mumbai, 26th April, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011** (Rs. in lacs)

|   | Schedule       | 2011           |                | 2010    |
|---|----------------|----------------|----------------|---------|
| <b>INCOME</b>                                       |                |                |                |         |
| Sales   | N (16)         | <b>7360.26</b> |                | 7438.88 |
| Less : Excise Duty                                  |                | <b>695.63</b>  |                | 576.21  |
| Net Sales Revenue                                   |                | <b>6664.63</b> |                | 6862.67 |
| Other Income  | H              | <b>68.81</b>   |                | 59.86   |
|   |                | <b>6733.44</b> |                | 6922.53 |
| <b>EXPENDITURE</b>                                  |                |                |                |         |
| Materials   | I              | <b>5029.91</b> |                | 4990.84 |
| Manufacturing & Other Expenses                      | J              | <b>1232.31</b> |                | 1194.37 |
| Selling & Distribution Expenses                     | K              | <b>176.11</b>  |                | 151.19  |
| Finance Charges (Net)                               | L              | <b>(4.37)</b>  |                | (39.65) |
| Depreciation  | E              | <b>96.43</b>   |                | 101.52  |
|   |                | <b>6530.39</b> |                | 6398.27 |
| Profit for the year                                 |                | <b>203.05</b>  |                | 524.26  |
| Prior period Adjustments                            | (-)            | <b>3.38</b>    |                | 0.49    |
| Profit before Tax                                   |                | <b>199.67</b>  |                | 523.77  |
| Provision for Taxation (Refer Note 7 on Schedule M) |                |                |                |         |
| - Current Tax                                       |                | <b>99.99</b>   | 194.76         |         |
| - Deferred Tax                                      | <b>(34.12)</b> | <b>65.87</b>   | <b>(18.56)</b> | 176.20  |
| Profit after Tax                                    |                | <b>133.80</b>  |                | 347.57  |
| Balance brought forward from previous year          |                | <b>260.52</b>  |                | 249.79  |
| Profit available for appropriation                  |                | <b>394.32</b>  |                | 597.36  |
| <b>APPROPRIATIONS</b>                               |                |                |                |         |
| Proposed Dividend                                   |                | <b>71.93</b>   | 95.91          |         |
| Dividend Tax and Surcharge                          | <b>11.67</b>   | <b>83.60</b>   | <b>15.93</b>   | 111.84  |
| General Reserve                                     |                | <b>40.00</b>   |                | 225.00  |
| Balance carried to Balance Sheet                    |                | <b>270.72</b>  |                | 260.52  |
|   |                | <b>394.32</b>  |                | 597.36  |
| <b>Earning Per Share</b>                            |                |                |                |         |
| - Basic/Diluted Earning per share (Rs.)             | N (12)         | <b>5.58</b>    |                | 14.49   |
| <b>Significant Accounting Policies</b>              |                |                |                |         |
| <b>Notes on Accounts</b>                            |                |                |                |         |

This is the Profit & Loss Account referred to in our report of even date.

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

J.S. CHOPRA  
Partner  
Membership No. 087476

M.N. KAUSHAL  
Chief Financial Officer

RAJESH KUMAR KAPILA  
Company Secretary

Chandigarh, 27th April, 2011

The schedules referred to above form an integral part of the Profit & Loss Account.

FOR AND ON BEHALF OF THE BOARD

DR. PAWAN GOENKA  
Chairman

MANDEEP J. SACHDEVA  
Director

Mumbai, 26th April, 2011

**SWARAJ AUTOMOTIVES LIMITED****SCHEDULE A**

(Rs. in lacs)

|  | 2011          | 2010          |
|--|---------------|---------------|
| <b>SHARE CAPITAL</b>   |               |               |
| <b>Authorised</b>  |               |               |
| 30,00,000 Equity Shares of Rs.10/- each                                  | 300.00        | 300.00        |
| 50,000 Redeemable Cumulative Preference Shares of Rs.100/- each          | <u>50.00</u>  | <u>50.00</u>  |
|  | <u>350.00</u> | <u>350.00</u> |
| <b>Issued, Subscribed &amp; Paid-up</b>                                  |               |               |
| 23,97,713 Equity Shares (2010 - 23,97,713) of Rs.10/- each fully paid-up | <u>239.77</u> | <u>239.77</u> |
|  | <u>239.77</u> | <u>239.77</u> |

**SCHEDULE B**

(Rs. in lacs)

|  | 2011           | 2010           |
|--|----------------|----------------|
| <b>RESERVES AND SURPLUS</b>                    |                |                |
| Investment Allowance Reserve                   | 40.93          | 40.93          |
| Capital Reserve                                | 1.38           | 1.38           |
| General Reserve                                |                |                |
| Balance Brought Forward                        | 1489.93        | 1264.93        |
| Add : Transferred from Profit and Loss Account | <u>40.00</u>   | <u>225.00</u>  |
| Profit and Loss Account                        | <u>270.72</u>  | <u>260.52</u>  |
|  | <u>1842.96</u> | <u>1792.76</u> |

**SCHEDULE C**

(Rs. in lacs)

|                              | 2011         | 2010         |
|------------------------------|--------------|--------------|
| <b>GRANTS-IN-AID</b>         |              |              |
| <b>Capital Grant</b>         |              |              |
| (Refer Note 8 on Schedule M) |              |              |
| Opening Balance              | 29.84        | 33.54        |
| Less: Depreciation           | <u>3.70</u>  | <u>3.70</u>  |
|                              | <u>26.14</u> | <u>29.84</u> |

**SCHEDULE D**

(Rs. in lacs)

|   | 2011           | 2010           |
|---|----------------|----------------|
| <b>DEFERRED TAX LIABILITY / (ASSETS)</b>            |                |                |
| (Refer Note 7 on Schedule M & Note 4 on Schedule N) |                |                |
| Deferred Tax Liability                              |                |                |
| – Difference between book & tax Depreciation        | 112.35         | 128.10         |
| Deferred Tax Assets                                 |                |                |
| – Provision for Employee Cost & Others              | <u>(95.60)</u> | <u>(77.23)</u> |
| <b>Deferred Tax Liability / (Assets) Net</b>        | <u>16.75</u>   | <u>50.87</u>   |

**SCHEDULE E**

**FIXED ASSETS**

(Refer Note 3 on Schedule M & Note 8 on Schedule N)

(Rs. in lacs)

| DESCRIPTION                               | GROSS BLOCK              |               |                               |                          | DEPRECIATION / AMORTISATION |                                |                               |                     | NET BLOCK           |                     |
|---|--------------------------|---------------|-------------------------------|--------------------------|-----------------------------|--------------------------------|-------------------------------|---------------------|---------------------|---------------------|
|   | Cost as at<br>31.03.2010 | Additions     | Disposal/<br>Adjust-<br>ments | Cost as at<br>31.03.2011 | As at<br>31.03.2010         | Provided<br>during<br>the year | Disposal/<br>Adjust-<br>ments | As at<br>31.03.2011 | As at<br>31.03.2011 | As at<br>31.03.2010 |
| Land - Freehold                           | 2.73                     | -             | -                             | 2.73                     | -                           | -                              | -                             | -                   | 2.73                | 2.73                |
| Land - Leasehold                          | -                        | 447.27        | -                             | 447.27                   | -                           | -                              | -                             | -                   | 447.27              | -                   |
| Buildings                                 | 365.65                   | 3.00          | -                             | 368.65                   | 198.03                      | 12.29                          | -                             | 210.32              | 158.33              | 167.62              |
| Plant & Machinery                         | 839.13                   | 10.00         | -                             | 849.13                   | 515.10                      | 47.81                          | -                             | 562.91              | 286.22              | 324.03              |
| Electrical Installations                  | 117.38                   | -             | -                             | 117.38                   | 84.18                       | 3.67                           | -                             | 87.85               | 29.53               | 33.20               |
| Furniture, Fixtures &<br>Office Equipment | 130.13                   | 0.69          | -                             | 130.82                   | 70.15                       | 10.54                          | -                             | 80.69               | 50.13               | 59.98               |
| Vehicles                                  | 113.34                   | -             | 5.24                          | 108.10                   | 68.60                       | 7.70                           | 4.98                          | 71.32               | 36.78               | 44.74               |
| Software                                  | 18.39                    | 6.85          | -                             | 25.24                    | 6.64                        | 6.00                           | -                             | 12.64               | 12.60               | 11.75               |
| Intangible Assets                         | 50.55                    | -             | -                             | 50.55                    | 42.13                       | 8.42                           | -                             | 50.55               | -                   | 8.42                |
| <b>Total</b>                              | <b>1637.30</b>           | <b>467.81</b> | <b>5.24</b>                   | <b>2099.87</b>           | <b>984.83</b>               | <b>96.43</b>                   | <b>4.98</b>                   | <b>1076.28</b>      | <b>1023.59</b>      | <b>652.47</b>       |
| Previous year                             | 1583.57                  | 53.73         | -                             | 1637.30                  | 883.31                      | 101.52                         | -                             | 984.83              | 652.47              | 700.26              |
| Capital Spares                            |                          |               |                               |                          |                             |                                |                               |                     | 2.18                | 2.72                |

**SCHEDULE F**

(Rs. in lacs)

|   | 2011          |                | 2010           |
|---|---------------|----------------|----------------|
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                           |               |                |                |
| <b>A. CURRENT ASSETS</b>  |               |                |                |
| <b>I. INVENTORIES</b>   |               |                |                |
| (Refer Note 4 on Schedule M)  |               |                |                |
| Raw Materials & Components  | 252.47        |                | 175.12         |
| Stores & Spare Parts  | 18.49         |                | 23.40          |
| Loose Tools   | 9.06          |                | 6.91           |
| Work-in-Progress  | 119.16        |                | 58.89          |
| Finished Goods  | 14.34         |                | 33.60          |
|   | <u>413.52</u> |                | <u>297.92</u>  |
| <b>II. SUNDRY DEBTORS</b>   |               |                |                |
| (Unsecured-considered good unless otherwise stated)                 |               |                |                |
| Debts outstanding for more than six months                          | 102.66        | 50.81          |                |
| Less : Provision for doubtful debts                                 | <u>12.86</u>  | 89.80          | 12.86          |
| Other debts   |               | <u>1835.44</u> | 1351.44        |
|   |               | <u>1925.24</u> | <u>1389.39</u> |
| <b>III. CASH &amp; BANK BALANCES</b>                                |               |                |                |
| Cash & Stamps in Hand   | 0.50          |                | 0.51           |
| Balances with Scheduled Banks                                       |               |                |                |
| - Current Accounts  | 16.96         | 250.82         |                |
| - Cash Credit Account   | 22.62         | 104.01         |                |
| - Fixed Deposit   | 347.84        | 772.47         |                |
| - Interest Accrued on Fixed Deposits                                | 3.90          | 31.82          |                |
| - Unpaid / Unclaimed Dividend Accounts                              | <u>2.18</u>   | 393.50         | 1.68           |
|   |               | <u>394.00</u>  | <u>1160.80</u> |
|   |               |                | <u>1161.31</u> |
| <b>B. LOANS AND ADVANCES</b>  |               |                |                |
| (Unsecured considered good unless otherwise stated)                 |               |                |                |
| Advances recoverable in cash or in kind or for value to be received | 11.93         |                | 23.41          |
| Deferred Cenvat Credit  | -             | 0.34           |                |
| Balance with Excise Authorities                                     | 24.23         | 43.65          |                |
| Security Deposits   | 34.04         | 25.37          |                |
| Income Tax [net of provisions Rs.99.99 lacs (2010-Rs. 194.76 lacs)] | (8.07)        | 1.58           |                |
| Value Added Tax Recoverable   | <u>246.14</u> | 239.49         | 310.43         |
|   |               | <u>308.27</u>  | <u>333.84</u>  |

**SCHEDULE G**

(Rs. in lacs)

|   | 2011           | 2010           |
|---|----------------|----------------|
| <b>CURRENT LIABILITIES AND PROVISIONS</b>               |                |                |
| <b>CURRENT LIABILITIES</b>                              |                |                |
| Sundry Creditors  |                |                |
| -Micro & Small Enterprises(Refer Note 18 on Schedule N) | -              | -              |
| -Others   | <u>1488.82</u> | <u>1282.31</u> |
| Deposits & Earnest Money                                | 0.78           | 0.78           |
| Other Liabilities                                       | 96.12          | 113.43         |
| Unpaid / Unclaimed Dividend *                           | 2.18           | 1.68           |
|   | <u>1587.90</u> | <u>1398.20</u> |
| <b>PROVISIONS</b>                                       |                |                |
| Proposed Dividend                                       | 71.93          | 95.91          |
| Tax on Proposed Dividend                                | 11.67          | 15.93          |
| Retirement Benefits (Refer Note 5 on Schedule M)        |                |                |
| -Leave Encashment                                       | 108.15         | 94.63          |
| -Gratuity   | 161.53         | 119.74         |
|   | <u>353.28</u>  | <u>326.21</u>  |
|   | <u>1941.18</u> | <u>1724.41</u> |

\* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2011.

**SCHEDULE H**

(Rs. in lacs)

|                                | 2011         | 2010         |
|--------------------------------|--------------|--------------|
| <b>OTHER INCOME</b>            |              |              |
| Sale of Scrap                  | 64.20        | 55.60        |
| Job Charges                    | 0.16         | 0.32         |
| Profit on Sale of Fixed Assets | 0.53         | -            |
| Miscellaneous Income           | 3.92         | 3.94         |
|                                | <u>68.81</u> | <u>59.86</u> |

**SCHEDULE I**

(Rs. in lacs)

|  | 2011           | 2010           |
|--|----------------|----------------|
| <b>MATERIALS</b>   |                |                |
| <b>Consumption of Raw Materials &amp; Components</b>     |                |                |
| Opening Stock  | 205.43         | 193.77         |
| Add : Purchases  | <u>5082.78</u> | <u>4797.50</u> |
| Less : Closing Stock                                     | <u>280.02</u>  | <u>205.43</u>  |
|  | <u>5008.19</u> | <u>4785.84</u> |
| Job Charges  | 62.73          | 68.01          |
| Purchase Tax   | -              | 92.10          |
| Movement in Stock of Finished Goods and Work-in-Progress |                |                |
| Opening Stock  | 92.49          | 137.38         |
| Less: Closing Stock                                      | <u>133.50</u>  | <u>92.49</u>   |
|  | <u>5029.91</u> | <u>4990.84</u> |

**SCHEDULE J**

(Rs. in lacs)

|   | 2011           | 2010           |
|---|----------------|----------------|
| <b>MANUFACTURING &amp; OTHER EXPENSES</b>                 |                |                |
| Salaries & Wages  | 749.87         | 709.83         |
| Contribution to Provident Fund and Other Funds            | 51.77          | 41.68          |
| Gratuity & Superannuation (Refer Note 5 on Schedule M)    | 72.35          | 31.58          |
| Workmen & Staff Welfare                                   | 90.23          | 111.26         |
| Consumption of Stores & Spares (including Capital Spares) | 37.85          | 46.06          |
| Repair & Maintenance                                      |                |                |
| - Building  | 3.06           | 11.01          |
| - Machinery   | 10.16          | 18.22          |
| - Others  | 19.68          | 18.97          |
| Electricity & Water Charges                               | 112.89         | 114.02         |
| Directors' Sitting Fee                                    | 0.70           | 0.90           |
| Design & Development                                      | 0.62           | 4.52           |
| Travelling & Conveyance                                   | 32.55          | 35.79          |
| Postage & Telephone                                       | 4.25           | 5.00           |
| Printing & Stationery                                     | 8.23           | 8.18           |
| Insurance   | 2.51           | 2.43           |
| Rent  | 4.53           | 3.05           |
| Rates & Taxes   | 2.25           | 1.33           |
| Miscellaneous Expenses                                    | 28.81          | 30.54          |
|   | <u>1232.31</u> | <u>1194.37</u> |

**SCHEDULE K**

(Rs. in lacs)

|  | 2011          | 2010          |
|--|---------------|---------------|
| <b>SELLING &amp; DISTRIBUTION EXPENSES</b> |               |               |
| Freight Outward                            | 123.64        | 108.37        |
| Depot Handling charges and others          | 52.30         | 35.28         |
| Warranty Claim                             | 0.17          | 0.30          |
| Provision for doubtful debts               | -             | 7.24          |
|  | <u>176.11</u> | <u>151.19</u> |

**SCHEDULE L**

(Rs. in lacs)

|  | 2011          | 2010           |
|--|---------------|----------------|
| <b>FINANCE CHARGES</b>                                       |               |                |
| Interest on Overdraft  | 3.93          | 3.09           |
| Bank Charges   | 1.24          | 1.15           |
| Cash Discount (Net of recoveries)                            | 28.96         | 16.05          |
| Interest Others  | 0.75          | (0.12)         |
| Interest received on Bank Deposits                           | (39.25)       | (59.82)        |
| {Tax Deducted at Source Rs.4.05 lacs (2010 - Rs. 8.96 lacs)} |               |                |
|  | <u>(4.37)</u> | <u>(39.65)</u> |

## **SCHEDULE M**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. BASIS OF ACCOUNTING**

The Accounts are prepared in accordance with historical cost convention, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

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

#### **2. REVENUE RECOGNITION**

- i) Sales are recognised at the time of despatches to customers and 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.

#### **3. FIXED ASSETS / DEPRECIATION**

- i) Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on a Straight-Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for the fixed assets mentioned in para (ii) to (v) below. Cost is inclusive of Freight, Duties, Levies and any other directly attributable cost of bringing the assets to their working condition for intended use.
- ii) Depreciation on dies manufactured by the Company is charged @ 20%. Depreciation on vehicles (cars) is charged @ 25%.
- iii) Intangible Assets (Other than Software) are stated at cost less accumulated amortisation. These are amortised over a period of 6 years, which is the estimated useful life of the asset.  
  
Software expenditure capitalised during the year is amortised over 3 years from the date of its capitalization.
- iv) Capital spares are amortised in a systematic manner over the useful life of the assets to which it relates.
- v) Assets individually costing up to Rs.5000/- are depreciated at 100% in the year of purchase.

**4. INVENTORIES**

- i) Stores, Spare Parts, Loose Tools, Raw Materials, Components and Packing Materials are valued at material cost determined on the basis of moving weighted average cost method with due provisioning for non useable / obsolete items.
- ii) Finished goods and Work-in-progress are valued at lower of cost or net realisable value as certified by Management. Cost includes an appropriate portion of manufacturing overheads. These are valued on full absorption cost basis. Finished goods include excise duty, where ever applicable.
- iii) Scrap / damaged goods value is incorporated in books on the basis of actual realisation.

**5. RETIREMENT BENEFITS**

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

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

**6. RESEARCH & DEVELOPMENT**

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

**7. TAXATION**

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

**8. 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.

**9. 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.

**SCHEDULE N**

**NOTES ON ACCOUNTS**

1. Share Capital includes 9,76,713 shares (2010 - 9,76,713 shares) of Rs.10/- each issued at par as fully paid-up to Financial Institutions in terms of relief and concessions granted in respect of interest payable to them, amounting to Rs.97,67,130/- in earlier years.
2. **GRANTS-IN-AID**
  - 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 received in previous year was as per terms and conditions of agreement between Government of India and UNDP dated 06.01.1997.
3. The Company is having Nil outstanding as on 31<sup>st</sup> March 2011 (2010 - Nil) against Cash Credit limit from State Bank of Patiala, secured by pari-passu first charge over stocks in trade, stores, spares and book debts and additional charge over the fixed assets of the Company.
4. 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. The net deferred tax liability as on 31.03.2011 is given below:

(Rs. in lacs)

| Particulars                       | Deferred Tax Liability / (Asset) |                 |                 |
|-----------------------------------|----------------------------------|-----------------|-----------------|
|                                   | As on 01.04.2010                 | During the year | Upto 31.03.2011 |
| On Depreciation                   | 128.10                           | (15.75)         | 112.35          |
| On Employee Cost                  | (72.86)                          | (18.37)         | (91.23)         |
| On Others                         | (4.37)                           | -               | (4.37)          |
| <b>Net Deferred Tax Liability</b> | <u>50.87</u>                     | <u>(34.12)</u>  | <u>16.75</u>    |

5. **CONTINGENT LIABILITIES**

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

| Particulars  | 2011          | 2010          |
|--|---------------|---------------|
|  | (Rs. in lacs) | (Rs. in lacs) |
| i) Telephone & Telex (Disputed Amount)                       | 1.47          | 1.47          |
| ii) Claims against the Company (Employees / Workers dispute) | 8.00          | 11.00         |
| iii) Excise / Service Tax demand (pending in appeal)         | 14.68*        | 0.97          |

\* Includes Rs. 2.42 Lacs paid under protest.

6. Cost of assets purchased during the year include cost of plot, annual ground rent and other related charges along with interest aggregating to Rs. 450.27 lacs.
7. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 4.99 lacs (2010 - Rs. Nil).

8. Depreciation for the year on Motor vehicles, Air Conditioners and Coolers, Office Equipment and certain Plant & Machinery costing Rs. 187.11 lacs (2010 - Rs. 179.11 lacs) has not been charged since 95% of its original cost has already been charged to depreciation.

9. **CURRENT ASSETS, LOANS & ADVANCES**

- i) Parties' accounts are subject to reconciliation and confirmation by them.
- ii) All stocks in trade have been physically verified and certified by the Management.

10. 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.

11. In accordance with Accounting Standard -18, the related party disclosures in respect of transactions with the Associate Companies are as follows:

- i) Name of Associate Companies Mahindra & Mahindra Limited  
Swaraj Engines Limited
- ii) Key Management Personnel Shri Mandeep J. Sachdeva - Director
- iii) Transactions with Associate Companies:

|   | 2011<br>(Rs. in lacs) | 2010<br>(Rs. in lacs) |
|---|-----------------------|-----------------------|
| a) <b>Purchase of Components</b>                        | -                     | 0.45                  |
| Mahindra & Mahindra Limited                             | -                     | 0.45                  |
| b) <b>Sale of finished goods</b>                        | <b>2267.25</b>        | 1520.98               |
| Mahindra & Mahindra Limited                             | <b>1909.73</b>        | 1239.46               |
| Swaraj Engines Limited                                  | <b>357.52</b>         | 281.52                |
| c) <b>Reimbursement in respect of services received</b> | <b>86.13</b>          | 48.27                 |
| Mahindra & Mahindra Limited                             | <b>80.02</b>          | 48.27                 |
| Swaraj Engines Limited                                  | <b>6.11</b>           | -                     |
| d) Inter-Corporate Deposit paid                         | <b>20.70</b>          | -                     |
| Mahindra & Mahindra Limited                             | <b>20.70</b>          | -                     |
| e) Interest paid  | <b>429.57</b>         | -                     |
| Mahindra & Mahindra Limited                             | <b>429.57</b>         | -                     |
| f) <b>Dividend Paid</b>                                 |                       |                       |
| Mahindra & Mahindra Ltd.                                | <b>42.38</b>          | 26.49                 |
| Aggregate balances outstanding as at the year end       |                       |                       |
| – <b>Receivables</b>                                    | <b>364.28</b>         | 78.48                 |

12. **EARNING PER SHARE (EPS)**

|  | 2011             | 2010      |
|--|------------------|-----------|
| Profit attributable to Equity Shareholders (Rs. in lacs) | <b>133.80</b>    | 347.57    |
| Basic/Weighted average number of Equity Shares           | <b>23,97,713</b> | 23,97,713 |
| Basic/Diluted Earning Per Share                          | <b>Rs. 5.58</b>  | Rs. 14.49 |
| (Face Value Rs.10 per share)                             |                  |           |

13. Miscellaneous Receipts under Other Income includes a sum of Rs.3.70 lacs (2010 - Rs.3.70 lacs) being the depreciation on Plant & Machinery received as Capital Grant in aid which is adjusted against the grant received.

**14. AUDITOR'S REMUNERATION \***

|                           | <b>2011</b>          | 2010          |
|---------------------------|----------------------|---------------|
|                           | <b>(Rs. in lacs)</b> | (Rs. in lacs) |
| <b>Statutory Auditors</b> |                      |               |
| - Audit fee               | <b>0.72</b>          | 0.72          |
| - Out of pocket expenses  | <b>0.39</b>          | 0.26          |
| - Other services          | <b>0.45</b>          | 0.45          |
| <b>Tax Auditors</b>       |                      |               |
| - Tax Audit fee           | <b>0.15</b>          | 0.15          |
|                           | <b>1.71</b>          | 1.58          |

\* excluding Service Tax

**15. MANAGERIAL PAYMENTS**

|                         | <b>2011</b>          | 2010          |
|-------------------------|----------------------|---------------|
|                         | <b>(Rs. in lacs)</b> | (Rs. in lacs) |
| Directors' Sitting Fees | <b>0.70</b>          | 0.90          |
| Travelling & Conveyance | <b>0.13</b>          | 0.54          |

16. Information with regard to Licensed Capacity, Installed Capacity, Production, Sales & Stocks, as certified by the management.

**A. Capacity**

| Particulars                                | <b>2011</b>     |                  | 2010     |           |
|--|-----------------|------------------|----------|-----------|
|  | <b>Licensed</b> | <b>Installed</b> | Licensed | Installed |
| Seats for Light Commercial Vehicles (sets) | <b>80,000</b>   | <b>80,000</b>    | 80,000   | 80,000    |

**B. Production, Sales & Stock of Finished Goods**

| Particulars                                   | Unit | <b>2011</b>      | 2010      |
|---|------|------------------|-----------|
| <b>i) Seats for Light Commercial Vehicles</b> |      |                  |           |
| Opening stock                                 | Sets | <b>30</b>        | 33        |
| Production during the year                    | "    | <b>7,716</b>     | 5,722     |
| Sales   | "    | <b>7,746</b>     | 5,725     |
| Closing stock                                 | "    | <b>0</b>         | 30        |
| <b>ii) Seats Others</b>                       |      |                  |           |
| Opening stock                                 | Nos. | <b>156</b>       | 82        |
| Production during the year                    | "    | <b>1,12,201</b>  | 66,478    |
| Sales   | "    | <b>1,12,357</b>  | 66,404    |
| Closing stock                                 | "    | <b>0</b>         | 156       |
| <b>iii) Seat Components</b>                   |      |                  |           |
| Opening stock                                 | Nos. | <b>10,257</b>    | 32,987    |
| Production during the year                    | "    | <b>15,39,673</b> | 15,00,927 |
| Sales   | "    | <b>15,45,732</b> | 15,23,657 |
| Closing stock                                 | "    | <b>4,198</b>     | 10,257    |

| iv) Sales                              | 2011<br>(Rs. in lacs) | 2010<br>(Rs. in lacs) |
|--|-----------------------|-----------------------|
| Seat Components                        | 3,911.50              | 5,180.85              |
| Seats of Light Commercial Vehicles     | 974.04                | 561.37                |
| Tools, Dies & Fine Blanking Components | 42.13                 | 66.25                 |
| Exhaust Brake & Cover Service Hole     | 153.00                | 88.35                 |
| Tractor Parts                          | 2,246.00              | 1,476.23              |
| Railway Seats                          | -                     | 6.19                  |
| Combine Parts                          | 33.59                 | 59.64                 |
|  | <u>7,360.26</u>       | <u>7,438.88</u>       |

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

| Particulars                            | Unit           | 2011    |                 | 2010   |                 |
|--|----------------|---------|-----------------|--------|-----------------|
|  |                | Qty.    | Rs. in lacs     | Qty.   | Rs. in lacs     |
| PU Foam Material                       | MT             | 222.35  | 275.95          | 174.63 | 216.78          |
| CRCA Sheet & Steel Sheet               | MT             | 1025.95 | 559.77          | 673.27 | 380.40          |
| Paints & Chemicals                     | MT             | 88.11   | 122.29          | 101.21 | 126.11          |
| ERW Tube                               | Nos.           | 250948  | 56.83           | 28715  | 12.71           |
| Screw, Nut, Bolt, Washer & OHM Clips   | Nos. (in lacs) | 194.10  | 161.33          | 244.34 | 170.20          |
| Trim Wire, Hook Spring                 | "              | 6.34    | 12.19           | 1.67   | 1.97            |
| Trim Comp., Frames & Silencer etc.     | "              | 7.96    | 583.55          | 4.02   | 339.51          |
| Spring & Brackets                      | "              | 61.13   | 516.60          | 60.35  | 528.11          |
| Stopper, B. Plates, Arm Plate, H Plate | "              | 69.18   | 790.26          | 48.46  | 634.73          |
| Guide Block, Sect-disc Lever etc.      | "              | 40.44   | 280.60          | 27.29  | 197.43          |
| Upper Rail, Lower Rail, Pawl Lock etc. | "              | 12.18   | 219.00          | 42.53  | 1,045.54        |
| Tractor Seat Parts                     | -              | -       | 995.76          | -      | 788.77          |
| CO-2, R-11, Gases                      | -              | -       | 8.33            | -      | 7.62            |
| Packing Materials                      | -              | -       | 76.11           | -      | 50.20           |
| Others                                 | -              | -       | 349.62          | -      | 285.76          |
|  |                |         | <u>5,008.19</u> |        | <u>4,785.84</u> |

**Notes:**

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

**(b) Value of imported and indigenous Raw Material & Components and percentage of each to total consumption**

|                | 2011            | 2010            |
|----------------|-----------------|-----------------|
|                | %age            | %age            |
|                | Rs. in lacs     | Rs. in lacs     |
| i) Imported    | 0.68            | 2.78            |
| ii) Indigenous | 99.32           | 97.22           |
|                | <u>100.00</u>   | <u>100.00</u>   |
|                | <u>33.86</u>    | <u>4,652.91</u> |
|                | <u>5,008.19</u> | <u>4,785.84</u> |

**17. Expenditure in Foreign Currency**

|   | <b>2011</b>                 | <b>2010</b>                 |
|---|-----------------------------|-----------------------------|
|   | <b><u>(Rs. in lacs)</u></b> | <b><u>(Rs. in lacs)</u></b> |
| i) Import of Raw Materials & Components | <b>28.56</b>                | 116.79                      |

18. Based on the information available with the Company, the balance due to Micro & Small Enterprises as defined under the MSMED Act, 2006 is Rs. Nil (2010 – Rs. Nil). Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

**19. Employee Defined Benefits:**

Defined benefit plans - as per Actuarial Valuation

|   |   | <b>Gratuity Plan</b>        |                             |
|---|---|-----------------------------|-----------------------------|
|   |   | <b>2011</b>                 | <b>2010</b>                 |
|   |   | <b><u>(Rs. in lacs)</u></b> | <b><u>(Rs. in lacs)</u></b> |
| <b>I. Expenses Recognised in the Statement of Profit &amp; Loss Account</b> |   |                             |                             |
| 1.  | Current Service Cost  | <b>14.89</b>                | 13.26                       |
| 2.  | Interest  | <b>22.14</b>                | 20.93                       |
| 3.  | Expected Return on plan assets  | <b>(15.57)</b>              | (14.12)                     |
| 4.  | Actuarial (Gain) / Loss   | <b>46.58</b>                | 7.41                        |
| 5.  | Total Expense   | <b>68.04</b>                | 27.48                       |
| <b>II. Net Asset / (Liability) recognised in the Balance Sheet</b>          |   |                             |                             |
| 1.  | Present value of Defined Benefit Obligation                             | <b>342.95</b>               | 293.89                      |
| 2.  | Fair Value of plan assets   | <b>181.43</b>               | 174.15                      |
| 3.  | Funded Status [Surplus / (Deficit)]                                     | <b>(161.52)</b>             | (119.74)                    |
| 4.  | Net Asset / (Liability)   | <b>161.52</b>               | 119.74                      |
| <b>III. Change in the obligation during the year</b>                        |   |                             |                             |
| 1.  | Present value of Defined Benefit Obligation as at beginning of the year | <b>293.89</b>               | 271.28                      |
| 2.  | Current service cost  | <b>14.89</b>                | 13.26                       |
| 3.  | Interest Cost   | <b>22.14</b>                | 20.93                       |
| 4.  | Benefit payments  | <b>(34.18)</b>              | (19.43)                     |
| 5.  | Actuarial (Gain) / Loss   | <b>46.21</b>                | 7.85                        |
| 6.  | Present value of Defined benefit Obligation as at end of the year       | <b>342.95</b>               | 293.89                      |
| <b>IV. Change in the Fair Value of Assets</b>                               |   |                             |                             |
| 1.  | Fair Value of plan assets at the beginning of the year                  | <b>174.15</b>               | 154.18                      |
| 2.  | Expected return on plan assets  | <b>15.57</b>                | 14.12                       |
| 3.  | Contribution by employer  | <b>26.25</b>                | 24.84                       |
| 4.  | Actual benefits paid  | <b>(34.18)</b>              | (19.43)                     |
| 5.  | Actuarial (Gain) / Loss on Plan assets                                  | <b>(0.36)</b>               | 0.44                        |
| 6.  | Fair value of plan assets at the end of the year                        | <b>181.43</b>               | 174.15                      |
| 7.  | Actual return on plan assets  | <b>15.21</b>                | 14.56                       |

|   | <b>2011</b>                 | 2010                        |
|---|-----------------------------|-----------------------------|
|   | <b><u>(Rs. in lacs)</u></b> | <b><u>(Rs. in lacs)</u></b> |
| <b>V. The major categories of plan assets as a percentage of total plan</b>   |                             |                             |
| 1. Funded with LIC  | <b>100%</b>                 | 100%                        |
| <b>VI. Actuarial Assumptions</b>  |                             |                             |
| 1. Discount Rate  | <b>8.00%</b>                | 8.00%                       |
| 2. Expected rate of return on plan assets   | <b>9.15%</b>                | 9.00%                       |
| 3. In-service Mortality   | <b>LIC 1994-96 Ultimate</b> |                             |
| 4. Turnover Rate  | <b>5.00%</b>                | 5.00%                       |
| 5. Salary Rise – Officers/workers   | <b>10%/ 5%</b>              | 8%/5%                       |
| 6. Remaining Working life   | <b>11.40 Yrs</b>            | 10.46 Yrs                   |
| 20. Prior period expenses includes expenses pertaining to earlier year amounting to Rs.3.38 lacs (2010 – Rs.0.49 lacs). |                             |                             |
| 21. Previous year figures have been regrouped, wherever necessary, so as to correspond with those of the current year.  |                             |                             |

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**a) Registration Details**

|                    |                  |
|--------------------|------------------|
| Registration No.   | 3516             |
| State              | Punjab           |
| State Code         | 16               |
| Balance Sheet date | 31st March, 2011 |

**b) Capital Raised during the year**

|                   | 2011<br><u>Rs. in lacs</u> | 2010<br><u>Rs. in lacs</u> |
|-------------------|----------------------------|----------------------------|
| Public Issue      | Nil                        | Nil                        |
| Bonus Issue       | Nil                        | Nil                        |
| Right Issue       | Nil                        | Nil                        |
| Private Placement | Nil                        | Nil                        |

**c) Position of Mobilisation and Deployment of Funds**

|                   |         |         |
|-------------------|---------|---------|
| Total Liabilities | 4066.80 | 3837.65 |
| Total Assets      | 4066.80 | 3837.65 |

**Sources of Funds**

|                        |         |         |
|------------------------|---------|---------|
| Paid up Capital        | 239.77  | 239.77  |
| Reserves & Surplus     | 1842.96 | 1792.76 |
| Secured Loans          | -       | -       |
| Unsecured Loans        | -       | -       |
| Deferred Tax Liability | 16.75   | 50.87   |
| Grants-in-Aid          | 26.14   | 29.84   |

**Application of Funds**

|                    |         |         |
|--------------------|---------|---------|
| Net Fixed Assets   | 1025.77 | 655.19  |
| Net Current Assets | 1099.85 | 1458.05 |
| Investments        | -       | -       |
| Misc. Expenditure  | -       | -       |
| Accumulated Losses | -       | -       |

**d) Performance of Company**

|                          |         |         |
|--------------------------|---------|---------|
| Total Income             | 7429.07 | 7498.74 |
| Total Expenditure        | 7229.40 | 6974.97 |
| Profit Before Tax        | 199.67  | 523.77  |
| Profit After Tax         | 133.80  | 347.57  |
| Earnings Per Share (Rs.) | 5.58    | 14.49   |
| Dividend Rate            | 30%     | 40%     |

**e) Generic Names of three Principal Products / Services of Company**

|                            |                                      |
|----------------------------|--------------------------------------|
| 1. Item Code No.(ITC Code) | 9401 20 00                           |
| Product Description        | Seats of a kind used for Automobiles |
| 2. Item Code No.(ITC Code) | 9401 20 00                           |
| Product Description        | Automobile Parts                     |

**CASH FLOW STATEMENT** FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in lacs)

|  | 2011            | 2010    |          |
|--|-----------------|---------|----------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>          |                 |         |          |
| <b>Net Profit Before Tax and Extraordinary Items</b>   | <b>199.67</b>   |         | 523.77   |
| Adjustments for:                                       |                 |         |          |
| Depreciation   | 96.43           | 101.52  |          |
| Interest Paid  | 4.68            | 3.09    |          |
| Provision for Earned Leave                             | 55.31           | 13.74   |          |
| Provision for Bad Debts                                | -               | 7.24    |          |
| Interest Income  | (39.25)         | (59.94) |          |
| Capital Grant-in-aid                                   | (3.70)          | (3.70)  | 61.95    |
| <b>Operating Profit Before Working Capital Changes</b> | <b>313.14</b>   |         | 585.72   |
| Adjustments for:                                       |                 |         |          |
| Sundry Debtors & Other Receivables                     | (535.85)        | 3.00    |          |
| Inventories  | (115.60)        | 33.23   |          |
| Loans & Advances                                       | 15.92           | (46.19) |          |
| Trade Payables   | 189.70          | 296.82  | 286.86   |
| <b>Cash Generated From Operations</b>                  | <b>(132.69)</b> |         | 872.58   |
| Direct taxes refund/(paid)                             | (90.34)         |         | (197.89) |
| <b>Net Cash From Operating Activities</b>              | <b>(223.03)</b> |         | 674.69   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>          |                 |         |          |
| Purchase/Sale of fixed assets (Net)                    | (467.01)        | (53.42) |          |
| Interest received                                      | 39.25           | 59.94   | 6.52     |
| <b>Net Cash Used in Investing Activities</b>           | <b>(427.76)</b> |         | 6.52     |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>          |                 |         |          |
| Repayment of Corporate Loans                           | -               | -       |          |
| Dividend paid  | (111.84)        | (70.13) |          |
| Interest paid  | (4.68)          | (3.09)  | (73.22)  |
| <b>Net Cash Used in Financing Activities</b>           | <b>(116.52)</b> |         | (73.22)  |

(Rs. in lacs)

|  | 2011                  | 2010           |
|--|-----------------------|----------------|
| Net Increase/(Decrease) in Cash & Cash Equivalents | <b>(767.31)</b>       | 607.99         |
| Opening Cash and Cash Equivalents (#1)             | <b>1161.31</b>        | 553.32         |
| Closing Cash and Cash Equivalents (#2)             | <b>394.00</b>         | 1161.31        |
| <br>   |                       |                |
| # 1 Cash and Bank Balances                         | <b>1161.31</b>        | 553.32         |
| Cash Credit Account                                | —                     | —              |
| Opening Cash and Cash Equivalents                  | <u><b>1161.31</b></u> | <u>553.32</u>  |
| <br>   |                       |                |
| # 2 Cash and Bank Balances                         | <b>394.00</b>         | 1161.31        |
| Cash Credit Account                                | —                     | —              |
| Closing Cash and Cash Equivalents                  | <u><b>394.00</b></u>  | <u>1161.31</u> |

**Notes :**

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

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

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

J.S. CHOPRA  
Partner  
Membership No. 087476

M.N. KAUSHAL  
Chief Financial Officer

RAJESH KUMAR KAPILA  
Company Secretary

Chandigarh, 27th April, 2011

FOR AND ON BEHALF OF THE BOARD

DR. PAWAN GOENKA  
Chairman

MANDEEP J. SACHDEVA  
Director

Mumbai, 26th April, 2011

## AUDITORS' REPORT TO THE MEMBERS OF

### SWARAJ AUTOMOTIVES LIMITED

1. We have audited the attached Balance Sheet of Swaraj Automotives Limited ('the Company') as at 31<sup>st</sup> March, 2011 and Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director of the Company, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India.
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - (b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date ; and
    - (c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

JAGDEEP S. CHOPRA, FCA  
Partner  
Membership No. 087476

Place : Chandigarh  
Dated : 27th April, 2011

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in our report of even date to the members of Swaraj Automotives Limited on the accounts for the year ended March 31, 2011.

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and in terms of the information and explanations given to us and the books and records examined by us during the normal course of audit, we report that :

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

8. As informed to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.

9. In respect of statutory dues:

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

According to information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding for a period of more than six months as at 31<sup>st</sup> March, 2011 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.

| 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                                    | 0.17                               | 2006-07                            | Tribunal                       |
| 2.    | Central Excise & Service Tax | Service Tax on Royalty                         | 0.80                               | 2003-04,<br>2004-05                | Tribunal                       |
| 3.    | Central Excise               | Excise Duty                                    | 8.55                               | 2005-06 to<br>2009-10              | Commissioner Appeal            |
| 4.    | Central Excise & Service Tax | Service Tax on Outward Freight                 | 3.24*                              | 2004-05 to<br>2008-09              | Commissioner Appeal            |
| 5.    | Central Excise & Service Tax | Service Tax on Canteen & Horticulture Services | 1.92                               | 2008-09,<br>2009-10                | Commissioner Appeal            |

\*Includes Rs. 2.42 lacs paid under protest.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.

12. According to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly clause 4(xiii) of the Order is not applicable to the Company.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, Clause 4 (xiv) of the order is not applicable to the Company.

15. According to information and explanations given to us, the Company has not given any guarantee during the year, for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
16. According to information and explanation given to us, the term loan raised by the Company during the year and those outstanding at the beginning of the year were applied for the purposes for which the loans were obtained.
17. In our opinion and according to information and explanation given to us, during the year the Company has not used the funds raised on short term basis for long term investment and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

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

Place : Chandigarh  
Dated : 27th April, 2011

JAGDEEP S. CHOPRA, FCA  
Partner  
Membership No. 087476



**SWARAJ AUTOMOTIVES LIMITED**

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

**36th Annual General Meeting - 3rd August, 2011**

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

NAME OF THE SHAREHOLDER/PROXY  
ADDRESS

Folio No. ....

DP ID\* .....

No. of Shares held :

Client ID\* .....

I hereby record my presence at the 36th ANNUAL GENERAL MEETING of the Company on Wednesday, the 3rd August, 2011 at 4.00 P.M. at Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali) Punjab-160 062.

\*To be used for shares held in  
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY

PROXY

**SWARAJ AUTOMOTIVES LIMITED**

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

Folio No. .... DP ID\* ..... Client ID\* .....

I/We .....

of ..... being a member/members

of SWARAJ AUTOMOTIVES LIMITED hereby appoint .....

of .....

for failing him .....

of .....

as my/our proxy to vote for me/us on my/our behalf at the 36th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 3rd August, 2011 at 4.00 P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2011.

\*To be used for shares held in  
electronic form

Signature



**Note :** This proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the meeting. The Proxy need not be a Member of the Company.