

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

HIMMAT SINGH

A.K.MAHAJAN

DEVI SINGH

G.S.TRIPATHY

G.RATHINAM

BISHWAMBHAR MISHRA

A.M.SAWHNEY

V.S.PARTHASARATHY

MANDEEP J. SACHDEVA

ANNUAL GENERAL MEETING

on Tuesday, 3rd August, 2010
at 3.30 P.M. at Swaraj Engines Limited,
Plot No. 2, Industrial Phase IX,
S.A.S. Nagar (Mohali)
Punjab 160 062.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of Swaraj Automotives Limited will be held on **Tuesday, the 3rd day of August, 2010 at 3.30 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, 2010 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 Bishwambhar Mishra who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Mandeep J. Sachdeva who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri A.M.Sawhney who retires by rotation and, being eligible, offers himself for re-election.
6. To consider and, if thought fit, to pass, with or without modification, 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 reappointed 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

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

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. Pawan Goenka, who was appointed as an Additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation.”

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 Transfer Books of the Company will be closed from 16th July, 2010 to 22nd July, 2010 (both days inclusive).
5. The dividend, if declared at the Annual General Meeting, will be paid on or after 3rd August, 2010 to those persons or their mandates :

(a) whose names appear as Beneficial Owners as at the end of the business hours on 15th July, 2010 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, 2010.

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, 2002 to the Investor Education and Protection Fund (IEPF).

All unclaimed dividends for the financial year ended 31st March, 2003 will be transferred to IEPF in October 2010. 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. 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.
10. 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.
11. 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: 6th May, 2010

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.

Item No. 7

Dr. Pawan Goenka was appointed by the Board as an Additional Director with effect from 6th May, 2010. He holds office upto the date of the forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing the appointment of Dr. Goenka as a Director of the Company.

Dr. Goenka joined Mahindra & Mahindra Limited (M&M) in 1993 and was appointed President of its Automotive Sector in September 2005 and from 1st April, 2010, he took charge as President – Automotive and Farm Equipment Sectors of M&M. Prior to joining M&M, he had worked for General Motors R&D Centre at Detroit, USA. The Board is of the view that his association would be of immense value to the Company and hence recommends his appointment in terms of Resolution set out in Item No. 7 of the convening Notice.

Dr. Goenka does not hold any shares in the Company.

Apart from Dr. Goenka, none of the other Directors of the Company is concerned or interested in this item of business.

Regd. Office
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
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Email: kapila.rajesh@mahindraswaraj.com
Dated: 6th May, 2010

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)
Company Secretary

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their 35th Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2010.

FINANCIAL RESULTS

	(Rs. in Crores)	
	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Net Operating Revenue	69.22	65.74
Profit before Depreciation, Finance Charges and Tax	5.86	7.96
Finance Charges (Net)	(0.40)	(0.03)
Depreciation	1.02	0.93
Profit Before Tax	5.24	7.06
Tax Provision		
- Current	1.95	2.57
- Deferred	(0.19)	(0.14)
- Fringe Benefit	—	0.04
Profit After Tax	3.48	4.59
Balance of Profit from Prior Years	2.50	2.11
Surplus available for appropriation	5.98	6.70
Appropriations:		
Proposed Dividend	0.96	0.60
Tax on Dividend	0.16	0.10
Transfer to General Reserve	2.25	3.50
Balance carried to Balance Sheet	2.61	2.50

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.4.00 per Equity Share as compared to Rs.2.50 per Equity Share for the previous year, payable to those members whose names appear in the Register of Members as on the Book Closure date. The dividend including dividend distribution tax, surcharge and education cess would absorb a sum of Rs.1.12 crores (previous year – Rs.0.70 crore).

REVIEW OF OPERATIONS

Members may note that during the financial year 2009-10, there was a shift in the customer base and the share of business from a key customer had come down. However, impact of the same had been minimized by Company's thrust and initiatives on inhouse development of products to acquire new business from existing as well as new customers. During the financial year 2009-10, 10% of business had come from new products such as frames and sliders for Tata Nano, slider for Tata ACE and Magic, seats for State Transport Buses, foam based items, etc. Had this new business not been there, the impact could have been more. Operations for the year under review generated Net Revenue of Rs.69.22 crores against Rs.65.74 crores during the previous year. However, competitive market conditions had its impact on Company's margins. Profit before Interest, Depreciation and Tax for the year was Rs.5.86 crores as against Rs.7.96 crores for the previous year. Profit before Tax for the year was Rs.5.24 crores against Rs.7.06 crores for the previous year. Profit after Tax for the year was Rs.3.48 crores (previous year – Rs.4.59 crores). These post tax earnings translates into an Earning Per Share (EPS) of Rs.14.49 as against Rs.19.13 for the previous year.

FINANCE

Your Directors report that the fund position of the Company stayed comfortable throughout 2009-10. As a result, after meeting routine capital expenditure and working capital requirements to support operations, a net interest income of Rs.0.40 crore was generated on surplus funds as against Rs.0.03 crore in the previous year.

INDUSTRIAL RELATIONS

Industrial relations were cordial throughout the year.

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. During the year, your Company has also received ISO 14001: 2004 and ISO 18001: 2007 certifications.

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, distribution of free medicines, organising anti tobacco drive etc.

DIRECTORS

Consequent upon his resignation, Shri Anjanikumar Choudhari ceased to be a Director of the Company with effect from 1st April, 2010. Your Board has placed on record its deep appreciation of the valuable guidance and notable contributions of Shri Choudhari as Director and Chairman of the Company.

Dr. Pawan Goenka who was appointed as Additional Director of the Company at the Meeting of the Board of Directors of the Company held on 6th May, 2010, holds office upto the date of the forthcoming Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Dr. Goenka as a candidate for the office of Director. The Board of Directors in their meeting held on 6th May, 2010 also appointed Dr. Goenka as Chairman of the Company.

S/Shri Bishwambhar Mishra, Mandeep J. Sachdeva and A.M.Sawhney retire by rotation, and being eligible, offer themselves for reappointment.

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 31st March, 2010 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 are eligible for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits specified under section 224(1B) of the Companies Act, 1956.

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 in respect of the above activity under the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is annexed to this report.

PARTICULARS OF EMPLOYEES

The Company had 1 employee who was in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2010 or not less than Rs.2,00,000 per month during any part of said year. Information in accordance with section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 is annexed to this report.

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : 6th May, 2010

DR. PAWAN GOENKA
Chairman

ANNEXURE TO DIRECTORS' REPORT

(Year ended 31st March, 2010)

A) Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report :

CONSERVATION OF ENERGY

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

1. Replacement of diesel fired boiler with electric heating oven in Seat Assembly Shop.
2. Usage of direct heating process for phosphate chemical in Pre-Treatment in place of indirect heating process.
3. Reorientation of generator load in case of power shut down.
4. Optimisation of load in Heat Treatment Shop.

Total annual estimated savings – Rs. 5.00 lacs

TECHNOLOGY ABSORPTION

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

No technology has been imported during the last 5 years.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No.16 of Notes on Accounts (Schedule-N).

B) Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report:

Sr. No.	Name/(Age)	Qualification	Exp. (Years)	Date of comm. of Employment	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Last Employment Held	Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Oberai Manpreet S. (41)	B.E., M.E., MBA (OM)	18	01-10-08	GM (Plant Head)	27,36,802	Videocon Industries Ltd.	AVP – Head of Incl. Operations

Notes:

1. Remuneration includes Salary, Allowances, Company's contribution to Provident Fund and where it is not possible to ascertain the actual expenditure on perquisite, valuation has been done on the basis of Income Tax Act, 1961 and Rules made there under.
2. Nature of employment is non contractual.
3. Shri Manpreet S. Oberai is not related to any Director of the Company.
4. Terms & Conditions of employment are as per Company's Rules.
5. No employee holds by himself or alongwith his spouse and dependent children 2% or more of the equity shares of the Company.

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lacs)

	Schedule	2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	239.77	239.77
Reserves and Surplus	B	<u>1792.76</u>	<u>1557.03</u>
Grants-in-Aid	C	29.84	33.54
Deferred Tax Liability	D	50.87	<u>69.43</u>
		<u>2113.24</u>	<u>1899.77</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1637.30	1583.57
Less: Depreciation		<u>984.83</u>	<u>883.31</u>
Net Block		652.47	700.26
Capital Spares		2.72	3.03
Current Assets, Loans & Advances			
Inventories	F	297.92	331.15
Sundry Debtors		1389.39	1399.63
Cash and Bank Balances		1161.31	553.32
Loans and Advances		<u>333.84</u>	<u>284.52</u>
		3182.46	2568.62
Less:			
Current Liabilities & Provisions	G		
Current Liabilities		1398.20	1101.38
Provisions		<u>326.21</u>	<u>270.76</u>
		1724.41	1372.14
Net Current Assets		<u>1458.05</u>	<u>1196.48</u>
		<u>2113.24</u>	<u>1899.77</u>
Significant Accounting Policies	M		
Notes on Accounts	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, 6th May, 2010

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

New Delhi, 6th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Rs. in lacs)

	Schedule	2010	2009
INCOME			
Sales	N (15)	7438.88	7292.25
Less : Excise Duty		576.21	846.77
Net Sales Revenue		6862.67	6445.48
Other Income	H	59.86	128.82
		6922.53	6574.30
EXPENDITURE			
Materials	I	4990.84	4566.94
Manufacturing & Other Expenses	J	1194.37	1083.42
Selling & Distribution Expenses	K	151.19	127.65
Finance Charges (Net)	L	(39.65)	(2.65)
Depreciation	E	101.52	92.87
		6398.27	5868.23
Profit for the year		524.26	706.07
Prior period Adjustments	(-)	0.49	-
Profit before Tax		523.77	706.07
Provision for Taxation (Refer Note 7 on Schedule M)			
- Current Tax	194.76	256.95	
- Deferred Tax	(18.56)	(13.99)	
- Fringe Benefit Tax	-	4.51	247.47
Profit after Tax		347.57	458.60
Balance brought forward from previous year		249.79	211.32
Profit available for appropriation		597.36	669.92
APPROPRIATIONS			
Proposed Dividend	95.91	59.94	
Dividend Tax and Surcharge	15.93	10.19	70.13
General Reserve		225.00	350.00
Balance carried to Balance Sheet		260.52	249.79
		597.36	669.92
Earning Per Share	N (11)		
- Basic/Diluted Earning per share (Rs.)		14.49	19.13
Significant Accounting Policies	M		
Notes on Accounts	N		

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, 6th May, 2010

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

New Delhi, 6th May, 2010

SWARAJ AUTOMOTIVES LIMITED**SCHEDULE A**

(Rs. in lacs)

	2010	2009
SHARE CAPITAL		
Authorised		
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>
Issued, Subscribed & Paid-up		
23,97,713 Equity Shares (2009 - 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)

	2010	2009
RESERVES AND SURPLUS		
Investment Allowance Reserve	40.93	40.93
Capital Reserve	1.38	1.38
General Reserve		
Balance Brought Forward	1264.93	914.93
Add : Transferred from Profit and Loss Account	<u>225.00</u>	<u>350.00</u>
Profit and Loss Account	<u>260.52</u>	249.79
	<u>1792.76</u>	<u>1557.03</u>

SCHEDULE C

(Rs. in lacs)

	2010	2009
GRANTS-IN-AID		
Capital Grant		
(Refer Note 8 on Schedule M)		
Opening Balance	33.54	37.24
Less: Depreciation	<u>3.70</u>	<u>3.70</u>
	<u>29.84</u>	<u>33.54</u>

SCHEDULE D

(Rs. in lacs)

	2010	2009
DEFERRED TAX LIABILITY / (ASSETS)		
(Refer Note 7 on Schedule M & Note 4 on Schedule N)		
Deferred Tax Liability		
– Difference between book & tax Depreciation	128.10	139.53
Deferred Tax Assets		
– Provision for Employee Cost & Others	<u>(77.23)</u>	<u>(70.10)</u>
Deferred Tax Liability / (Assets) Net	<u>50.87</u>	<u>69.43</u>

SCHEDULE E

FIXED ASSETS

(Refer Note 3 on Schedule M & Note 7 on Schedule N)

(Rs. in lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as at 31.03.2009	Additions	Disposal/ Adjust- ments	Cost as at 31.03.2010	As at 31.03.2009	Provided during the year	Disposal/ Adjust- ments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land	2.73	-	-	2.73	-	-	-	-	2.73	2.73
Factory Building	365.65	-	-	365.65	185.82	12.21	-	198.03	167.62	179.83
Plant & Machinery	803.92	35.21	-	839.13	465.16	49.94	-	515.10	324.03	338.76
Electrical Installations	116.49	0.89	-	117.38	79.48	4.70	-	84.18	33.20	37.01
Furniture, Fixtures & Office Equipment	126.45	3.68	-	130.13	57.73	12.42	-	70.15	59.98	68.72
Vehicles	105.77	7.57	-	113.34	61.07	7.53	-	68.60	44.74	44.70
Software	12.01	6.38	-	18.39	0.35	6.29	-	6.64	11.75	11.66
Intangible Assets	50.55	-	-	50.55	33.70	8.43	-	42.13	8.42	16.85
Total	1583.57	53.73	-	1637.30	883.31	101.52	-	984.83	652.47	700.26
Previous year	1518.71	78.16	13.30	1583.57	800.23	92.87	9.79	883.31	700.26	718.48
Capital Spares									2.72	3.03

SCHEDULE F

(Rs. in lacs)

	2010		2009
CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS			
I. INVENTORIES			
(Refer Note 4 on Schedule M)			
Raw Materials & Components	175.12		168.40
Stores & Spare Parts	23.40		20.66
Loose Tools	6.91		4.71
Work-in-Progress	58.89		48.94
Finished Goods	33.60		88.44
	<u>297.92</u>		<u>331.15</u>
II. SUNDRY DEBTORS			
(Unsecured-considered good unless otherwise stated)			
Debts outstanding for more than six months	50.81	82.11	
Less : Provision for doubtful debts	<u>12.86</u>	37.95	5.62
Other debts		<u>1351.44</u>	1323.14
		<u>1389.39</u>	<u>1399.63</u>
III. CASH & BANK BALANCES			
Cash & Stamps in Hand	0.51		0.89
Balances with Scheduled Banks			
- Current Accounts	250.82	11.20	
- Cash Credit Account	104.01	0.75	
- Fixed Deposit	772.47	531.24	
- Interest Accrued on Fixed Deposits	31.82	7.66	
- Unpaid / Unclaimed Dividend Accounts	<u>1.68</u>	1.58	552.43
		<u>1160.80</u>	<u>553.32</u>
		<u>1161.31</u>	
B. LOANS AND ADVANCES			
(Unsecured considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received	23.41		26.91
Deferred Cenvat Credit	0.34	0.89	
Balance with Excise Authorities	43.65	20.61	
Security Deposits	25.37	17.25	
Income Tax [net of provisions Rs.194.76 lacs (2009-Rs. 261.46 lacs)]	1.58	(1.55)	
Value Added Tax Recoverable	<u>239.49</u>	220.41	257.61
		<u>310.43</u>	<u>284.52</u>
		<u>333.84</u>	

SCHEDULE G

(Rs. in lacs)

	2010	2009
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
-Micro & Small Enterprises(Refer Note 17 on Schedule N)	-	-
-Others	<u>1282.31</u>	<u>983.02</u>
Deposits & Earnest Money	0.78	1.18
Other Liabilities	113.43	115.60
Unpaid / Unclaimed Dividend *	1.68	1.58
	<u>1398.20</u>	<u>1101.38</u>
PROVISIONS		
Proposed Dividend	95.91	59.94
Tax on Proposed Dividend	15.93	10.19
Retirement Benefits (Refer Note 5 on Schedule M)		
-Leave Encashment	94.63	83.53
-Gratuity	119.74	117.10
	<u>326.21</u>	<u>270.76</u>
	<u>1724.41</u>	<u>1372.14</u>

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2010.

SCHEDULE H

(Rs. in lacs)

	2010	2009
OTHER INCOME		
Sale of Scrap	55.60	121.77
Job Charges	0.32	0.67
Profit on Sale of Fixed Assets	-	1.46
Miscellaneous Income	3.94	4.92
	<u>59.86</u>	<u>128.82</u>

SCHEDULE I

(Rs. in lacs)

	2010	2009
MATERIALS		
Consumption of Raw Materials & Components		
Opening Stock	193.77	333.41
Add : Purchases	<u>4797.50</u>	<u>4095.82</u>
Less : Closing Stock	205.43	193.77
	<u>4785.84</u>	<u>4235.46</u>
Job Charges	68.01	159.33
Purchase Tax	92.10	72.08
Movement in Stock of Finished Goods and Work-in-Progress		
Opening Stock	137.38	237.45
Less: Closing Stock	<u>92.49</u>	<u>137.38</u>
	<u>4990.84</u>	<u>4566.94</u>

SCHEDULE J

(Rs. in lacs)

	2010	2009
MANUFACTURING & OTHER EXPENSES		
Salaries & Wages	709.83	643.82
Contribution to Provident Fund and Other Funds	41.68	40.81
Gratuity & Superannuation (Refer Note 5 on Schedule M)	31.58	27.59
Workmen & Staff Welfare	111.26	92.89
Consumption of Stores & Spares (including Capital Spares)	46.06	52.23
Repair & Maintenance		
- Building	11.01	13.96
- Machinery	18.22	25.64
- Others	18.97	22.69
Electricity & Water Charges	114.02	100.71
Directors' Sitting Fee	0.90	0.90
Design & Development	4.52	0.59
Travelling & Conveyance	35.79	20.03
Postage & Telephone	5.00	3.95
Printing & Stationery	8.18	8.64
Insurance	2.43	1.56
Rent	3.05	1.20
Rates & Taxes	1.33	1.34
Miscellaneous Expenses	30.54	24.87
	<u>1194.37</u>	<u>1083.42</u>

SCHEDULE K

(Rs. in lacs)

	2010	2009
SELLING & DISTRIBUTION EXPENSES		
Freight Outward	108.37	98.82
Depot Handling charges	26.08	23.60
Warranty Claim	0.30	0.68
Provision for doubtful debts	7.24	2.98
Others	9.20	1.57
	<u>151.19</u>	<u>127.65</u>

SCHEDULE L

(Rs. in lacs)

	2010	2009
FINANCE CHARGES		
Interest on Overdraft	3.09	24.04
Bank Charges	1.15	4.54
Cash Discount (Net of recoveries)	16.05	11.65
Interest received on Bank Deposits	(59.82)	(42.88)
{Tax Deducted at Source Rs.8.96 lacs (2009-Rs. 9.72 lacs)}		
Interest Others	(0.12)	-
	<u>(39.65)</u>	<u>(2.65)</u>

SCHEDULE M**SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

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.

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 upto 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 contribution schemes such as provident fund and other funds are charged to the profit and loss account, as incurred. 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.

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 (2009 - 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 31st March, 2010 (2009-Nil) against Cash Credit limit from State Bank of Patiala, secured by pari-passu first charge over stock 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 31.03.2010 is given below:

(Rs. in lacs)

Particulars	Deferred Tax Liability / (Asset)		
	As on 01.04.2009	During the year	Upto 31.03.2010
On Depreciation	139.53	(11.43)	128.10
On Employee Cost	(68.19)	(4.67)	(72.86)
On Others	(1.91)	(2.46)	(4.37)
Net Deferred Tax Liability	<u>69.43</u>	<u>(18.56)</u>	<u>50.87</u>

5. **CONTINGENT LIABILITIES**

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

Particulars	2010	2009
	(Rs. in lacs)	(Rs. in lacs)
i) Telephone & Telex (Disputed Amount)	1.47	1.47
ii) Claims against the Company (Employees / Workers dispute)	11.00	10.75
iii) Excise / Service Tax demand (pending in appeal)	0.97	0.17

6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (2009 - Rs. 7.17 lacs).
7. Depreciation for the year on Motor Vehicles, Air Conditioners and Coolers, Office Equipment and certain Plant & Machinery costing Rs.179.11 lacs (2009-Rs. 158.21lacs) has not been charged since 95% of its original cost has already been charged to depreciation.

8. 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.

9. 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.

10. 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:

	2010 (Rs. in lacs)	2009 (Rs. in lacs)
a) Purchase of Components	0.45	1.68
Mahindra & Mahindra Limited	0.45	0.78
Punjab Tractors Limited *	-	0.90
b) Sale of finished goods	1520.98	1039.71
Mahindra & Mahindra Limited	1239.46	584.90
Punjab Tractors Limited *	-	261.04
Swaraj Engines Limited	281.52	193.77
c) Purchase of Assets	-	15.67
Mahindra & Mahindra Limited	-	15.67
d) Reimbursement in respect of services received	48.27	45.42
Mahindra & Mahindra Limited	48.27	31.33
Punjab Tractors Limited *	-	14.09
e) Inter-Corporate Deposit received	-	-
f) Inter-Corporate Deposit paid	-	-
g) Interest on Inter-Corporate borrowings	-	-
h) Dividend Paid	26.49	31.79
Mahindra & Mahindra Limited	26.49	14.39
Punjab Tractors Limited *	-	17.40
Aggregate balances outstanding as at the year end		
- Receivables	78.48	85.09

*Pursuant to the approval of the scheme of Amalgamation of Punjab Tractors Limited ("PTL") with Mahindra & Mahindra Limited ("M&M") by the High Court of Punjab & Haryana, Chandigarh and High Court of Judicature at Bombay, PTL stands merged into M&M with effect from 1st August, 2008. Accordingly, PTL was an Associate Company upto 31st July, 2008.

11. EARNING PER SHARE (EPS)

	2010	2009
Profit attributable to Equity Shareholders (Rs. in lacs)	347.57	458.60
Basic/Weighted average number of Equity Shares	23,97,713	23,97,713
Basic/Diluted Earning Per Share (Face Value Rs.10 per share)	Rs. 14.49	Rs. 19.13

12. AUDITOR'S REMUNERATION *

	2010 (Rs. in lacs)	2009 (Rs. in lacs)
Statutory Auditors		
- Audit fee	0.72	0.72
- Out of pocket expenses	0.26	0.22
- Other services	0.45	0.45
Tax Auditors		
- Tax Audit fee	0.15	0.15
	1.58	1.54

* excluding Service Tax

13. MANAGERIAL PAYMENTS

	2010 (Rs. in lacs)	2009 (Rs. in lacs)
Directors' Sitting Fees	0.90	0.90
Travelling & Conveyance	0.54	0.02

14. Miscellaneous Receipts under Other Income includes a sum of Rs.3.70 lacs (2009 - Rs.3.70 lacs) being the depreciation on Plant & Machinery received as Capital Grant-in-Aid which is adjusted against the grant received.

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

A. Capacity

Particulars	2010		2009	
	Licensed	Installed	Licensed	Installed
Seats for Light Commercial Vehicles (sets)	80,000	80,000	80,000	80,000

B. Production, Sales & Stock of Finished Goods

Particulars	Unit	2010	2009
i) Seats for Light Commercial Vehicles			
Opening stock	Sets	33	-
Production during the year	"	5,722	3,791
Sales	"	5,725	3,758
Closing stock	"	30	33

SWARAJ AUTOMOTIVES LIMITED

Particulars	Unit	2010	2009
ii) Seats Others			
Opening stock	Nos.	82	-
Production during the year	"	66,478	48,180
Sales	"	66,404	48,098
Closing stock	"	156	82
iii) Seat Components			
Opening stock	Nos.	32,987	43,542
Production during the year	"	15,00,927	14,32,156
Sales	"	15,23,657	14,42,711
Closing stock	"	10,257	32,987
iv) Sales		2010	2009
		(Rs. in lacs)	(Rs. in lacs)
Seat Components		5,180.85	5,734.02
Seats of Light Commercial Vehicles		561.37	399.09
Tools, Dies & Fine Blanking Components		66.25	41.42
Exhaust Brake & Cover Service Hole		88.35	90.02
Tractor Parts		1,476.23	1,027.70
Railway Seats		6.19	-
Combine Parts		59.64	-
		<u>7,438.88</u>	<u>7,292.25</u>

C (a) Consumption of Raw Materials & Components

Particulars	Unit	2010		2009	
		Qty.	Rs. in lacs	Qty.	Rs. in lacs
PU Foam Material	MT	174.63	216.78	90.20	117.96
CRCA Sheet & Steel Sheet	MT	673.27	380.40	738.46	432.87
Paints & Chemicals	MT	101.21	126.11	93.51	101.78
ERW Tube	Nos	28715	12.71	19162	3.71
Screw, Nut, Bolt, Washer & OHM Clips	Nos.(in lacs)	244.34	170.20	232.92	174.41
Trim Wire, Hook Spring	"	1.67	1.97	0.86	0.88
Trim Comp., Frames & Silencer etc.	"	4.02	339.51	1.27	168.70
Spring & Brackets	"	60.35	528.11	58.28	479.52
Stopper, B.Plates, Arm Plate,H Plate	"	48.46	634.73	45.85	655.66
Guide Block, Sect-disc Lever etc.	"	27.29	197.43	20.92	172.15
Upper Rail, Lower Rail, Pawl Lock etc.	"	42.53	1,045.54	42.33	1,196.04
Tractor Seat Parts	-		788.77		543.36
CO-2, R-11, Gases	-		7.62		2.23
Packing Materials	-		50.20		25.70
Others	-		285.76		160.49
			<u>4,785.84</u>		<u>4,235.46</u>

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 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, Store & Spares consumed and percentage of each to total consumption

		2010		2009
	<u>%age</u>	<u>Rs. in lacs</u>	<u>%age</u>	<u>Rs. in lacs</u>
i) Imported	2.78	132.93	4.94	209.38
ii) Indigenous	97.22	4652.91	95.06	4026.08
	<u>100.00</u>	<u>4785.84</u>	<u>100.00</u>	<u>4235.46</u>

16. Expenditure in Foreign Currency

	2010	2009
	<u>(Rs. in lacs)</u>	<u>(Rs. in lacs)</u>
i) Import of Raw Materials & Components	116.79	160.67

17. 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 (2009 – Rs. Nil). Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

18. Employee Defined Benefits:

Defined benefit plans - as per Actuarial Valuation

	Gratuity Plan	
	2010	2009
	<u>(Rs. in lacs)</u>	<u>(Rs. in lacs)</u>
I. Expenses Recognised in the Statement of Profit & Loss Account		
1. Current Service Cost	13.26	11.76
2. Interest	20.93	18.50
3. Expected Return on plan assets	(14.12)	(13.05)
4. Actuarial (Gain) / Loss	7.41	6.90
5. Total Expense	27.48	24.11
II. Net Asset / (Liability) recognised in the Balance Sheet		
1. Present value of Defined Benefit Obligation	293.89	271.28
2. Fair Value of plan assets	174.15	154.18
3. Funder Status [Surplus / (Deficit)]	(119.74)	(117.10)
4. Net Asset / (Liability)	119.74	117.10
III. Change in the obligation during the year		
1. Present value of Defined Benefit Obligation as at beginning of the year	271.28	259.45
2. Current service cost	13.26	11.76
3. Interest Cost	20.93	18.50
4. Benefit payments	(19.43)	(25.48)
5. Actuarial (Gain) / Loss	7.85	7.05
6. Present value of Defined benefit Obligation as at end of the year	293.89	271.28

	2010	2009
	<u>(Rs. in lacs)</u>	<u>(Rs. in lacs)</u>
IV. Change in the Fair Value of Assets		
1. Fair Value of plan assets at the beginning of the year	154.18	141.75
2. Expected return on plan assets	14.12	13.05
3. Contribution by employer	24.84	25.25
4. Actual benefits paid	(19.43)	(25.48)
5. Actuarial (Gain) / Loss on Plan assets	0.44	0.39
6. Fair value of plan assets at the end of the year	174.15	154.18
7. Actual return on plan assets	14.56	13.44
V. The major categories of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
1. Discount Rate	8.00%	7.50%
2. Expected rate of return on plan assets	9.00%	9.25%
3. In-service Mortality	LIC 1994-96 Ultimate	
4. Turnover Rate	5.00%	5.00%
5. Salary Rise – Officers/workers	8% / 5%	5.00%
6. Remaining Working life	10.46 Yrs	11.16 Yrs
19. Prior period adjustments include expense pertaining to earlier year amounting to Rs. 0.49 lac (2009-Nil).		
20. Consequent to the amendment in Income Tax Act 1961, Fringe Benefit Tax (FBT) deposited during the year has been clubbed with Advance Income Tax.		
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, 2010

b) Capital Raised during the year

	2010 Rs. in lacs	2009 Rs. in lacs
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	2113.24	1899.77
Total Assets	2113.24	1899.77

Sources of Funds

Paid up Capital	239.77	239.77
Reserves & Surplus	1792.76	1557.03
Secured Loans	Nil	Nil
Unsecured Loans	Nil	Nil
Deferred Tax Liability	50.87	69.43
Grants-in-Aid	29.84	33.54

Application of Funds

Net Fixed Assets	655.19	703.29
Net Current Assets	1458.05	1196.48
Investments	Nil	Nil
Misc. Expenditure	Nil	Nil
Accumulated Losses	Nil	Nil

d) Performance of Company

Total Income	6922.53	6574.30
Total Expenditure	6398.76	5868.23
Profit Before Tax	523.77	706.07
Profit After Tax	347.57	458.60
Earnings Per Share (Rs.)	14.49	19.13
Dividend Rate (%)	40	25

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, 2010

(Rs. in lacs)

	2010	2009	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax and Extraordinary Items	523.77		706.07
Adjustments for:			
Depreciation	101.52	92.87	
Interest Paid	3.09	24.04	
Provision for Earned Leave	13.74	13.54	
Provision for Bad Debts	7.24	2.98	
Interest Income	(59.94)	(42.88)	
Capital Grant-in-aid	(3.70)	(3.70)	86.85
Operating Profit Before Working Capital Changes	585.72		792.92
Adjustments for:			
Sundry Debtors & Other Receivables	3.00	89.60	
Inventories	33.23	239.71	
Loans & Advances	(46.19)	109.93	
Trade Payables	296.82	(693.11)	(253.87)
Cash Generated From Operations	872.58		539.05
Direct taxes refund/(paid)	(197.89)		(298.63)
Net Cash From Operating Activities	674.69		240.42
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase/Sale of fixed assets (Net)	(53.42)	(74.31)	
Interest received	59.94	42.88	(31.43)
Net Cash Used in Investing Activities	6.52		(31.43)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Corporate Loans	-	-	
Dividend paid	(70.13)	(84.15)	
Interest paid	(3.09)	(24.04)	(108.19)
Net Cash Used in Financing Activities	(73.22)		(108.19)

(Rs. in lacs)

	2010	2009
Net Increase/(Decrease) in Cash & Cash Equivalents	607.99	100.80
Opening Cash and Cash Equivalents (#1)	553.32	452.52
Closing Cash and Cash Equivalents (#2)	1161.31	553.32
# 1 Cash and Bank Balances	553.32	725.78
Cash Credit Account	—	(273.26)
Opening Cash and Cash Equivalents	<u>553.32</u>	<u>452.52</u>
# 2 Cash and Bank Balances	1161.31	553.32
Cash Credit Account	—	—
Closing Cash and Cash Equivalents	<u>1161.31</u>	<u>553.32</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, 6th May, 2010

FOR AND ON BEHALF OF THE BOARD

DR. PAWAN GOENKA
Chairman

MANDEEP J. SACHDEVA
Director

New Delhi, 6th May, 2010

**AUDITORS' REPORT TO THE MEMBERS OF
SWARAJ AUTOMOTIVES LIMITED**

1. We have audited the attached Balance Sheet of Swaraj Automotives Limited as at 31st March, 2010 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2010 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 31st March, 2010;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

JAGDEEP S. CHOPRA, FCA
Partner
Membership No. 087476

Chandigarh,
Dated : 6th May, 2010

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, 2010).

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 physically 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 into 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 31st March, 2010 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. in 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, 2004-05	Commissioner Appeal

10. The Company has no accumulated losses 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)

JAGDEEP S. CHOPRA, FCA
Partner
Membership No. 087476

Chandigarh,
Dated : 6th May, 2010

SWARAJ AUTOMOTIVES LIMITED

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

35th Annual General Meeting - 3rd August, 2010

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 35th ANNUAL GENERAL MEETING of the Company on Tuesday, the 3rd August, 2010 at 3.30 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 35th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 3rd August, 2010 at 3.30 P.M. and at any adjournment thereof.

Signed this day of 2010.

*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.