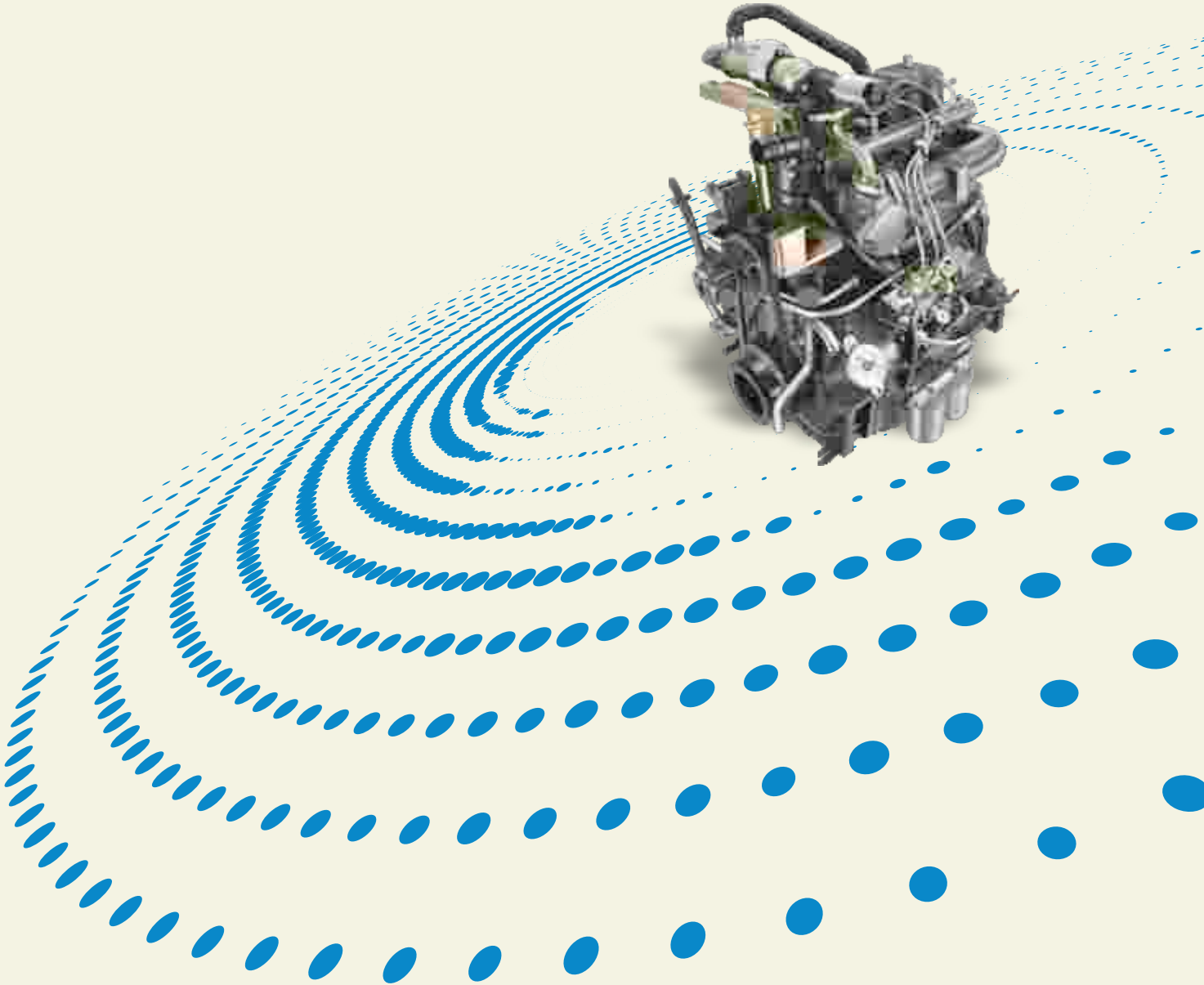


ANNUAL  
REPORT | 2019



## Swaraj Engines Limited

### Company Secretary

M.S. GREWAL

### Chief Financial Officer

RAJINDER ARORA

### Auditors

M/s B.K. KHARE & CO.  
Chartered Accountants

### Bankers

CANARA BANK  
HDFC BANK LIMITED  
AXIS BANK LIMITED

### Registered Office

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

CIN: L50210PB1985PLC006473  
Tel: 0172-2271620-27, Fax: 0172-2272731  
Email: selinvestor@swarajenterprise.com

### Works

Plot No. 2, Industrial Phase IX  
S.A.S. Nagar (Mohali)  
Punjab 160 062

### Website

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

### Registrar and Transfer Agent

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

### BOARD OF DIRECTORS

SUDHIR MANKAD  
*Chairman*

DR. PAWAN GOENKA

R.R. DESHPANDE

VIJAY VARMA

RAJESH JEJURIKAR

S. DURGASHANKAR

DILEEP C. CHOKSI

NEERA SAGGI

SUBHASH MAGO  
*Whole Time Director &  
Chief Executive Officer*

**ANNUAL GENERAL MEETING**

on Tuesday, 30th July, 2019  
at 2:30 P.M. at Swaraj Engines Limited  
Plot No. 2, Industrial Phase IX  
S.A.S. Nagar (Mohali)  
Punjab 160 062

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**KEY PERFORMANCE INDICATORS - LAST TEN YEARS**
**(Rs. in Crores)**

Fiscal Year →	Indian GAAP						Ind AS*			
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Engines Sold (Nos.)</b>	<b>39143</b>	<b>47413</b>	<b>55239</b>	<b>57377</b>	<b>74062</b>	<b>64595</b>	<b>64088</b>	<b>82297</b>	<b>92022</b>	<b>99638</b>
<b>Net Operating Revenue</b>	<b>282.44</b>	<b>360.63</b>	<b>448.58</b>	<b>479.03</b>	<b>608.28</b>	<b>539.70</b>	<b>525.91</b>	<b>666.14</b>	<b>771.16</b>	<b>871.74</b>
<b>PBIDT</b>	<b>53.75</b>	<b>60.71</b>	<b>69.37</b>	<b>71.49</b>	<b>90.63</b>	<b>74.71</b>	<b>73.76</b>	<b>104.54</b>	<b>121.59</b>	<b>131.65</b>
Finance Cost	0.03	0.04	0.08	0.15	0.04	0.01	0.05	0.01	1.01	0.09
Depreciation	4.84	4.46	4.26	7.16	9.12	13.20	13.80	16.28	16.82	19.54
<b>Profit Before Other Income &amp; Tax</b>	<b>48.88</b>	<b>56.21</b>	<b>65.03</b>	<b>64.18</b>	<b>81.47</b>	<b>61.50</b>	<b>59.91</b>	<b>88.25</b>	<b>103.76</b>	<b>112.02</b>
Other Income	5.83	8.14	12.24	15.32	17.49	16.32	16.30	17.21	18.96	15.38
<b>Profit Before Exceptional Items &amp; Tax</b>	<b>54.71</b>	<b>64.35</b>	<b>77.27</b>	<b>79.50</b>	<b>98.96</b>	<b>77.82</b>	<b>76.21</b>	<b>105.46</b>	<b>122.72</b>	<b>127.40</b>
Exceptional Items	–	–	–	–	1.15	–	–	–	–	–
<b>Profit Before Tax</b>	<b>54.71</b>	<b>64.35</b>	<b>77.27</b>	<b>79.50</b>	<b>97.81</b>	<b>77.82</b>	<b>76.21</b>	<b>105.46</b>	<b>122.72</b>	<b>127.40</b>
Income Tax	17.36	20.44	24.45	24.10	30.81	25.98	24.90	36.63	42.62	44.98
<b>Profit After Tax</b>	<b>37.35</b>	<b>43.91</b>	<b>52.82</b>	<b>55.40</b>	<b>67.00</b>	<b>51.84</b>	<b>51.31</b>	<b>68.83</b>	<b>80.10</b>	<b>82.42</b>
Other Comprehensive Income (Net of Tax)	–	–	–	–	–	–	(0.11)	0.20	(0.29)	(0.14)
Total Comprehensive Income	–	–	–	–	–	–	51.20	69.03	79.81	82.28
Dividend %	80	100	130	330#	350#	330#	330#	430#	500#	500#
Dividend Payout	9.94	12.42	16.15	40.99	43.47	40.99	40.99	53.40	60.63	60.64
Equity Share Capital	12.42	12.42	12.42	12.42	12.42	12.42	12.42	12.42	12.13	12.13
<b>Net Worth</b>	<b>122.74</b>	<b>152.22</b>	<b>186.28</b>	<b>193.73</b>	<b>209.88</b>	<b>261.47</b>	<b>263.44</b>	<b>283.37</b>	<b>228.50</b>	<b>237.98</b>
Capital Employed	125.42	154.14	189.48	200.06	216.82	267.78	271.04	289.64	234.29	245.14
Market Capitalisation	360.36	532.93	498.10	490.58	859.20	1003.83	1063.88	1842.48	2431.04	1708.78
<b>PBIDT/Net Operating Revenue</b>	<b>19.0%</b>	<b>16.8%</b>	<b>15.5%</b>	<b>14.9%</b>	<b>14.9%</b>	<b>13.8%</b>	<b>14.0%</b>	<b>15.7%</b>	<b>15.8%</b>	<b>15.1%</b>
<b>Return on Net Worth</b>	<b>30.4%</b>	<b>28.9%</b>	<b>28.4%</b>	<b>28.6%</b>	<b>31.9%</b>	<b>19.8%</b>	<b>19.5%</b>	<b>24.3%</b>	<b>35.1%</b>	<b>34.6%</b>
<b>Earning per Share (Rs.)</b>	<b>30.1</b>	<b>35.4</b>	<b>42.5</b>	<b>44.6</b>	<b>53.9</b>	<b>41.7</b>	<b>41.3</b>	<b>55.4</b>	<b>64.6</b>	<b>68.0</b>
<b>Book Value per Share (Rs.)</b>	<b>98.8</b>	<b>122.6</b>	<b>150.0</b>	<b>156.0</b>	<b>169.0</b>	<b>210.5</b>	<b>212.1</b>	<b>228.2</b>	<b>188.4</b>	<b>196.2</b>

# include Special Dividend of 200% in 2013 &amp; 2014 and 180% in 2015 &amp; 2016 and 250% in 2017, 2018 &amp; 2019

\* The Company transitioned into Ind AS from April 1, 2016

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 33rd Annual General Meeting of Swaraj Engines Limited will be held on **Tuesday, the 30th day of July, 2019 at 2.30 P.M.** at the Works of the Company at Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab -160 062 to transact the following businesses:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri S. Durgashankar (DIN: 00044713), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Pawan Goenka (DIN: 00254502), who retires by rotation and, being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

#### **5. Ratification of Remuneration to Cost Auditors**

**To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force] and pursuant to the recommendation of the Audit Committee, the remuneration payable to M/s. V. Kumar & Associates, Cost Accountants having Firm Registration No. 100137, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2020, amounting to Rs. 1,20,000/- (Rupees One Lakh Twenty Thousand only) (plus all applicable taxes and reimbursement of out of pocket expenses), be ratified.

FURTHER RESOLVED that approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

#### **6. Re-appointment of Shri Sudhir Mankad as an Independent Director**

**To consider and, if thought fit, to pass the following Resolution as a Special Resolution:**

"RESOLVED that pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Shri Sudhir Mankad (DIN: 00086077), who was appointed as an Independent Director of the Company at the 28th Annual General Meeting of the Company and who holds office of the Independent Director up to 30th July, 2019 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of three consecutive years commencing from 31st July, 2019 to 30th July, 2022."

#### **7. Re-appointment of Shri Dileep C. Choksi as an Independent Director**

**To consider and, if thought fit, to pass the following Resolution as a Special Resolution:**

"RESOLVED that pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Shri Dileep C. Choksi (DIN: 00016322), who was appointed as an Independent Director of the Company at the 28th Annual General Meeting of the Company and who holds office of the Independent Director up to 30th July, 2019 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years commencing from 31st July, 2019 to 30th July, 2024."

#### **8. Re-appointment of Smt. Neera Saggi as an Independent Director**

**To consider and, if thought fit, to pass the following Resolution as a Special Resolution:**

"RESOLVED that pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Smt. Neera Saggi (DIN: 00501029), who was appointed as an Independent Director of the Company at the 28th Annual General Meeting of the Company and who holds office of the Independent Director up to 30th September, 2019 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of four consecutive years commencing from 1st October, 2019 to 30th September, 2023."

#### NOTES

1. The Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
3. The instrument appointing a proxy must be deposited, either in person or through post, with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
4. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority as applicable. The Proxy-holder shall prove his/her identity at the time of attending the Meeting.
5. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Share Transfer Agent Limited having their office at F-65, First Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020.
6. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 13th July, 2019 to Friday, 19th July, 2019 (both days inclusive).
7. The dividend, if declared at the Annual General Meeting, would be paid / despatched on or after 31st July, 2019 to those shareholders or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on Friday, 12th July, 2019 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
  - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid request(s) received for transmission/transposition of shares lodged with the Company / its Registrar and Share Transfer Agent on or before Friday, 12th July, 2019.
8. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be compiled and made available at the Meeting.
10. Pursuant to the provisions of Section 124 of the Companies Act, 2013, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ("IEPF Rules"), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government. Accordingly, an amount of Rs. 9,94,010/- being unclaimed/unpaid dividend of the Company for the financial year ended 31st March, 2011 was transferred on 14th September, 2018.

The Company has been sending reminders to those members having unclaimed/ unpaid dividend(s) before transfer of such dividend(s) to IEPF. Details of the unclaimed/unpaid dividend(s) as on 30th July, 2018 (date of last Annual General Meeting) are also uploaded as per the requirements, on the Company's website [www.swarajenterprise.com](http://www.swarajenterprise.com). Members, who have not encashed their dividend(s) pertaining to financial year ended on 31st March, 2012 and onwards are advised to write to the Company immediately for claiming dividend(s) declared by the Company.

The due date for transfer of unclaimed/unpaid dividend(s) declared by the Company for FY 2011-12 and thereafter to IEPF is as under:

Financial year ended	Date of Declaration of Dividend	Due for Transfer to IEPF
31st March, 2012	31st July, 2012	5th September, 2019
31st March, 2013	30th July, 2013	4th September, 2020
31st March, 2014	31st July, 2014	5th September, 2021
31st March, 2015	28th July, 2015	2nd September, 2022
31st March, 2016	26th July, 2016	31st August, 2023
31st March, 2017	24th July, 2017	29th August, 2024
31st March, 2018	30th July, 2018	4th September, 2025

11. Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ("IEPF Account") within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, in compliance with said requirements, the Company has transferred the aforesaid shares to the IEPF Account and details of the same are uploaded on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company [www.swarajenterprise.com](http://www.swarajenterprise.com).  
Further, all the Members who have not claimed / encashed their dividend(s) in the last seven consecutive years from 2012 are requested to claim the same by 20th August, 2019. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules.
12. The Securities and Exchange Board of India (SEBI) has directed for the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
13. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH13 duly filled in to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
14. Payment of Dividend through ECS:  
The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through the Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/Real Time Gross Settlement (RTGS)/Direct Credit, etc.  
As directed by SEBI, the Members holding shares in physical form are requested to submit particulars of their bank account alongwith the original cancelled cheque bearing the name of the Member to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address/Company to update their Bank Account details.  
Members holding shares in demat form are requested to update their Bank Account details with their respective Depository Participant. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode.
15. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder, the Notice calling the Annual General Meeting along with the Annual Report 2018-19 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depository or the Company's Registrar and Transfer Agents, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode.  
Members are requested to support this Green Initiative by registering / updating their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) or with the Company's Registrar and Share Transfer Agent M/s MCS Share Transfer Agent Limited (in case of Shares held in physical form).

16. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialized form with effect from 1st April, 2019. Accordingly, Members are advised to dematerialize shares held by them in physical form.
17. Members are requested to:
- Intimate to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form.
  - Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in dematerialised form. The Company will not take cognizance of any such requests directly from Members.
  - Quote their folio numbers/Client ID/ DP ID in all correspondence.
  - Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
18. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, (except Saturdays and Sundays) between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.
19. Voting through electronic means
- I. In compliance of provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL) on all resolutions set forth in this Notice, through remote e-voting.
  - II. Members are requested to note that the Company is providing facility for remote e-voting and the business may be transacted through electronic voting system. It is hereby clarified that it is not mandatory for a Member to vote using the remote e-voting facility. A Member may avail of the facility at his/her/its discretion, as per the instructions provided herein.

The details of the process and manner for remote e-voting are explained here below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 123456 then user ID is 123456001***



5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' would have been communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the company.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [ajaykcs@gmail.com](mailto:ajaykcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

- III. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
  - IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - V. The remote e-voting period will commence at 9.00 a.m. (IST) on Friday, 26th July, 2019 and will end at 5.00 p.m. (IST) on Monday, 29th July, 2019. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 23rd July, 2019, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again. The Members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
  - VI. The facility for voting through ballot will also be made available at the AGM and Members attending the AGM who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM.
  - VII. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, the 23rd July, 2019.
  - VIII. Any person, who acquires shares of the Company and become a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 23rd July, 2019, may obtain the Login ID and password by sending an e-mail to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Registrar and Share Transfer Agent of the Company at [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com) or to the Company at [selinvestor@swarajenterprise.com](mailto:selinvestor@swarajenterprise.com). However, if they are already registered with NSDL for remote e-voting, then they can use their existing User ID and password for casting the vote through remote e-voting. If they forget the password, they can reset the password by using "Forget User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - IX. Mr. Ajay K Arora, Practicing Company Secretary (Membership No.2191), Proprietor - M/s. A. Arora & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the remote e-voting and voting process at AGM in a fair and transparent manner.
  - X. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
  - XI. As per Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the results of e-voting are to be communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.swarajenterprise.com](http://www.swarajenterprise.com) and on the website of NSDL.
  - XII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 30th July, 2019.
20. Re-appointment of Directors
- Shri S. Durgashankar and Dr. Pawan Goenka shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Additional information, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by The Institute of Company Secretaries of India, in respect of the Directors seeking re-appointment at this AGM, forms part of the Notice.
- None of the Directors of the Company are inter-se related to each other.
21. The route map of the venue of the Meeting is attached to the Notice.

Registered Office :  
 Phase IV, Industrial Area  
 S.A.S. Nagar (Mohali)  
 Punjab - 160 055  
 Tel: 0172-2271620-27, Fax: 0172-2272731  
 Email: [selinvestor@swarajenterprise.com](mailto:selinvestor@swarajenterprise.com)  
 Website: [www.swarajenterprise.com](http://www.swarajenterprise.com)  
 CIN: L50210PB1985PLC006473  
 22nd April, 2019

BY ORDER OF THE BOARD

(M.S. GREWAL)  
 Company Secretary

**Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the items of the Special Business****Item No. 5**

The Board of the Directors, at its meeting held on 22nd April, 2019, upon recommendation of the Audit Committee, approved the appointment of M/s V. Kumar & Associates, Cost Accountants, having Firm Registration No. 100137, as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2020, at a remuneration of Rs. 1,20,000/- (Rupees One Lakh Twenty Thousand only) plus applicable taxes and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members of a Company are required to ratify the remuneration to be paid to the Cost Auditors of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2020.

None of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

**Item Nos. 6, 7 & 8**

Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi were appointed as Independent Directors on the Board of your Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges, by the Shareholders at the 28th Annual General Meeting ("AGM") of the Company held on 31st July, 2014. Shri Sudhir Mankad and Shri Dileep C. Choksi hold office as Independent Directors of the Company up to 30th July, 2019 and Smt. Neera Saggi holds office as Independent Director of the Company up to 30th September, 2019 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

Brief details of Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi are mentioned below:

- **Shri Sudhir Mankad**

Shri Sudhir Mankad, completed 71 years of age, belongs to Indian Administrative Services (IAS) and has served in various capacities, both in Government of India and State of Gujarat. His last assignment was as Chief Secretary, Government of Gujarat. He has served as a Director/ Chairman on Board of several Cement, Power, Fertilizer and Finance Companies. He had also worked on the Finance Committee of Central Universities and had been associated with several Educational Institutions & NGOs.

Shri Mankad was first appointed as a Director on the Board of the Company on 31st July, 2012.

Shri Mankad serves as the Non-Executive Chairman of Gujarat International Finance Tec-City Company Ltd. He is also on the Board of Deepak Nitrite Ltd., Gruh Finance Ltd., Navin Fluorine International Ltd., Mahindra Intertrade Ltd. and GIFT SEZ Ltd. He is also Part time Non-Executive Director on the Central Board of Reserve Bank of India.

Shri Mankad is currently a Member of the following Board Committees:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Deepak Nitrite Ltd.	Audit Committee	Member
		Nomination & Remuneration Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
2.	Gruh Finance Ltd.	Nomination & Remuneration Committee	Chairman
		Corporate Social Responsibility Committee	Member
		Stakeholders Responsibility Committee	Member
3.	Mahindra Intertrade Ltd.	Audit Committee	Chairman
		Corporate Social Responsibility Committee	Member
		Nomination & Remuneration Committee	Member
4.	Swaraj Engines Ltd.	Nomination & Remuneration Committee	Member
		Corporate Social Responsibility Committee	Chairman
		Audit Committee	Member
5.	Navin Fluorine International Ltd.	Corporate Social Responsibility Committee	Chairman

Shri Sudhir Mankad does not hold any Equity Shares in the Company.

Shri Mankad had attended all the five Board Meetings held in the Financial Year 2018-19. Shri Mankad would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof. In addition, he would be entitled to commission as determined each year by the Board of Directors within the limits approved by the Members of the Company for the Non-Executive Directors of the Company. The sitting fees paid to Shri Mankad during the Financial Year 2018-19 is Rs. 3.40 lakhs. The commission paid to him in Financial Year 2017-18 is Rs. 6.00 lakhs. For Financial Year 2018-19, the Commission payable to Shri Mankad will be Rs. 6.00 lakhs.

- **Shri Dileep C. Choksi**

Shri Dileep C. Choksi, completed 69 years of age, is a Fellow Member of the Institute of Chartered Accountants of India, Bachelor of Law, Member of the Institute of the Cost and Works Accountants of India. Having over 40 years of experience, his areas of specialization include tax planning and structuring for domestic and international clients, including expatriates, finalizing collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-up, turnaround and change management strategies and analyzing tax impact of various instruments.

Shri Choksi was first appointed as a Director on the Board of the Company on 18th June, 2014.

Shri Choksi is also on the Board of Tata Housing Development Co. Ltd., Lupin Ltd., Hexaware Technologies Ltd., AIA Engineering Ltd., Arvind Ltd., ICICI Prudential Life Insurance Co. Ltd., Gujarat International Finance Tec-City Co. Ltd. and Miramac Properties Pvt. Ltd.

## SWARAJ ENGINES LIMITED

Shri Choksi is currently a Member of the following Board Committees :

S.No.	Name of the Company	Name of Committee	Position Held
1.	Lupin Ltd.	Audit Committee Stakeholders Relationship Committee Corporate Social Responsibility Committee	Member Chairman Member
2.	Hexaware Technologies Ltd.	Audit, Governance & Compliance Committee Stakeholders Relationship Committee	Chairman Member
3.	Swaraj Engines Ltd.	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	Chairman Chairman Member
4.	Arvind Ltd.	Audit Committee Nomination and Remuneration Committee	Chairman Member
5.	Tata Housing Development Co. Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
6.	ICICI Prudential Life Insurance Co. Ltd.	Audit Committee  Corporate Social Responsibility Committee Customer Service & Policyholders Protection Committee	Member  Member Member
7.	Gujarat International Finance Tec-City Co. Ltd.	Audit Committee	Member

Shri Dileep C. Choksi does not hold any Equity Shares in the Company.

Shri Choksi had attended all the five Board Meetings held in the Financial Year 2018-19. Shri Choksi would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof. In addition, he would be entitled to commission as determined each year by the Board of Directors within the limits approved by the Members of the Company for the Non-Executive Directors of the Company. The sitting fees paid to Shri Choksi during the Financial Year 2018-19 is Rs. 3.70 lakhs. The commission paid to him in Financial Year 2017-18 is Rs. 6.00 lakhs. For Financial Year 2018-19, the commission payable to Shri Choksi will be Rs. 6.00 lakhs.

- **Smt. Neera Saggi**

Smt. Neera Saggi, completed 62 years of age, belongs to Indian Administrative Services (IAS) and has served in various capacities, both in Government of India and State of West Bengal. Before taking voluntary retirement in 2008, she has handled various important assignments including Secretary to Governor of West Bengal, Deputy Chairperson - Jawaharlal Nehru Port Trust, Chairman-cum-Managing Director - Hindustan Diamond Company Pvt. Ltd. and Development Commissioner - SEZ, Ministry of Commerce, Govt. of India.

Smt. Saggi was first appointed as a Director on the Board of the Company on 1st October, 2014.

Smt. Saggi is also on the Board of Tata Projects Ltd., TRF Ltd., Maithon Power Ltd., Tata Realty and Infrastructure Ltd., Mahindra Heavy Engines Ltd., GE Power India Ltd., GE T&D India Ltd., Tata Steel BSL Ltd. and Honeywell Automation India Ltd.

Smt. Saggi is currently Member of the following Board Committees:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Swaraj Engines Ltd.	Audit Committee	Member
2.	TRF Ltd.	Audit Committee Corporate Social Responsibility Committee	Member Chairperson
3.	Tata Projects Ltd.	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee Risk Management Committee	Member Chairperson Chairperson Member
4.	Tata Realty and Infrastructure Ltd.	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member Member Member
5.	Maithon Power Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
6.	Mahindra Heavy Engines Ltd.	Audit Committee Nomination and Remuneration Committee	Chairperson Member
7.	GE Power India Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
8.	GE T&D India Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
9.	Tata Steel BSL Ltd.	Audit Committee Nomination and Remuneration Committee	Member Chairperson
10.	Honeywell Automation India Ltd.	Audit Committee	Member

Smt. Neera Saggi does not hold any Equity Shares in the Company.

Smt. Saggi had attended all the five Board Meetings held in the Financial Year 2018-19. Smt. Saggi would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof. In addition, she would be entitled to commission as determined each year by the Board of Directors within the limits approved by the Members of the Company for the Non-Executive Directors of the Company. The sitting fees paid to Smt. Saggi during the Financial Year 2018-19 is Rs. 3.70 lakhs. The commission paid to her in Financial Year 2017-18 is Rs. 6.00 lakhs. For Financial Year 2018-19, the commission payable to Smt. Saggi will be Rs. 6.00 lakhs.

The Nomination and Remuneration Committee at its Meeting held on 22nd April, 2019 on the basis of performance evaluation of Independent Directors and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi during their tenure, has recommended to the Board that continued association of Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi as Independent Directors of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommends the re-appointment

of Shri Sudhir Mankad (DIN: 00086077) as Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of three consecutive years on the Board of the Company commencing from 31st July, 2019 to 30th July, 2022, of Shri Dileep C. Choksi (DIN: 00016322) as Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years on the Board of the Company commencing from 31st July, 2019 to 30th July, 2024, and of Smt. Neera Saggi (DIN: 00501029), as Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of four consecutive years on the Board of the Company commencing from 1st October, 2019 to 30th September, 2023.

The performance evaluation of Independent Directors were based on various criteria, inter-alia, including attendance at Board and Committee Meetings, skill, experience, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry and global trends, etc.

Copy of the draft letters of appointment of Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi setting out terms and conditions of appointment is available for inspection by the Members in physical or electronic form at the Registered Office of the Company between 10.00 a.m. to 12.00 noon, on all working days (except Saturdays, Sundays and Public Holidays), up to the date of the Annual General Meeting (AGM) and copies thereof shall also be made available for inspection in physical or electronic form during the AGM at the venue thereof.

Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and have given their consent to act as Directors. The Company has received declarations from Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi, fulfil the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Regulations. Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi are independent of the management.

The Company has received notices in writing from a Member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi, for the office of Director of the Company.

Save and except Shri Sudhir Mankad, Shri Dileep C. Choksi and Smt. Neera Saggi, and their relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item Nos. 6, 7 and 8 of the Notice. None of the Directors and KMP of the Company are inter-se related to each other.

The Board recommends the Special Resolution set out at Item Nos. 6, 7 & 8 of the Notice for approval by the Members.

Registered Office :  
Phase IV, Industrial Area  
S.A.S. Nagar (Mohali)  
Punjab - 160 055  
Tel: 0172-2271620-27, Fax: 0172-2272731  
Email: selinvestor@swarajenterprise.com  
Website: www.swarajenterprise.com  
CIN: L50210PB1985PLC006473  
22nd April, 2019

BY ORDER OF THE BOARD

(M.S. GREWAL)  
Company Secretary

**Additional Information on Directors seeking Re-appointment at the 33rd Annual General Meeting [Pursuant To Regulation 36(3) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] and (SS - 2 Secretarial Standards on General Meetings)**

<b>Name of Director</b>	<b>Shri S. Durgashankar</b>	<b>Dr. Pawan Goenka</b>
Director Identification Number (DIN)	00044713	00254502
Date of appointment	18-06-2014	06-05-2010
Age	59 Years	64 Years
Expertise in specific functional areas	<p>Shri Durgashankar is currently President - Group Mergers &amp; Acquisitions, Corporate Accounts and Group Secretarial and Member of the Group Executive Board of Mahindra &amp; Mahindra Ltd.</p> <p>Shri Durgashankar has handled a wide spectrum of Corporate Finance assignments at senior level. At M&amp;M, he was instrumental in setting up the M&amp;A division and has facilitated many domestic &amp; international M&amp;A transactions for the Mahindra Group.</p>	<p>Dr. Goenka is currently Managing Director of Mahindra &amp; Mahindra Ltd. and Member of the Group Executive Board.</p> <p>Dr. Goenka is working with Mahindra &amp; Mahindra Ltd. ("M&amp;M") since 1993. He joined M&amp;M as General Manager (R&amp;D) and during his R&amp;D tenure, he led the development of the Scorpio - India's first indigenously built SUV. He was appointed COO (Automotive Sector) in April 2003, President (Automotive Sector) in September 2005, President (Automotive &amp; Farm Equipment Sectors) in April 2010, Executive Director and Group President (AFS) in April 2015, and Managing Director of Mahindra &amp; Mahindra Ltd, in November 2016. He is also on the board of several Mahindra Group Companies.</p> <p>Dr. Goenka has been honoured with numerous awards during his illustrious career.</p>
Qualification	Chartered Accountant	<p>PhD from Cornell University, USA</p> <p>B.Tech in Mechanical Engineering from IIT, Kanpur</p> <p>Graduate of the Advanced Management Program from Harvard Business School</p>
Directorship in Listed Companies	Mahindra EPC Irrigation Limited Swaraj Engines Limited	Mahindra & Mahindra Limited Swaraj Engines Limited
Committee Membership	<p>Mahindra EPC Irrigation Limited:</p> <p>Audit Committee (Member)</p> <p>Nomination and Remuneration Committee (Member)</p> <p>Corporate Social Responsibility Committee (Member)</p> <p>Swaraj Engines Limited:</p> <p>Audit Committee (Member)</p>	<p>Mahindra &amp; Mahindra Limited:</p> <p>Corporate Social Responsibility Committee (Member)</p> <p>Loans &amp; Investment Committee (Member)</p> <p>Stakeholders Relationship Committee (Member)</p> <p>Research &amp; Development Committee (Member)</p> <p>Sale of Assets Committee (Member)</p> <p>Risk Management Committee (Chairman)</p>



## SWARAJ ENGINES LIMITED

No. of Board Meetings of Swaraj Engines Limited attended during FY 2018-19	Board Meetings held - 5 Board Meetings attended - 5	Board Meetings held - 5 Board Meetings attended - 4
Disclosure of inter-se relationships between Directors and Key Managerial Personnel	Nil	Nil
Shareholding in Swaraj Engines Limited	Nil	Nil

**Note:** No sitting fees and commission was paid to Shri S. Durgashankar and Dr. Pawan Goenka during FY 2018-19.

## REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors present their 33rd Annual Report together with Audited Accounts for the financial year ended 31st March, 2019.

### A. FINANCIAL RESULTS AND OPERATIONAL REVIEW :

	Year Ended 31 <sup>st</sup> March, 2019	(Rs. in Crores) Year Ended 31 <sup>st</sup> March, 2018
Net Operating Revenue	871.74	771.16
Profit before Other Income, Depreciation, Finance Charges, Exceptional items and Tax	131.65	121.59
Other Income	15.38	18.96
Profit before Depreciation, Finance Cost, Exceptional items and Tax	147.03	140.55
Finance Cost	0.09	1.01
Depreciation and Amortisation Expense	19.54	16.82
Profit before Exceptional Items & Tax	127.40	122.72
Exceptional Items	-	-
Profit Before Tax	127.40	122.72
Tax Provision		
- Current	43.61	43.26
- Deferred	1.37	(0.64)
Profit After Tax	82.42	80.10
Other Comprehensive Income (net of Tax)	(0.14)	(0.29)
Total Comprehensive Income	82.28	79.81

#### Performance Review

Fiscal 2019 was the 3rd successive year of growth for the tractor industry and it has posted an increase of 8% over last year. Moving in line with the tractor industry, your Company, on the strength of enhanced engine demand from its key customer - Swaraj Division of Mahindra & Mahindra Limited, once again posted its highest ever engine sales volume, revenue and profit for the year ended 31st March, 2019.

The engine sales volume for the financial year 2018-19 grew by 8.3% to reach 99,638 units (previous year - 92,022 units) and net operating revenue at Rs. 871.74 crores as against Rs. 771.16 crores of previous year recorded a growth of 13%. With continued focus on operating cost, the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) increased in tandem with volume growth and reached Rs. 131.65 crores as against previous year's Rs. 121.59 crores. While profit before tax for the year stood at Rs. 127.40 crores (previous year - Rs. 122.72 crores), profit after tax (before other comprehensive income) at Rs. 82.42 crores (previous year - Rs. 80.10 crores) translated into Basic Earning Per Share of Rs. 67.96 (previous year - Rs. 64.62). Total comprehensive income (net of tax) for the year stood at Rs. 82.28 crores as against Rs. 79.81 crores of previous year.

#### Finance

The fund position of the Company remained comfortable throughout the year under review. The Company, after meeting the capital expenditure & working capital requirements to support operations, has earned an income of Rs. 15.02 crores (previous year - Rs. 18.63 crores) on its surplus funds.

#### Dividend

Your Directors are pleased to recommend an equity dividend of Rs. 25.00 per share of the face value of Rs. 10.00 for the financial year ended 31st March, 2019. Further, keeping in view the overall fund position of the Company, the Board, over and above the said normal dividend, has also recommended a special dividend of Rs. 25.00 per share, taking the total dividend to Rs. 50.00 per share for the financial year 2018-19 (previous year - Rs. 50.00 per share).

If approved by the Shareholders at the ensuing Annual General Meeting, the above equity dividend will be paid to those shareholders whose names shall appear in the Register of Members as on the Book Closure date. The total equity dividend outgo for the financial year 2018-19, including dividend distribution tax, surcharge and education cess will absorb a sum of Rs.

73.11 crores (previous year - Rs. 73.10 crores). Further, the Board of your Company has decided not to transfer any amount to the General Reserves for the year under review.

**Current Year's Review**

In view of the Government's focus on rural development, a good forecast for horticulture production and an increase in the MSP, it is expected that growth perspective for the tractor industry will remain positive in the current fiscal as well. In this backdrop, the engine business of your Company is likely to move in tandem with the tractor industry.

Further, the Company's ongoing capacity expansion programme for increasing its engine manufacturing capacity to 1,35,000 units per annum has also been completed and the same is now available to meet the expected enhanced demand in future.

**B. INTERNAL FINANCIAL CONTROL SYSTEMS**

The Company has laid down adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Based on the results of such assessments carried out by Management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

During the year, your Company has also migrated to SAP ERP system as a business enabler. The transactional controls built into the SAP ERP system would further strengthen the existing processes related to segregation of duties, appropriate level of approval mechanisms and maintenance of supporting records.

**C. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**D. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered during the financial year 2018-19 were in the ordinary course of the business and were on arm's length basis. All such related party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval for normal transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the transactions which cannot be foreseen and the same are subsequently shared with Audit Committee on quarterly basis. The policy on materiality of and dealing with related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company and the link for the same is <http://www.swarajenterprise.com/policies>. The disclosure of material related party transactions pursuant to Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is annexed herewith as "Annexure A".

**E. BOARD AND COMMITTEES****Directors**

Pursuant to the applicability of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, pertaining to the appointment/continuance of Non-Executive Director(s) above the age of 75 years, effective from 1st April, 2019, unless a special resolution is passed by the Members to that effect, Dr. T.N.Kapoor, Independent Director, who attained 86 years of age and whose current term as Independent Director of the Company was upto 30th July, 2019, tendered his resignation from the directorship of the Company with effect from the close of business hours on 31st March, 2019 in order to be consistent with the principles of good corporate governance. Your Board has placed on record its sincere appreciation of the significant contributions made by Dr. T.N. Kapoor during his long association of over 20 years as Director of the Company.

In terms of Section 152 of the Companies Act, 2013, Shri S. Durgashankar and Dr. Pawan Goenka shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The current tenure of Shri Sudhir Mankad, Shri Dileep Choksi and Smt. Neera Saggi, the Independent Directors of the Company, ends on 30th July, 2019, 30th July, 2019 and 30th September, 2019 respectively. The Nomination and Remuneration Committee, on the basis of performance evaluation of Independent Directors and taking into account the external business

environment, the business knowledge, acumen, experience and the substantial contribution made by Shri Sudhir Mankad, Shri Dileep Choksi and Smt. Neera Saggi during their tenure, has recommended to the Board that their continued association as Independent Directors of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommends re-appointment of Shri Sudhir Mankad, Shri Dileep Choksi and Smt. Neera Saggi, as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of three, five and four consecutive years respectively. The Company has received the requisite Notice from a Member in writing proposing their appointment as Independent Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Board Evaluation**

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

### **Remuneration Policy**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy on appointment of Directors and Senior Management and their remuneration. The Remuneration Policy is covered in the Corporate Governance Report.

### **Board Meetings and Annual General Meeting**

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

The Independent Directors of the Company meet at least once in every financial year without the presence of Non-Independent Directors, Executive Director and any other management personnel. The meeting(s) is conducted in a manner to enable the Independent Directors to discuss matter pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties. During the year, one meeting of Independent Directors was held on 25th January, 2019.

The 32nd Annual General Meeting of the Company was held on 30th July, 2018.

### **Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on representations received from the Operating Management, and after due enquiry, confirm that:

- a) in the preparation of Annual Accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed;
- b) in the selection of accounting policies, consulted the Statutory Auditors and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities;
- d) the Annual Accounts have been prepared on a going concern basis;
- e) adequate Internal Financial Controls to be followed by the Company have been laid down and such Internal Financial Controls were operating effectively during the Financial Year ended 31st March, 2019;
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2019.

**Audit Committee**

During the year ended 31st March, 2019, the Audit Committee comprised of the following Directors viz. Shri Dileep C. Choksi (Chairman of the Committee), Dr. T.N. Kapoor, Shri S. Durgashankar and Smt. Neera Saggi. Consequent to the resignation of Dr. T.N. Kapoor as Independent Director with effect from the close of business hours on 31st March, 2019, the Board reconstituted the Audit Committee by inducting Shri Sudhir Mankad as Member of the Audit Committee in place of Dr. T.N. Kapoor with effect from 1st April, 2019. Except Shri S. Durgashankar, all the Members are Independent Directors. All the Members of the Committee possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee.

All the recommendations of the Audit Committee were accepted by the Board.

**F. CORPORATE GOVERNANCE****Corporate Governance**

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

**Vigil Mechanism / Whistle Blower Policy**

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

**The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has put in place anti sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy is gender neutral. Internal Complaints Committee has been set up to redress the complaints received, if any, regarding sexual harassment. During the year, no complaint was received.

**Risk Management**

Pursuant to the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is having Risk Management framework covering identification, evaluation and control measures to mitigate the identified business risks.

**G. EMPLOYEES****Key Managerial Personnel (KMP)**

The following have been designated as the Key Managerial Personnel (KMP) of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Shri Subhash Mago, Whole Time Director & Chief Executive Officer

Shri M.S. Grewal, Company Secretary

Shri Rajinder Arora, Chief Financial Officer

There has been no change in the KMPs during the year under review.

**Employees' Stock Option Scheme**

The Nomination and Remuneration Committee of the Board of the Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme-2015 ("the Scheme") of the Company. The Scheme is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there has been no change in the said Scheme during the year. Pursuant to the said Scheme, the Nomination and Remuneration Committee during FY 2018-19 have granted 1501 options to eligible employees and allotted 2202 equity shares against the vesting. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant. Information

as required under the SBEB Regulations is provided in the Annual Accounts which has been uploaded on the Company's website and can be accessed at the web-link [www.swarajenterprise.com/annualrep.aspx](http://www.swarajenterprise.com/annualrep.aspx).

**Industrial Relations**

Industrial relations remained cordial throughout the year under review.

**Particulars of Employees**

The statement of Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as "Annexure B". The Company had one employee who was in receipt of remuneration of not less than Rs. 1,02,00,000 during the year ended 31st March, 2019 or not less than Rs. 8,50,000 per month during any part of the year. Details of employee remuneration as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any Shareholder on request.

**Safety, Health and Environmental Performance**

Your Company's commitment towards Safety, Occupational Health and Environment is being continuously enhanced. The Company encourages involvement of all its employees in activities related to safety, including promotion of safety standards. This is also to ensure sustainable business growth. The Company has a well-established Safety, Occupational Health 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. During the year, no major accident has occurred. 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.

The Company's plant is certified under OHSAS 18001:2007 and EMS ISO 14001:2004.

**H. AUDITORS****Statutory Auditors and Auditors' Report**

M/s B.K. Khare & Co., Chartered Accountants (ICAI Firm Registration Number 105102W), were appointed as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 31st Annual General Meeting ("AGM") held on 24th July, 2017 until the conclusion of the 36th AGM of the Company to be held in the year 2022.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018, amending Section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed ratification of appointment of M/s B.K. Khare & Co., Chartered Accountants, at the forthcoming AGM.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer given by the Auditors in their Report.

**Secretarial Auditors**

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

**Cost Records and Cost Audit**

The Company is maintaining cost records as prescribed under the provisions of Section 148(1) of the Companies Act, 2013. The Board had appointed M/s V. Kumar & Associates, Cost Accountants (Firm Registration Number 100137), as Cost Auditor for conducting the audit of cost records of the Company for the Financial Year 2018-19.

The Board of Directors on the recommendation of the Audit Committee, appointed M/s V. Kumar & Associates, Cost Accountants (Firm Registration Number 100137), as the Cost Auditors of the Company for the Financial Year 2019-20 under Section 148 of

the Companies Act, 2013. M/s V. Kumar & Associates have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to M/s V. Kumar & Associates, Cost Auditors is included in the Notice convening the Annual General Meeting.

### I. CORPORATE SOCIAL RESPONSIBILITY AND RELATED MATTERS

#### Corporate Social Responsibility (CSR)

Keeping with Company's core value of Good Corporate Citizenship, your Company is committed to its social responsibility by taking various initiatives which would benefit the society at large. Your Company continued its CSR initiative started during last year and provided further medical equipment / upgraded infrastructure at Paediatric Intensive Care Centre at PGIMER, Chandigarh and also at General Medical College Hospital, Chandigarh. Also, continuation of Skill Development Centre in the adopted villages (Kambala & Kambali) in collaboration with Govt. Industrial Training Institute, Patiala has supported the objective of providing opportunity to local youth for employable starting own venture. The Mobile Medical Care initiative in collaboration with GVK EMRI (MMU) during the year reached to 7 villages. Your Company also provided engines to Govt. ITIs (Diesel & Tractor Mechanic) to enhance the skill of the students. Your Company also took new initiative called "Prerna" to empower rural agriculture farming women through integrated rural development programme which aims to provide and promote innovative farm practice knowledge & technology. Besides this, your Company continued its efforts towards tree plantation at various locations, organizing medical and blood donation camps, celebration of festivals with underprivileged, public awareness camps for road safety and pollution etc.

Further, in compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company's Corporate Social Responsibility (CSR) Committee currently comprises of Shri Sudhir Mankad (Chairman) and Shri Vijay Varma, Shri Rajesh Jejurikar and Shri Subhash Mago as other members. The Annual Report on CSR activities is annexed herewith as "Annexure D".

#### Sustainability Initiative

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

#### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

### J. SECRETARIAL

#### Share Capital

Consequent to allotment of 2202 equity shares of Rs. 10/- each to eligible employees during the year against the exercise of the options vested to them under the Company's Employees' Stock Option Scheme-2015, the Paid-up Equity Share Capital of the Company as on 31st March, 2019 stood at 1,21,28,886 equity shares of Rs. 10/- fully paid up (previous year - 1,21,26,684).

#### Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as "Annexure F". The same is available on <http://www.swarajenterprise.com/annualreports>.

#### Particulars of Loans, Guarantees and Investments

During the year under review, the Company has not extended any loans, given guarantees or provided securities and made investments except placing corporate deposits as shown in Note 2.9 to the Financial Statements.

**Deposits**

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

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

**Compliance with Secretarial Standards on Board and General Meetings**

During the Financial Year, your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**Material changes occurred after end of Financial Year**

No material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year of your Company and date of this report.

**Change in the Nature of Business**

There has been no change in the nature of business of the Company during the year.

**General**

The Company is not paying any commission to the Whole Time Director(s). However, Whole Time Director(s) is eligible for grant of Stock Options of the Company, subject to approval of the Nomination and Remuneration Committee.

The Company has no holding / subsidiary company.

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

1. issue of equity shares with differential voting rights or sweat equity.
2. significant or material orders passed by the Regulators / Courts / Tribunal which impact the going concern status of the Company and its future operations.
3. voting rights which are not directly exercised by the employees in respect of shares for the subscription / purchase for which loan was given by the Company (as there is no scheme pursuant to which such person can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).
4. fraud reporting by the auditors.

**ACKNOWLEDGEMENTS**

Your Directors take this opportunity to acknowledge the contributions of all the stakeholders and are grateful for the co-operation of various Government Authorities, excellent support received from the Shareholders, Banks and other Business Associates. The Directors also recognise and appreciate the hard work and efforts put in by all the employees and their continued contribution to the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai  
Date : 22nd April, 2019

(SUDHIR MANKAD)  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPANY PROFILE

Swaraj Engines Ltd. ("SEL") is primarily manufacturing diesel engines for fitment into "Swaraj" tractors being manufactured by Mahindra & Mahindra Ltd. ("M&M"). SEL is supplying diesel Engines in the range of 20 HP to 60 HP. Since the start of commercial operations in 1989-90, your Company has supplied close to one million engines for fitment into "Swaraj" tractors.

### FINANCIAL ANALYSIS (2018-19)

The Company's operations have been characterised by a lean organisation structure, continuous improvement in process efficiencies and optimised resource utilisation. While details of financial position and performance are available in the Balance Sheet, Statement of Profit & Loss, alongwith related notes, key aspects are highlighted in the following paragraphs:

#### (A) Statement of Profit & Loss

##### Income:

Total revenue for the year was Rs. 887.12 crores (previous year - Rs. 790.12 crores) with the following breakdown:

	<b>(Rs. in Crores)</b>	
	<u>2018-19</u>	<u>2017-18</u>
Engines	<b>844.97</b>	747.54
Engine Spares/Parts	<b>22.78</b>	19.94
Scrap etc.	<u>3.99</u>	<u>3.68</u>
<b>Net Revenue from Operations</b>	<b>871.74</b>	771.16
Other Income - Mainly Interest & Dividend	<u>15.38</u>	<u>18.96</u>
<b>Net Total Revenue</b>	<u><b>887.12</b></u>	<u>790.12</u>

On the strength of continued growth in domestic tractor industry during FY 2018-19 as well and resultant enhanced engines supplies to its customer, the Company's sales volume for the year at 99,638 units grew by 8.3% over previous year's 92,022 units.

With comfortable fund position during the year, other income through interest and dividend etc. on the surplus funds was Rs. 15.02 crores (previous year - Rs. 18.63 crores). Other miscellaneous income for the year stood at Rs. 0.36 crore (previous year - Rs. 0.33 crore).

##### Expenditure:

- **Material Cost**

The prices of related commodities - iron and steel - have witnessed upward trends during the fiscal 2019. As a result, the material cost as a percentage of net revenue from operations increased to 75.3% from previous year's level of 74.5%.

- **Personnel Cost**

Increase in personnel cost from Rs. 34.77 crores to Rs. 39.28 crores was primarily due to enhanced activity level and annual increments etc.

- **Other Expenses**

Higher volumes supported by strict control over expenditure have restricted the other expenses (consisting manufacturing, administrative & marketing expenses etc.) at 5.1% as percentage of net operating revenue (previous year - 5.3%).

- **Depreciation and Amortisation**

The increase in depreciation and amortisation for the year to Rs. 19.54 crores from previous year's Rs. 16.82 crores was due to additional depreciation on fresh capex made during the year and the full year impact of capital investments made during second half of previous year.

Reflecting the above, the Operating Profit (EBITDA) margin stood at 15.1% against 15.8% of previous year. Profit before tax for the year stood at Rs. 127.40 crores (previous year - Rs. 122.72 crores). While profit after tax (excluding other comprehensive income) was Rs. 82.42 crores (previous year - Rs. 80.10 crores), the total comprehensive income (net of tax) stood at Rs. 82.28 crores against previous year's Rs. 79.81 crores.

**B) Balance Sheet**
**Equity**

The Company's net worth on 31st March, 2019 stood at Rs. 237.98 crores (previous year - Rs. 228.50 crores) comprising of an Equity Share Capital component of Rs. 12.13 crores and Other Equity of Rs. 225.85 crores - a book value of Rs. 196 per share. The total equity is inclusive of two Bonus Issues made in 1997 (1:1) and 2005 (2:1) and net of buy-back of 2,94,746 equity shares during FY 2017-18. With increase in net worth by 4.1% and in net profit by 2.9%, Return on Net Worth for FY 2018-19 stood at 34.6% against 35.1% of previous year.

**Non-Current Assets**

Out of the total non-current assets of Rs. 119.77 crores (previous year - Rs. 108.79 crores), 92% is represented by property, plant and equipment (including capital work in progress).

**Inventories**

Total inventory including work-in-progress and finished stock at the end of the financial year stood at Rs. 47.44 crores (previous year - Rs. 31.92 crores) representing 20 days of net operating revenue (previous year - 15 days). The increase in inventory was primarily due to higher finished engine inventory to meet the expected higher demand in the beginning of first quarter of FY 2019-20.

**Trade Receivables**

Year-end trade receivables of Rs. 18.74 crores (previous year - Rs. 15.27 crores) in terms of number of days stood at 8 days of net operating revenue (previous year - 7 days).

**Trade Payables**

With increased production level, year-end total trade payables stood at Rs. 104.15 crores (previous year - Rs. 98.47 crores).

**C) Key Ratios**

Key financial ratios are given below:

	Unit	2018-19	2017-18	Change over previous year
Debtors Turnover	Times	<b>51.3</b>	54.4	- 5.7%
Inventory Turnover	Times	<b>22.0</b>	26.6	- 17.3%
Current Ratio	Times	<b>2.1</b>	2.2	- 4.5%
Debt Equity Ratio	Times	–	–	–
Interest Coverage Ratio	Times	–	–	–
Operating Profit (EBIDTA) Margin	%	<b>15.1</b>	15.8	- 4.4%
Net Profit Margin	%	<b>9.3</b>	10.1	- 7.9%

Notes:

1. Debtors Turnover Ratio – This ratio is used to quantify a Company's effectiveness in collecting its receivables. It is calculated by dividing turnover by average trade receivables.
2. Inventory Turnover Ratio – Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing turnover by average inventory.

## SWARAJ ENGINES LIMITED

3. Current Ratio – Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations, due within one year. It is calculated by dividing the current assets by current liabilities.
4. Debt Equity Ratio & Interest Coverage Ratio – Not applicable in view of NIL borrowings.
5. Operating Profit (EBIDTA) Margin – Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIDTA by turnover.
6. Net Profit Margin – Net Profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by total turnover.
7. There is no significant charges (> 25%) in the above ratios over previous year.

### INTERNAL CONTROL SYSTEM AND ADEQUACY

There are established procedures for internal control on a Company-wide basis. Policies and procedures have been laid down to provide reasonable assurances that assets are safeguarded from risks of unauthorised use / disposition and transactions are recorded and reported with propriety, accuracy and speed. These aspects are regularly reviewed during internal audit and statutory audits. The Company has also laid down adequate internal controls for financial reporting. During the year, such controls were tested and no material weakness in their operating effectiveness was observed. Finance and Accounts function is well staffed with experienced and qualified personnel. This team participates in the preparation & monitoring of budgets. Internal Audit Reports are reviewed by the Audit Committee of the Board from time to time. During the year, SAP ERP system has been implemented which will further strengthen the existing controls.

### HUMAN RESOURCES

The Company continued with its practice of a lean organisation manned by involved and motivated employees with team orientation. The atmosphere encourages learning and informal communication.

The Company is having Performance Management System (PMS) to objectively measure the performance of the individual and the organization. The overall remuneration structure is linked with PMS.

To further increase the competency level of the employees, systematic and structured training is provided at different levels. Such trainings cover aspects related to leadership development, communication effectiveness and team building etc. This has made a significant contribution to the Company's business.

Industrial relations remained cordial throughout the year under review.

Regular employee strength (excluding apprentice) as on 31st March, 2019 stood at 366 (31st March, 2018 - 382).

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Since Company's principal business is sale of diesel engines for tractors being manufactured by M&M-Swaraj Division, it would be appropriate to take note of developments in the tractor industry.

Indian tractor industry (the world's largest by volume) has a mix of Indian origin and international manufacturers and is traditionally segmented by horsepower broadly - the low horsepower upto 30 HP segment, the mid segment of 30 HP - 50 HP and the higher segment of above 50 HP. While most of the major players cater to all the three segments, their relative strengths and market positions differ from segment to segment. Over a period of time, the medium and higher HP segments have become the most popular and fastest growing segments in the country owing to increased affordability, tractor versatility and evolution of farming practices especially in case of farmers with large land holdings. Further, to increase the tractor penetration in the lower segment of the market and to serve the growing horticulture segment with cost effective product, industry players are also focusing on this segment.

Riding on the strength of overall positive attributes, the domestic tractor industry recorded growth for the third successive year and during FY 2018-19 posted a volume of around 7,87,000 units (previous year - 7,29,000 units) - a growth of 8%. Factors like successive normal monsoon, improved crop production through favourable crop cycles, positive sentiments in rural areas, easy availability of farm finance at reasonable interest rates etc. propelled the growth in tractor industry.

**OUTLOOK AND OPPORTUNITIES**

With Government's continued thrust on enhancing farmers' income through various initiatives like improving irrigation facilities, crop insurance, hike in minimum support price (MSP), monetary support to marginal farmers, promoting rural development besides other industry growth drivers such as agri mechanisation, scarcity of farm labour especially during the sowing season and momentum in infrastructural projects etc., the tractor industry is expected to continue its growth journey in medium to long term. In the backdrop of the optimistic industry outlook for the Company's prime customer, business prospects of your Company appear to remain positive.

**THREATS, RISKS & CONCERNS**

As a supplier to M&M, your Company would be directly affected by factors impacting tractor industry. These would include issues like the rain-dependent nature of our agriculture, Government policy on procurement, credit availability, commodity price trends, new regulations for tractors etc.

**CAUTIONARY STATEMENT**

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

**CORPORATE GOVERNANCE REPORT****I. Company's philosophy on Code of Governance**

Swaraj Engines Ltd. (SEL) has been practicing the principles of good corporate governance, disclosure and transparency right from its incorporation. It has been a core belief and practice with the Company to consider itself as the custodian and trustee of all the constituencies of its businesses - customers, business associates, shareholders and society. SEL has sought and will continue to seek corporate excellence and profits through ethics, passion and perseverance.

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

**II Board of Directors**

The Composition of the Board is in accordance with the Listing Regulations. The Company has Independent Director as its Non-Executive Chairman and the number of Independent Directors is 1/3rd of the total number of Directors including a Woman Director. The number of Non-Executive Directors is more than one half of the total number of Directors. The Non-Executive Directors bring wide range of experience and independent judgement to the Board's deliberations and decisions. Shri Subhash Mago is the Whole Time Director & Chief Executive Officer of the Company.

Dr. Pawan Goenka, Shri Rajesh Jejurikar and Shri S.Durgashankar, Non-Executive Directors, are in the whole-time employment of Mahindra & Mahindra Ltd. Shri R.R. Deshpande, Non-Executive Director, is in the whole-time employment of Kirloskar Oil Engines Ltd. These Non-Executive Directors draw remuneration from their respective companies. Shri Vijay Varma, Non-Executive Director, is also associated with Kirloskar Group. Mahindra & Mahindra Ltd. and Kirloskar Industries Ltd. are the promoters of the Company.

Apart from the above and the re-imburement of expenses incurred in discharge of their duties and the remuneration that some of the Non-Executive Directors would be entitled to under the Companies Act, 2013 ("the Act"), none of the Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management and associates which in their judgement would affect their independence. The Directors of the Company are not inter-se related to each other.

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

**A. Composition of the Board**

During the Financial Year 2018-19, the Company's Board comprised of 10 members. Pursuant to the applicability of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, pertaining to the appointment/continuance of Non-Executive Director(s) above the age of 75 years, effective from 1st April, 2019, unless a special resolution is passed by the Members to that effect, Dr. T.N. Kapoor, Independent Director, who attained 86 years of age, tendered his resignation from the directorship of the Company with effect from the close of business hours on 31st March, 2019 in order to be consistent with the principles of good corporate governance. Accordingly, the Company's Board of Directors currently comprises of 9 members. While five members are Non-Independent Non-Executive Directors, the Whole Time Director & Chief Executive Officer is the Executive Director of the Company and remaining three (including the Chairman of the Board) are Independent Directors.

The names and categories of the Directors on the Board, name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on 31st March, 2019 are given herein below:

Name of Director	Category	Total No. of Directorships <sup>^</sup> in public companies#	Committee+ Position held in Public Companies#		Directorship in other listed entity (Category of Directorship)
			Chairman	Member	
<b>Non-Executive</b>					
Shri Sudhir Mankad, Chairman DIN: 00086077	Independent	7	1	2	1. Deepak Nitrite Ltd. (Independent Director) 2. Gruh Finance Ltd. (Independent Director) 3. Navin Fluorine International Ltd. (Independent Director)
Dr. Pawan Goenka DIN: 00254502	Non-Independent	7	-	1	1. Mahindra & Mahindra Ltd. (Managing Director)
Shri R.R. Deshpande DIN: 00007439	Non-Independent	2	-	1	1. Kirloskar Oil Engines Ltd. (Managing Director & CEO)
Shri Vijay Varma DIN: 00011352	Non-Independent	1	-	-	-
Shri Rajesh Jejurikar DIN: 00046823	Non-Independent	3	-	1	-
Shri S. Durgashankar DIN: 00044713	Non-Independent	7	-	4	1. Mahindra EPC Irrigation Ltd. (Non-Executive Non-Independent Director)
Shri Dileep C. Choksi DIN: 00016322	Independent	8	4	5	1. Lupin Ltd. (Independent Director) 2. Hexaware Technologies Ltd. (Independent Director) 3. AIA Engineering Ltd. (Independent Director) 4. Arvind Ltd. (Independent Director) 5. ICICI Prudential Life Insurance Co. Ltd. (Independent Director)
Smt. Neera Saggi DIN: 00501029	Independent	10	1	9	1. TRF Ltd. (Independent Director) 2. GE Power India Ltd. (Independent Director) 3. GE T&D India Ltd. (Independent Director) 4. Tata Steel BSL Ltd. (Independent Director) 5. Honeywell Automation India Ltd. (Independent Director)
Dr. T.N. Kapoor* DIN: 00017692	Independent	3	3	3	1. Omax Autos Ltd. (Independent Director) 2. Sterling Tools Ltd. (Independent Director)
<b>Executive</b>					
Shri Subhash Mago, Whole Time Director & Chief Executive Officer DIN: 07797207	Non-Independent	1	-	1	-

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

<sup>^</sup> Excludes Alternate Directorships but includes Additional Directorships and Directorship in Swaraj Engines Ltd.

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

\* Ceased to be a Director of the Company with effect from the close of business hours on 31.03.2019.

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- a) None of the Director is a Director in more than 10 public limited companies (as specified in Section 165 of the Act) or acts as an Independent Director in more than 7 listed companies or 3 listed companies in case he/she serves as a Whole-time Director in any listed company (as specified in Regulation 25 of the Listing Regulations). Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Regulation 26 of the Listing Regulations), across all the public companies in which he is a Director.
- b) The Senior Management has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

Based on the disclosures received from all the independent directors and also in the opinion of the Board, the independent directors fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations and are independent of the management.

### B. Board Procedure

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

The Board has identified strategy and planning, understanding of industry and global trends, knowledge with regard to the company's business/activities, driving corporate ethics and values as the key skills/expertise/competencies fundamental for the effective functioning of the Company and the same are currently available with the Board.

During the financial year 2018-19, 5 Board Meetings were held on 23rd April, 2018, 30th July, 2018, 29th October, 2018, 25th January, 2019 and 12th March, 2019. The gap between two Meetings did not exceed four months.

The 32nd Annual General Meeting (AGM) was held on 30th July, 2018.

The attendance of the Directors at these Board Meetings and Annual General Meeting is given below:

Name of Director	Number of Board Meetings attended	Attendance at the AGM
Shri Sudhir Mankad, Chairman	5	Yes
Dr. Pawan Goenka	4	Yes
Shri R.R. Deshpande	4	Yes
Shri Vijay Varma	5	Yes
Shri Rajesh Jejurikar	5	Yes
Shri S. Durgashankar	5	Yes
Shri Dileep C. Choksi	5	Yes
Smt. Neera Saggi	5	Yes
Dr. T.N. Kapoor*	5	Yes
Shri Subhash Mago, Whole Time Director & Chief Executive Officer	5	Yes

\* Ceased to be a Director of the Company with effect from the close of business hours on 31.03.2019.

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

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

During the year, one meeting of Independent Directors was held on 25<sup>th</sup> January, 2019.

**D. Board Evaluation**

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

**E. Directors seeking re-appointment**

The brief profiles of the Directors being re-appointed in the forthcoming Annual General Meeting of the Company are given below:

**Shri S. Durgashankar**

Shri S. Durgashankar is on the Board of the Company since June, 2014.

Shri Durgashankar, a Chartered Accountant, is currently President – Group Mergers & Acquisitions, Corporate Accounts and Group Secretarial and Member of the Group Executive Board of Mahindra & Mahindra Limited. Shri Durgashankar has handled a wide spectrum of Corporate Finance assignments at senior level. At M&M, he was instrumental in setting up the M&A division and has facilitated many domestic & international M&A transactions for the Mahindra Group.

Shri Durgashankar is Chairman of Mahindra Integrated Business Solutions Pvt. Ltd. and is also a Director of Mahindra EPC Irrigation Limited, Mahindra Vehicle Manufacturers Limited, Mahindra Agri Solutions Limited, Mahindra Holdings Limited, Mahindra HZPC Pvt. Ltd., Mitsubishi Mahindra Agricultural Machinery Co. Limited and Mahindra Automotive Mauritius Limited.

The details of Shri Durgashankar's current Membership in Committees are given below :

S.No.	Name of the Company	Name of Committee	Position Held
1.	Mahindra EPC Irrigation Ltd.	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
2.	Swaraj Engines Ltd.	Audit Committee	Member
3.	Mahindra Vehicle Manufacturers Ltd.	Audit Committee	Member
		Committee of Strategic Investments	Member
4.	Mahindra HZPC Pvt. Ltd.	Audit Committee	Chairman
5.	Mahindra Agri Solutions Ltd.	Audit Committee	Member
		Risk Management Committee	Member
		Committee of Directors for Borrowing	Member

Shri S. Durgashankar does not hold any shares in the Company.



**Dr. Pawan Goenka**

Dr. Pawan Goenka is on the Board of the Company since May, 2010.

Dr. Goenka has done PhD from Cornell University, USA. He did B.Tech in Mechanical Engineering from IIT, Kanpur and is also Graduate of the Advanced Management Program from Harvard Business School.

Dr. Goenka is currently Managing Director of Mahindra & Mahindra Ltd. and Member of the Group Executive Board. Dr. Goenka is working with Mahindra & Mahindra Ltd. ("M&M") since 1993. He joined M&M as General Manager (R&D) and during his R&D tenure, he led the development of the Scorpio - India's first indigenously built SUV. He was appointed COO (Automotive Sector) in April 2003, President (Automotive Sector) in September 2005, President (Automotive & Farm Equipment Sectors) in April 2010, Executive Director and Group President (AFS) in April 2015, and Managing Director of Mahindra & Mahindra Ltd, in November 2016. He is also on the board of several Mahindra Group Companies.

Dr. Goenka has been honoured with numerous awards during his illustrious career.

Dr. Goenka is Chairman of Mahindra Vehicle Manufacturers Limited, Mahindra Agri Solutions Limited, Mahindra Electric Mobility Limited, Mahindra & Mahindra South Africa (Pty) Limited, SsangYong Motor Company Limited, Mahindra USA Inc., Mahindra Racing U.K. Limited, Mitsubishi Mahindra Agricultural Machinery Co. Limited and Mahindra Automotive North America Inc. and is also a Director of Mahindra First Choice Wheels Limited and Classic Legends Private Limited. He is also Chairman of Board of Governors of Indian Institute of Technology (IIT), Madras.

The details of Dr. Goenka's current Membership in Committees are given below:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Mahindra Vehicle Manufacturers Ltd.	CSR Committee Nomination and Remuneration Committee Strategic Investments Committee	Member Member Chairman
2.	Mahindra Electric Mobility Ltd.	Nomination and Remuneration Committee	Member
3.	SsangYong Motor Company Ltd.	Management Committee Outside Director Candidate Recommendation Committee	Chairman Member
4.	Mahindra Agri Solutions Ltd.	Nomination and Remuneration Committee	Member
5.	Mahindra & Mahindra Ltd.	Corporate Social Responsibility Committee Loans & Investment Committee Stakeholders Relationship Committee Research & Development Committee Sale of Assets Committee Risk Management Committee	Member Member Member Member Member Chairman
6.	Classic Legends Pvt. Ltd.	Nomination and Remuneration Committee	Chairman

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

**Shri Sudhir Mankad**

Shri Sudhir Mankad is on the Board of the Company since July, 2012.

Shri Sudhir Mankad belongs to Indian Administrative Services (IAS) and has served in various capacities, both in Government of India and State of Gujarat. His last assignment was as Chief Secretary, Government of Gujarat. He has served as a Director/ Chairman on Board of several Cement, Power, Fertilizer and Finance Companies. He had also worked on the Finance Committee of Central Universities and had been associated with several Educational Institutions & NGOs.

Shri Mankad serves as the Non-Executive Chairman of Gujarat International Finance Tec-City Company Ltd. He is also on the Board of Deepak Nitrite Ltd., Gruh Finance Ltd., Navin Fluorine International Ltd., Mahindra Intertrade Ltd. and GIFT SEZ Ltd. He is also Part-time Non-Executive Director on the Central Board of Reserve Bank of India.

The details of Shri Mankad's current Membership in Committees are given below:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Deepak Nitrite Ltd.	Audit Committee	Member
		Nomination & Remuneration Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
2.	Gruh Finance Ltd.	Nomination & Remuneration Committee	Chairman
		Corporate Social Responsibility Committee	Member
		Stakeholders Responsibility Committee	Member
3.	Mahindra Intertrade Ltd.	Audit Committee	Chairman
		Corporate Social Responsibility Committee	Member
		Nomination & Remuneration Committee	Member
4.	Swaraj Engines Ltd.	Nomination & Remuneration Committee	Member
		Corporate Social Responsibility Committee	Chairman
		Audit Committee	Member
5.	Navin Fluorine International Ltd.	Corporate Social Responsibility Committee	Chairman

Shri Sudhir Mankad does not hold any shares in the Company.

**Shri Dileep C. Choksi**

Shri Dileep C. Choksi is on the Board of the Company since June, 2014.

Shri Dileep C. Choksi is a Fellow Member of the Institute of Chartered Accountants of India, Bachelor of Law, Member of the Institute of the Cost and Works Accountants of India. Having over 40 years of experience, his areas of specialization

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include tax planning and structuring for domestic and international clients, including expatriates, finalizing collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-up, turnaround and change management strategies and analyzing tax impact of various instruments.

Shri Choksi is also on the Board of Tata Housing Development Co. Ltd., Lupin Ltd., Hexaware Technologies Ltd., AIA Engineering Ltd., Arvind Ltd., ICICI Prudential Life Insurance Co. Ltd., Gujarat International Finance Tec-City Co. Ltd. and Miramac Properties Pvt. Ltd.

The details of Shri Choksi's current Membership in Committees are given below:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Lupin Ltd.	Audit Committee Stakeholders Relationship Committee Corporate Social Responsibility Committee	Member Chairman Member
2.	Hexaware Technologies Ltd.	Audit, Governance & Compliance Committee Stakeholders Relationship Committee	Chairman Member
3.	Swaraj Engines Ltd.	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	Chairman Chairman Member
4.	Arvind Ltd.	Audit Committee Nomination and Remuneration Committee	Chairman Member
5.	Tata Housing Development Co. Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
6.	ICICI Prudential Life Insurance Co. Ltd.	Audit Committee Corporate Social Responsibility Committee Customer Service & Policyholders Protection Committee	Member Member Member
7.	Gujarat International Finance Tec-City Co. Ltd.	Audit Committee	Member

Shri Dileep C. Choksi does not hold any shares in the Company.

### Smt. Neera Saggi

Smt. Neera Saggi is on the Board of the Company since October, 2014.

Smt. Neera Saggi belongs to Indian Administrative Services (IAS) and has served in various capacities, both in Government of India and State of West Bengal. Before taking voluntary retirement in 2008, she has handled various important assignments including Secretary to Governor of West Bengal, Deputy Chairperson - Jawaharlal Nehru Port

Trust, Chairman-cum-Managing Director - Hindustan Diamond Company Pvt. Ltd. and Development Commissioner - SEZ, Ministry of Commerce, Govt. of India.

Smt. Saggi is also on the Board of Tata Projects Ltd., TRF Ltd., Maithon Power Ltd., Tata Realty and Infrastructure Ltd., Mahindra Heavy Engines Ltd., GE Power India Ltd., GE T&D India Ltd., Tata Steel BSL Ltd. and Honeywell Automation India Ltd.

The details of Smt. Saggi's current Membership in Committees are given below:

<b>S.No.</b>	<b>Name of the Company</b>	<b>Name of Committee</b>	<b>Position Held</b>
1.	Swaraj Engines Ltd.	Audit Committee	Member
2.	TRF Ltd.	Audit Committee Corporate Social Responsibility Committee	Member Chairperson
3.	Tata Projects Ltd.	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee Risk Management Committee	Member Chairperson Chairperson Member
4.	Tata Realty and Infrastructure Ltd.	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member Member Member
5.	Maithon Power Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
6.	Mahindra Heavy Engines Ltd.	Audit Committee Nomination and Remuneration Committee	Chairperson Member
7.	GE Power India Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
8.	GE T&D India Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
9.	Tata Steel BSL Ltd.	Audit Committee Nomination and Remuneration Committee	Member Chairperson
10.	Honeywell Automation India Ltd.	Audit Committee	Member

Smt. Neera Saggi does not hold any shares in the Company.

**F. Certificate from a Company Secretary in Practice**

Pursuant to the Listing Regulations, a certificate has been received from M/s A. Arora & Co., Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

**III. Committees of the Board**

**A. Audit Committee**

The Audit Committee currently comprises of following Non-Executive Directors of which three are Independent, including the Chairman of the Committee:

- Shri Dileep C. Choksi, Chairman
- Shri Sudhir Mankad  
(co-opted w.e.f. 01.04.2019)
- Shri S. Durgashankar
- Smt. Neera Saggi

Consequent upon his resignation from the Directorship of the Company, Dr. T.N. Kapoor ceased to be a Member of the Committee with effect from the close of business hours on 31.03.2019 and in his place, Shri Sudhir Mankad was co-opted as a Member of the Committee with effect from 1st April, 2019.

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

The role, terms of reference and the authority and powers of this Committee are in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations. The functions of the Audit Committee inter alia include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of internal controls and regulatory compliances. It also reviews Company's financial reporting process, disclosure of financial information, observations of auditors and recommends the appointment of statutory auditors, their fees and reviews quarterly / annual financial statements before submission to the Board. It is also empowered to inter alia review Management Discussion and Analysis of financial condition, results of operations and related party transactions. Generally, all items listed in Regulation 18(3) of the Listing Regulations are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Regulation 18(2)(c) of the Listing Regulations. The meetings of the Audit Committee are also attended by the Whole Time Director & Chief Executive Officer, Chief Financial Officer, the Statutory Auditors and the Internal Auditor besides some other Non-Executive Directors as permanent invitees. The Cost Auditors attend the Audit Committee Meeting where cost audit report is discussed.

The Company Secretary acts as the Secretary to the Committee.

Shri Dileep C. Choksi, the Chairman of the Audit Committee, attended the last Annual General Meeting held on 30th July, 2018.

During the financial year under review, 4 meetings of Audit Committee of the Board were held on 23rd April, 2018, 30th July, 2018, 29th October, 2018 and 25th January, 2019. The gap between the two meetings did not exceed four months.

Attendance record of the Members of the Audit Committee for FY 2018-19 is as under:

<b>Name of the Member Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Shri Dileep C. Choksi	4	4
Dr. T.N. Kapoor*	4	4
Shri S. Durgashankar	4	4
Smt. Neera Saggi	4	4

\* Consequent upon his resignation as a Director of the Company, ceased to be a Member of the Audit Committee with effect from the close of business hours on 31.03.2019.

**B. Stakeholders Relationship Committee**

The Stakeholders Relationship Committee functions under the Chairmanship of Shri Rajesh Jejurikar, Non-Executive Director and presently comprises of following Directors:

- Shri Rajesh Jejurikar, Chairman
- Shri Dileep C. Choksi  
(co-opted w.e.f. 01.04.2019)
- Shri Subhash Mago

Consequent upon his resignation from the Directorship of the Company, Dr. T.N. Kapoor ceased to be a Chairman and Member of the Committee with effect from the close of business hours on 31.03.2019 and in his place, Shri Dileep C. Choksi was co-opted as a Member of the Committee with effect from 1st April, 2019. Further, Shri Rajesh Jejurikar became Chairman of the Committee in place of Dr. T.N. Kapoor with effect from 1st April, 2019.

Shri M.S.Grewal, Company Secretary, is the Compliance Officer of the Company.

The Committee meets at periodic intervals, to approve inter alia, transfer / transmission of shares, issue of duplicate share certificates and review status of investors' grievances and the functioning of the Share Department / Registrar & Share Transfer Agents in order to render effective and quality services to investors. Further, the Board of Directors has amended the charter of the Stakeholders Relationship Committee to align it with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019.

During the financial year under review, 4 meetings of Stakeholders Relationship Committee were held on 23rd April, 2018, 30th July, 2018, 29th October, 2018 and 25th January, 2019.

Attendance record of the Members of the Stakeholders Relationship Committee for FY 2018-19 is as under :

<b>Name of the Member Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Dr. T.N.Kapoor*	4	4
Shri Rajesh Jejurikar	4	4
Shri Subhash Mago	4	4

\* Consequent upon his resignation as a Director of the Company, ceased to be a Member of the Stakeholders Relationship Committee with effect from the close of business hours on 31.03.2019.

The Company had received 420 enquiries/complaints from the shareholders and all of them have been attended / resolved.

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

**C. Nomination and Remuneration Committee**

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

- Shri Dileep C. Choksi, Chairman  
(co-opted w.e.f. 01.04.2019)
- Shri Sudhir Mankad
- Shri Rajesh Jejurikar  
(co-opted w.e.f. 01.04.2019)

Consequent upon his resignation from the Directorship of the Company, Dr. T.N. Kapoor ceased to be a Chairman and Member of the Committee with effect from the close of business hours on 31.03.2019 and in his place, Shri Dileep C. Choksi was co-opted as Member and Chairman of the Committee with effect from 1st April, 2019. Further, Shri Rajesh Jejurikar was co-opted as a Member of the Committee in place of Dr. Pawan Goenka with effect from 1st April, 2019.

The purpose of the Committee inter alia include identification and selection of persons who may be appointed as directors / independent director(s) or as key managerial personnel or in senior management based on certain laid down criteria, formulate policy relating to the remuneration for the directors, key managerial personnel and other employees, to decide on the stock options to be granted, if any, to the eligible employees, directors including non-executive directors; formulation of process for evaluation of directors performance; and to deal with such other matters and functions as may be prescribed from time to time. Further, the Board of Directors has amended the charter of the Nomination and Remuneration Committee to align it with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019.

During the financial year, 2 meetings of Nomination and Remuneration Committee of the Board were held on 23rd April, 2018 and 30th July, 2018.

Attendance record of the Members of the Nomination and Remuneration Committee for FY 2018-19 is as under:

<b>Name of the Member Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Dr. T.N. Kapoor*	2	2
Shri Sudhir Mankad	2	2
Dr. Pawan Goenka (ceased to be a Member w.e.f. 01.04.2019)	2	2

\* Consequent upon his resignation as a Director of the Company, ceased to be a Member of the Nomination and Remuneration Committee with effect from the close of business hours on 31.03.2019.

**D. Corporate Social Responsibility Committee**

The Corporate Social Responsibility (CSR) Committee currently comprises of following four Directors with Non-Executive Independent Director as its Chairman:

- Shri Sudhir Mankad, Chairman
- Shri Vijay Varma
- Shri Rajesh Jejurikar
- Shri Subhash Mago

The role of the CSR Committee, inter alia, is to :

- formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- recommend the amount of expenditure to be incurred on the CSR activities;
- monitor the CSR Policy of the Company from time to time.

During the financial year, one meeting of Corporate Social Responsibility Committee of the Board was held on 23rd April, 2018.

Attendance record of the Members of the Corporate Social Responsibility Committee for FY 2018-19 is as under:

<b>Name of the Member Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Shri Sudhir Mankad	1	1
Shri Vijay Varma	1	1
Shri Rajesh Jejurikar	1	1
Shri Subhash Mago	1	1

#### **IV. Remuneration to Directors**

##### **Remuneration Policy**

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

##### **a) Policy for Selection and appointment of Directors**

##### **i) Appointment of Directors**

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

##### **ii) Removal of Directors**

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

##### **iii) Succession Planning**

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit. The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.



**b) Policy for Remuneration to Directors**
**i) Non-Executive Directors including Independent Directors:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and Variable, payable to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and such other factors as the NRC may deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

**ii) Whole Time Director(s) / Executive Director(s):**

The remuneration to Whole Time Director(s) / Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. The revision in compensation, if any, will be determined annually by the NRC based on their performance.

The policies for appointment and remuneration of Directors are available at <http://www.swarajenterprise.com/policies>.

**Remuneration Details**

Non-Executive Directors, other than representative directors of M&M, are paid sitting fees for attending the meetings of the Board of Directors and Committees thereof within the prescribed limits as decided by the Board and reimbursement of expenses incurred for attending the Board and Committee Meetings. The existing sitting fees paid to Non-Executive Directors is as under:

- Rs. 50,000 for every Board Meeting
- Rs. 30,000 for every Committee(s) Meeting (other than Stakeholders Relationship Committee)
- Rs. 5,000 for every Stakeholders Relationship Committee Meeting

From the financial year 2011-12, the Board had also approved the payment of commission to Directors who are neither in the Whole-time employment of the Company nor the Whole-time Director, Managing Director, Executive Director(s) and such of the remainder as may not desire to participate, upto one per cent per annum of the net profits of the Company distributed in such proportions as the Board of Directors may decide from time to time, subject to a limit of one quarter per cent of the net profits of the financial year for each such Director.

The details of Directors' remuneration for FY 2018-19 is as follows :

**Independent Non-Executive Directors**

(Rs. in Lakhs)

Name of the Directors who were in receipt of sitting fees / commission during FY 2018-19	Sitting Fees for Board and Committee Meetings paid during FY 2018-19	Commission payable for FY 2018-19	Total
Shri Sudhir Mankad	3.40	6.00	9.40
Dr. T.N. Kapoor	4.50	6.00	10.50
Shri R.R. Deshpande	2.00	6.00	8.00
Shri Vijay Varma	2.80	6.00	8.80
Shri Dileep C. Choksi	3.70	6.00	9.70
Smt. Neera Saggi	3.70	6.00	9.70

**Executive - Whole-Time Director**

(Rs. in Lakhs)

Name of Director	Salary (Basic and Allowances)	Commission	Contribution to Provident Fund	Value of Perquisites	Stock Option	Total	Service Contract (Tenure)
Shri Subhash Mago (Whole Time Director & Chief Executive Officer)	139.30	Nil	3.17	1.60	10.55	154.62	25th April, 2017 to 31st March, 2020

Note: Above excludes:

- 2857 stock options granted by the Company which will be vested and become due for exercise in the subsequent period.
- stock options from Associate Company - Mahindra & Mahindra Limited.

**V. General Body Meetings**

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

Year	Date	Time	Special Resolutions passed
2016	26th July, 2016	12.30 P.M.	1. Approval and adoption of new Articles of Association of the Company. 2. Approval of payment of commission to the Non-Executive Directors of the Company.
2017	24th July, 2017	3.00 P.M.	1. Approval of appointment of Shri Subhash Mago as Whole Time Director & Chief Executive Officer of the Company with effect from 25th April, 2017 and approval of remuneration payable to him.
2018	30th July, 2018	3.00 P.M.	-

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

No Extraordinary General Meeting was held during the past three years.

No Special Resolution(s) requiring a Postal Ballot was passed last year or is being proposed at the ensuing Annual General Meeting.

**VI. Means of Communication**

- a) In compliance with the requirements of the Listing Regulations, the Company regularly intimates quarterly un-audited as well as audited financial results to the Stock Exchanges within the statutory time period from the conclusion of the Board Meeting(s) at which these were considered and approved. These financial results are normally published in the leading financial / national / regional newspapers (Financial Express and Punjabi Tribune) and are also displayed on the website of the Company [www.swarajenterprise.com](http://www.swarajenterprise.com);
- b) The official news releases are displayed on the Company's website [www.swarajenterprise.com](http://www.swarajenterprise.com);
- c) During the year ended 31st March, 2019, no presentations were made to institutional investors or analysts.

**VII. Shareholder Information****1. 33rd Annual General Meeting**

Date	:	30th July, 2019
Time	:	2.30 P.M.
Venue	:	Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab - 160 062

**2. Financial Calendar (tentative)**

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

Calendar for the Board Meetings to be held to review / approve the financial results of the Company for FY 2019-20 is given below:

• Quarter ending 30th June, 2019	Last week of July, 2019
• Half year ending 30th September, 2019	Third week of October, 2019
• Quarter ending 31st December, 2019	Last week of January, 2020
• Year ending 31st March, 2020	May, 2020

**Note:** The above schedules are indicative.

**3. Dividend Payment**

The dividend, if declared, shall be paid on or after 31st July, 2019.

**4. Date of Book Closure**

13th July, 2019 to 19th July, 2019 (both days inclusive)

**5. Listing on Stock Exchanges**

- (i) BSE Ltd. (BSE)  
25th Floor, P.J. Towers, Dalal Street, Mumbai - 400001
- (ii) National Stock Exchange of India Ltd. (NSE)  
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051

Listing Fee for FY 2019-20 for both these stock exchanges has been paid.

**6. Stock Code**

- (i) BSE Ltd. (BSE) : 500407
- (ii) National Stock Exchange of India Ltd. (NSE) : SWARAJENG

**7. CIN : L50210PB1985PLC006473**

**8. Stock Price Data**

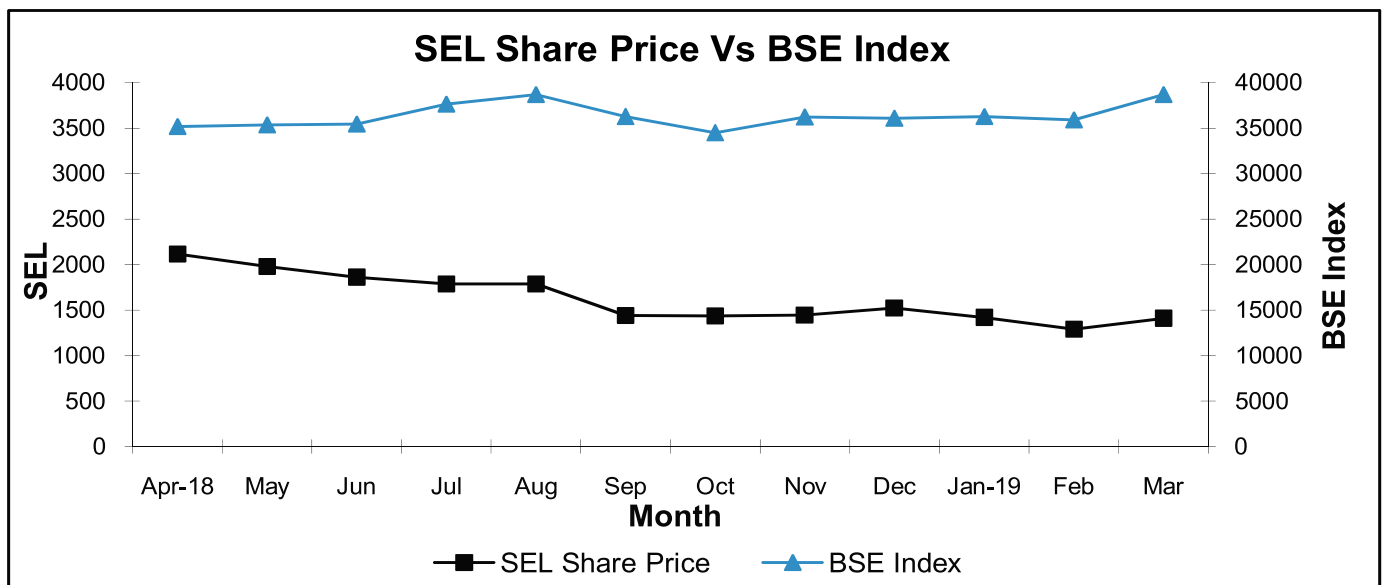
Monthly (April 2018 - March 2019) High - Low Quotations of shares traded at BSE & National Stock Exchange are as under:

Month	BSE		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2018	2139.05	1981.00	2140.00	1972.00
May 2018	2130.00	1930.00	2129.90	1929.00
June 2018	1980.00	1850.00	1979.00	1848.50
July 2018	1967.90	1650.00	1975.65	1642.00
August 2018	1875.70	1737.05	1886.95	1740.00
September 2018	1800.00	1436.05	1800.00	1436.00
October 2018	1600.00	1320.00	1594.00	1305.60
November 2018	1545.00	1402.80	1536.00	1410.00
December 2018	1545.00	1400.00	1537.00	1398.00
January 2019	1649.00	1412.00	1670.00	1412.05
February 2019	1466.00	1256.35	1497.40	1264.50
March 2019	1541.00	1318.00	1530.05	1308.00

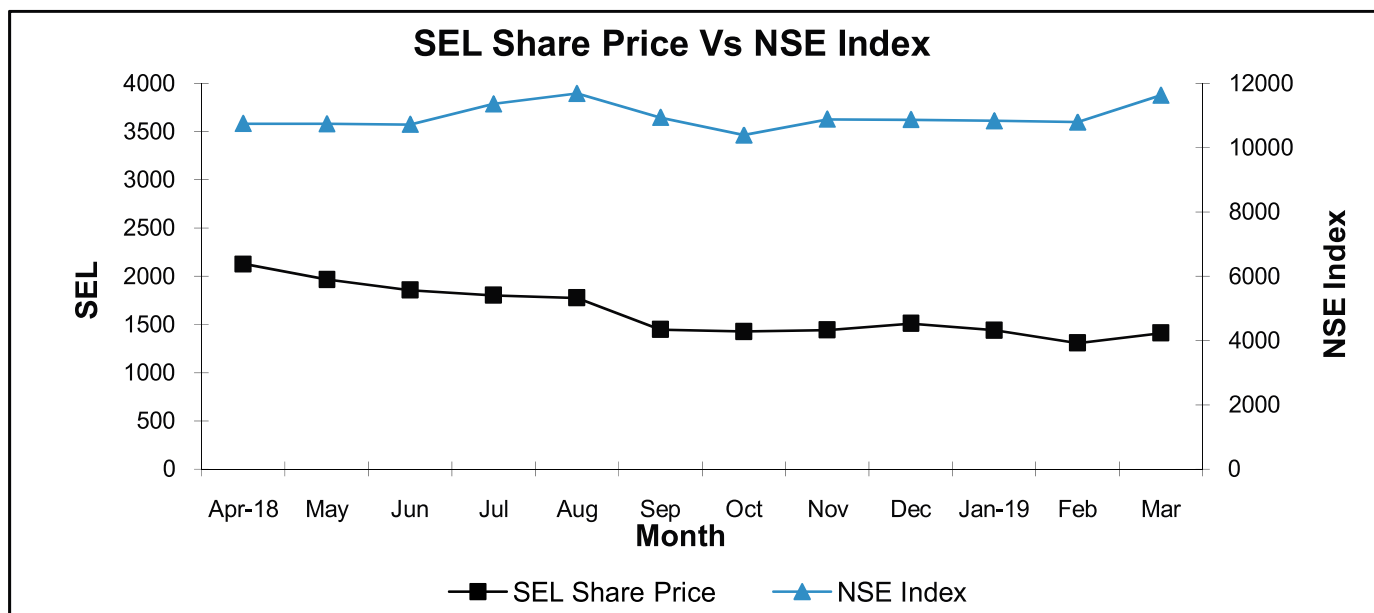
During the financial year ended 31st March, 2019, securities (equity shares) of the Company have not been suspended from trading on any of the stock exchanges where they are listed.

**9. Stock Price Performance**

SEL Share Price performance relative to BSE Sensitive Index



SEL Share Price performance relative to NSE Index (S&P CNX Nifty Index)



Note: Based on the month end closing share price of SEL and BSE / NSE Index.

**10. Registrar and Transfer Agents**

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

Tel No. : 011 - 41406149

Fax No. : 011 - 41709881

Email address : helpdeskdelhi@mcsregistrars.com

Contact Person: Shri Amar Jit

Share Transfer & other Communication regarding Share Certificates, Dividends and Change of Address etc. may be addressed to Registrar, M/s MCS Share Transfer Agent Limited or to the Share Department of the Company at its Registered Office at Phase IV, Industrial Area, S.A.S. Nagar (Mohali), Punjab - 160 055.

**11. Transfer System for physical shares**

Trading in Equity Shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form.

Share sent for transfer in physical form were registered & returned within the stipulated timeline from the date of receipt, if the documents were valid in all respects. Total number of shares transferred during FY 2018-19 was 6200 (Previous Year 3458). Against the opening balance of 5350 shares (21 folios) lying in Unclaimed Suspense Account, 3850 shares (15 folios) were transferred during the year to Demat account of Investor Education and Protection Fund ("IEPF") Authority pursuant to the applicable IEPF rules. The voting rights on the shares outstanding in the Unclaimed Suspense Account as on 31st March, 2019 shall remain frozen till the rightful owner of such shares claims the shares.

SEBI effective from 1st April, 2019, has barred physical transfer of shares of listed companies and mandated transfer only through demat. However, investors are not barred from holding shares in physical form.

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

Category of Shareholders	No. of Shareholders	No. of Shares Held*	% of Holding
1 Promoters	2	61,53,555	50.73
2 Mutual Funds	14	13,46,226	11.10
3 Financial Institutions / Banks	1	5,372	0.04
4 Insurance Companies	1	9,290	0.08
5 Govt. (IEPF)	1	56,706	0.47
6 Foreign Portfolio Investors	15	3,17,568	2.62
7 Bodies Corporate - Indian	305	6,17,504	5.09
8 NRIs	627	2,21,332	1.82
9 Indian Public	18,805	34,00,733	28.04
10 OCB	1	600	0.01
<b>Total</b>	<b>19,772</b>	<b>1,21,28,886</b>	<b>100.00</b>

\*Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder

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

No. of Equity Shares held	No. of Shareholders		No. of Shares Held*	
	Numbers	% Total	Numbers	% Total
1 - 500	18,465	93.39	11,10,088	9.15
501 - 1000	816	4.13	5,60,778	4.62
1001 - 5000	411	2.08	8,53,847	7.04
5001 - 10000	39	0.20	2,68,597	2.22
10001 - 50000	18	0.09	3,26,134	2.69
50001 & above	23	0.11	90,09,442	74.28
<b>Total</b>	<b>19,772</b>	<b>100.00</b>	<b>1,21,28,886</b>	<b>100.00</b>

\*Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder

**14. Dematerialisation of Shares and Liquidity**

The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the trading. As on 31st March, 2019, 99.4% of the equity capital is held in electronic form. The market lot of the Share of your Company is one Share, as the trading in the Equity Share of your Company is permitted only in dematerialised form. The Non-Promoters' holding as on 31st March, 2019 is around 49.27% and the stock is highly liquid.

**International Securities Identification Number (ISIN): INE277A01016**

(with NSDL and CDSL)

**15. Unclaimed Dividend and shares transferred to Investor Education and Protection Fund ("IEPF")**

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF").

The IEPF Rules mandate companies to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

## SWARAJ ENGINES LIMITED

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisement.

### Dividend remitted to IEPF during the year:

Financial year ended	Date of Declaration of Dividend	Amount transferred to IEPF (in Rs.)	Date of transfer to IEPF
31st March, 2011	3rd August, 2011	9,94,010	14th September, 2018

### Shares transferred/credited to IEPF:

Pursuant to IEPF Rules, during the year, the Company has transferred 53,928 Equity Shares to IEPF Authority.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30th July, 2018 on the Company's website <http://www.swarajenterprise.com/unclaimed.aspx>.

The following table provides dates on which unclaimed dividend and their corresponding shares would become liable to be transferred to the IEPF:

Financial year ended	Date of Declaration of Dividend	Due for Transfer to IEPF	Amount (Rs.) (As on 31st March, 2019)
31st March, 2012	31st July, 2012	5th September, 2019	11,18,832
31st March, 2013	30th July, 2013	4th September, 2020	26,53,662
31st March, 2014	31st July, 2014	5th September, 2021	28,75,635
31st March, 2015	28th July, 2015	2nd September, 2022	25,67,136
31st March, 2016	26th July, 2016	31st August, 2023	26,74,452
31st March, 2017	24th July, 2017	29th August, 2024	36,90,647
31st March, 2018	30th July, 2018	4th September, 2025	40,78,050

### 16. Outstanding GDR's / ADR's / Warrants / Convertible Instruments

Not Applicable.

### 17. Details of utilization of funds raised through preferential allotment or qualified institutions placement under Regulation 32 (7A)

Not Applicable.

### 18. Credit Ratings

The Company has not obtained credit rating from any of the credit rating agencies.

### 19. Commodity price risk or Foreign Exchange Risk & hedging activities

The Company continues to focus on mitigating the inflationary impact of commodity prices, if any, through various cost reduction measures. As the nature of business of the Company does not involve any significant foreign exchange exposure, no hedging activity was done during the year. The details of foreign currency exposure are disclosed in Annexure E of the Directors Report.

### 20. Registered Office

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

**21. Plant Location**

Swaraj Engines Limited  
Plot No. 2, Industrial Phase IX,  
S.A.S. Nagar (Mohali), Punjab - 160 062

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

M/s MCS Share Transfer Agent Limited  
Unit: Swaraj Engines Ltd.

F-65, 1st Floor,

Okhla Industrial Area, Phase - I

New Delhi - 110 020

Email: helpdeskdelhi@mcsregistrars.com

Phone : 011 - 41406149

Fax : 011 - 41709881

**Compliance Officer & Company Secretary**

Shri M.S. Grewal, Company Secretary

**Registered Office:**

Swaraj Engines Ltd.

Phase-IV, Industrial Area

S.A.S. Nagar (Mohali), Punjab - 160 055.

Email: selinvestor@swarajenterprise.com

Phone : 0172- 2271620-27

Fax : 0172- 2272731

**23. Website Address : [www.swarajenterprise.com](http://www.swarajenterprise.com)****VIII. Other Disclosures****A. Disclosure of transactions with Related Parties**

During FY 2018-19, all transactions entered into with related parties were in the ordinary course of business and on arm's length basis. The Company has not entered into any transaction of material nature with the promoters, the directors or the management or their relatives etc. that may have potential conflict with the interests of the Company. The Company has no subsidiary. Details of related parties and transactions with them are covered at Note 2.29 of the Annual Accounts. Mahindra & Mahindra Limited ("M&M") and Kirloskar Industries Limited ("KIL") are the promoters of the Company and holding 33.30% and 17.43% respectively in the company. While details of transactions with M&M are available at the aforesaid Note of the Annual Accounts, there was no transaction with KIL other than the payment of dividend of Rs. 1057.17 lakhs during FY 2018-19. The Policy on Materiality of and Dealing with Related Party Transactions approved by the Board of Directors of the Company is available at Company's website [www.swarajenterprise.com](http://www.swarajenterprise.com)

**B. Details of non-compliance etc.**

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

**C. Whistle Blower Policy**

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



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

**D. Disclosure of Accounting Treatment in preparation of Financial Statements**

The Company adopted Indian Accounting Standards (Ind AS) from 1st April, 2016. Accordingly, the financial statements have been prepared in accordance with Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Act and other relevant provisions of the Act. The significant accounting policies which are consistently applied are set out under Note 1 of the Annual Accounts.

**E. CEO / CFO Certification**

As required under Regulation 17(8) of the Listing Regulations, Whole Time Director & Chief Executive Officer and Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2019.

**F. Management Discussion and Analysis Report**

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

**G. Risk Management**

Business risk evaluation and management is an ongoing process within the Company. For each function, the impact and probability of various risks are made and necessary control measures are identified to mitigate these risks, thereby reducing the impact and probability of the risk. During the year, a detailed exercise on "Risk Assessment" related to Company's main functional areas was carried out.

The Board is apprised on the risk assessment and mitigation process followed by the Company.

**H. Code for prevention of Insider Trading Practices**

The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Swaraj Engines Limited' ("SEL Code of Conduct") in compliance with the Listing Regulations.

SEL Code of Conduct has been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Listing Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. SEL Code of Conduct lays down Guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with securities of the Company and cautions them of the consequences of violations.

**I. B.K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees during FY 2018-19 is given below:**

(Rs. in Lakhs)

<b>Particulars</b>	<b>Amount</b>
Services as Statutory Auditors (including quarterly limited reviews)	12.60
Tax Audit	2.00
Reimbursement of expenses	0.37

**J. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018**

Pursuant to the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has set up Internal Complaints Committee to redress the complaints received, if any, regarding sexual harassment.

During the year, no complaint was received.

**IX. Compliance with Mandatory requirements**

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

**X. Adoption of the non-mandatory requirements****a) Audit Qualifications**

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

**b) Separate Posts of Chairman and CEO**

The Company has separate persons to the post of Chairman and Whole Time Director & Chief Executive Officer.

**c) Internal Auditor**

The internal auditor reports directly to the Audit Committee.

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

**XI. Code of Conduct**

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

Mumbai, 22nd April, 2019

## SWARAJ ENGINES LIMITED

### DECLARATION BY THE WHOLE TIME DIRECTOR & CHIEF EXECUTIVE OFFICER UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To

#### The Members of Swaraj Engines Limited

I, Subhash Mago, Whole Time Director & Chief Executive Officer of Swaraj Engines Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2019.

Mumbai, 22nd April, 2019

**Subhash Mago**  
Whole Time Director &  
Chief Executive Officer

### PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

#### To the Members of Swaraj Engines Limited

We have examined the compliance of the conditions of Corporate Governance by Swaraj Engines Limited ("the Company") for the year ended on 31st March, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended on 31st March, 2019.

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

**For A. ARORA & CO.**  
Company Secretaries

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

Place: Chandigarh  
Date : 22.04.2019

**ANNEXURE – A TO DIRECTORS' REPORT**

**FORM NO. AOC-2**

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

a)	Name(s) of the related party and nature of relationship	Not applicable
b)	Nature of contracts/arrangements/transactions	Not applicable
c)	Duration of the contracts/ arrangements/transactions	Not applicable
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Not applicable
e)	Justification for entering into such contracts or arrangements or transactions	Not applicable
f)	Date(s) of approval by the Board	Not applicable
g)	Amount paid as advances, if any	Not applicable
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	Not applicable

2. Details of material contracts or arrangements or transactions at arm's length basis:

a)	Name(s) of the related party and nature of relationship	Mahindra & Mahindra Limited, Associate Company
b)	Nature of contracts/arrangements/transactions	Sale, purchase, service or supply of goods or materials; availing or rendering of services; leasing of property of any kind, selling or otherwise disposing of or buying property of any kind; or any other transaction in the ordinary course of business and at arm's length.
c)	Duration of contracts/arrangements/transactions	FY 2018-19
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Total value of transactions during FY 2018-19 was Rs. 1047.41 crores (excluding dividend paid - Rs.20.20 crores).
e)	Date(s) of approval by the Board, if any	Not applicable
f)	Amount paid as advances, if any	NIL

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai  
Date : 22nd April, 2019

(SUDHIR MANKAD)  
Chairman

**ANNEXURE – B TO DIRECTORS' REPORT**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

<b>Sr. No.</b>	<b>Requirements</b>	<b>Disclosure</b>
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	WTD & CEO - 18.0 Times
2	The percentage increase in remuneration of each Director, CEO, CFO & CS.	WTD & CEO - 7.0% CFO - 8.0% CS - 9.0%
3	The percentage increase in the median remuneration of employees in the financial year.	14.1%
4	The number of permanent employees on the rolls of the company.	There were 366 permanent employees as on 31st March, 2019.
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2018-19 was 13.5% whereas the increase in the managerial remuneration for the financial year 2018-19 was 7.3%.
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is affirmed.

**Notes:**

1. The Independent Directors and two Non-Executive Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the Board of Directors and Members. The details of their remuneration are provided in the Corporate Governance Report.
2. Percentage increase in remuneration excludes the perquisite value of ESOP exercised, if any.

## ANNEXURE – C TO DIRECTORS' REPORT

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
Swaraj Engines Limited,  
Phase IV, SAS Nagar,  
Punjab

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SWARAJ ENGINES LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SWARAJ ENGINES LIMITED ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not applicable to the company during the financial year under review.
  - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.

- f) The erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including the amendments thereof- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc. and rules framed thereunder.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air (Prevention and Control of Pollution) Act, 1981
- (x) The Water (Prevention and Control of Pollution) Act, 1974

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on the National Stock Exchange of India Limited and BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors of the company during the financial year. Consequent upon his resignation, Dr.T.N. Kapoor, Independent Director, ceased to be a Director of the Company with effect from the close of business hours on 31st March, 2019.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that:

1. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

2. Based on the examination of the relevant documents and records on test check basis the company has Complied with the following laws specifically applicable to the company:
- a) The Gas Cylinder Rules, 1981, Amended 2004
  - b) The Petroleum Act, 1934 and Petroleum Rules, 1976

I further report that during the audit period:

1. The company has allotted 2,202 equity shares of face value of Rs. 10 each pursuant to exercise of stock options by employees under the company's Employee Stock Option Scheme, 2015.
2. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred 53,928 equity shares to the Investor Education and Protection Fund.

I further report that, there were no instances of

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

**For A. ARORA & COMPANY**  
Company Secretaries  
AJAY K. ARORA  
(Proprietor)

Place : Chandigarh  
Date : 15.04.2019

FCS No. 2191  
C P No.: 993



**ANNEXURE – D TO DIRECTORS' REPORT****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1. **A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

The brief outline of Company's CSR Policy is given below:

**a) CSR Philosophy**

The Company recognises that basic purpose of the business is not only to deliver Commercial Objectives but also to act as a "Socially Responsible Corporate Citizen". Therefore, the Company is committed to improve the quality of life for the Community and Society at large.

The Company strongly believes that Economic, Environmental & Social Performance hang together and blending passion for Corporate performance with compassion for Communities is central to the Company's corporate philosophy and to pursue this, the Company endeavours to make CSR (Corporate Social Responsibility) a key Business Process for sustainable development.

**b) Objective of the CSR Policy**

The objective of this policy is to -

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs.

**c) CSR Thrust Areas**

The Company will focus its efforts within the constituencies of girls, youth & rural people through programs designed in the domains of education, health and environment. The Company may also make contributions to its Associate Companies' Corporate Foundations/Trusts towards its corpus for projects approved by the Board.

The Company's commitment to CSR will be manifested by investing resources within the broad framework of Schedule VII of the Companies Act, 2013.

The CSR Policy is available at Company's following Web-link : <http://www.swarajenterprise.com/policies>

2. **Composition of the CSR Committee:**

The CSR Committee currently comprises of following Directors:

1. Shri Sudhir Mankad, Chairman (Independent Director)
2. Shri Vijay Varma (Non-Independent Director)
3. Shri Rajesh Jejurikar (Non-Independent Director)
4. Shri Subhash Mago (Whole Time Director & Chief Executive Officer)

3. **Average net profit of the Company for last three financial years:Rs. 10146.36 Lakhs**

4. **Prescribed CSR Expenditure (two per cent of the amount mentioned in item 3 above) : Rs. 202.93 Lakhs**

5. **Details of the CSR spent for the financial year:**

- a. Total amount to be spent for the financial year: Rs. 202.93 Lakhs
- b. Amount unspent/unpaid : Nil
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Projects / Activities	Sector	Locations	Amount Outlay (Budget) Project or Program-wise	Amount spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing Agency
			State(s)	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
1.	Contribution to Paediatric Intensive Care Unit (PICU) - PGIMER by providing medical equipments/ infra in advance cardiac centre	Healthcare	Chandigarh	42.08	42.08	42.08	Direct
2.	Skill Development Centre (in the adopted villages - Kambala & Kambali) in collaboration with Technical Education and Industrial Training Punjab	Promoting employment enhancement vocation skills	Punjab	31.10	31.10	31.10	Direct
3.	Contribution by organising medical camps in near vicinity through GVK-EMRI medical mobile unit (MMU)	Healthcare	Punjab	35.19	35.19	35.19	GVK-EMRI
4.	Skill Enhancement at Govt. ITIs (Diesel & Tractor Mechanic) by providing Engines / Infra	Promoting employment enhancement vocation skills	Punjab/ Himachal Pradesh	34.14	34.14	34.14	Direct
5.	Misc. Activities/ Initiatives#	Awareness Campaigns towards Environment Sustainability/ Safety, Blood Donation Camps and other Social Activities for overall goodness for the Society at Large including Women Empowerment	Punjab/ Chandigarh	60.42	62.22	62.22	Direct
<b>Total</b>				<b>202.93</b>	<b>204.73</b>	<b>204.73</b>	

#includes administrative overheads.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance of CSR objectives and Policy of the Company.

Subhash Mago  
Whole Time Director & Chief Executive Officer  
22nd April, 2019

Sudhir Mankad  
Chairman

**ANNEXURE – E TO DIRECTORS' REPORT**

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

**A. CONSERVATION OF ENERGY:**

(a) Steps taken for conservation of energy:

Although the activities of the Company are not energy-intensive, necessary measures are taken to contain and bring about savings in energy consumption through improved operational methods.

The following projects towards energy conservation were taken during the year:

- Reduction in engine testing time for key models/variants
- Introduction of light tunnels under day light harvesting programme resulting in abolition of artificial lighting during day time
- Incorporation of air cooled compressor in place of water cooled compressors and thereby saving of electrical energy
- Incorporation of low watt loss distribution transformer meant for catering power to entire process
- Incorporation of radar system for overhead water tank to control bore well motor and thereby elimination of undesirable running of motor
- Introduction of Bus Bar Trunking system in place of power cables to diminish distribution losses and fire load.

Further, energy management system is adopted as a standard practice to reduce the electrical energy consumption and reduced contract load demand from 3000 KVA to 2000 KVA.

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

(c) Capital investment on energy conservation equipments:Rs. 50 lakhs on various energy conservation projects.

Above initiatives besides being energy efficient are also environments friendly.

Overall annualized savings for the year - Rs. 41 lakhs.

**B. TECHNOLOGY ABSORPTION:**

(a) The efforts made towards technology absorption:

- Upgradation of engines to meet upcoming TREM IV emission norms for >50 HP engines is under progress and is currently at the field testing stage.
- Successful development and commercialization of 4WD variants of 60 HP & 40-50 HP engines
- Successful development and commercialization of lead variant of upgraded 40-50 HP engine series.
- 65 HP Turbocharged engine is under testing.
- Development of 4WD variants of 20-30 HP engines is under progress.

During the year under review, the Company is also constantly working on value engineering with focused efforts towards reducing the cost of ownership for customers.

(b) Benefits derived as a result of the above efforts : Expansion of product range, increased fuel efficiency and getting ready for upcoming regulatory requirements.

(c) While no technology has been imported during the last 4 years, the Company has gone for high technology imported machines which helped to enhance the overall productivity and reduction in rework / rejection.

(d) Expenditure on R&D: The Company spent revenue expenditure of Rs. 2.50 crores on Research & Development work during the year, which was 0.3% of the total turnover.

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

During the year, while there were no exports/foreign exchange earnings, foreign exchange outgo during the year stands at Rs.18.55 crores (previous year - Rs. 8.31 crores).

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai  
Date : 22nd April, 2019

(SUDHIR MANKAD)  
Chairman

**ANNEXURE – F TO DIRECTORS' REPORT**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31.03.2019**

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

**FORM NO. MGT - 9**

**I. Registration and Other Details**

CIN	L50210PB1985PLC006473
Registration Date	24-09-1985
Name of the Company	Swaraj Engines Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	Phase IV, Industrial Area, S.A.S. Nagar (Mohali) Punjab - 160055 Tel. No. 0172-2271620-27
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	M/s MCS Share Transfer Agent Limited F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi - 110020 Tel No. 011-41406149

**II. Principal Business Activities of the Company**

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Engines & its parts	29104	100%

**III. Particulars of Holding, Subsidiary and Associate Companies**

Name and address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Mahindra & Mahindra Limited	L65990MH1945PLC004558	Associate	33.30	2(6)

**IV. Share Holding Pattern (Equity Share Capital Break-up as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2018)				No. of shares held at the end of the year (as on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	6153555	-	6153555	50.74	6153555	-	6153555	50.73	-0.01
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	<b>6153555</b>	<b>-</b>	<b>6153555</b>	<b>50.74</b>	<b>6153555</b>	<b>-</b>	<b>6153555</b>	<b>50.73</b>	<b>-0.01</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	<b>6153555</b>	<b>-</b>	<b>6153555</b>	<b>50.74</b>	<b>6153555</b>	<b>-</b>	<b>6153555</b>	<b>50.73</b>	<b>-0.01</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Fund	1572617	-	1572617	12.97	1346226	-	1346226	11.10	-1.87
b) Banks / FI	881	-	881	0.01	5372	-	5372	0.04	0.03
c) Central Govt. (IEPF)	2778	-	2778	0.02	56706	-	56706	0.47	0.45
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	9290	-	9290	0.08	9290	-	9290	0.08	-
g) FII's	303783	-	303783	2.50	317568	-	317568	2.62	0.12
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):</b>	<b>1889349</b>	<b>-</b>	<b>1889349</b>	<b>15.58</b>	<b>1735162</b>	<b>-</b>	<b>1735162</b>	<b>14.31</b>	<b>-1.27</b>

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2018)				No. of shares held at the end of the year (as on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	467282	603	467885	3.86	617504	-	617504	5.09	1.23
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.1 lakh	2355402	117552	2472954	20.39	2417891	75232	2493123	20.55	0.16
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	859896	33000	892896	7.36	852710	-	852710	7.03	-0.33
c) Others (specify)									
i) Trusts & Foundations	56100	-	56100	0.46	54900	-	54900	0.45	-0.01
ii) NRIs/OCBs	193945	-	193945	1.60	221932	-	221932	1.83	0.23
<b>Sub-Total (B)(2):</b>	<b>3932625</b>	<b>151155</b>	<b>4083780</b>	<b>33.68</b>	<b>4164937</b>	<b>75232</b>	<b>4240169</b>	<b>34.96</b>	<b>1.28</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5821974</b>	<b>151155</b>	<b>5973129</b>	<b>49.26</b>	<b>5900099</b>	<b>75232</b>	<b>5975331</b>	<b>49.27</b>	<b>0.01</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total(A+B+C)</b>	<b>11975529</b>	<b>151155</b>	<b>12126684</b>	<b>100.00</b>	<b>12053654</b>	<b>75232</b>	<b>12128886</b>	<b>100.00</b>	<b>-</b>

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year (as on 01-04-2018)			Shareholding at the end of the year (as on 31-03-2019)			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
Mahindra & Mahindra Ltd.	4039206	33.31	-	4039206	33.30	-	-0.01
Kirloskar Industries Ltd.	2114349	17.44	-	2114349	17.43	-	-0.01
<b>Total</b>	<b>6153555</b>	<b>50.74</b>	<b>-</b>	<b>6153555</b>	<b>50.73</b>	<b>-</b>	<b>-0.01</b>

**(iii) Change in Promoters Shareholding**

Particulars	Shareholding at the beginning of the year (as on 01-04-2018)		Increase/Decrease in No. of shares	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year – As on 01-04-2018	6153555	50.74			
At the end of the year - As on 31-03-2019			–	6153555	50.73

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

Name of Shareholder	Shareholding at the beginning of the year (as on 01-04-2018)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
	No. of Shares	% of total shares of the Company	Increase/ (Decrease)	Date/ Reason*	No. of Shares	% of total shares of the Company
1. DSP Small Cap Fund	415171	3.42	–	–	415171	3.42
2. L&T Mutual Fund Trustee Ltd - L&T Mid Cap Fund	560467	4.62	2050 739 1598 5181 3097 (10465) (100000) (50000) (1320) (5000) (8488) (3791)	06-04-2018 27-04-2018 04-05-2018 18-05-2018 25-05-2018 14-12-2018 21-12-2018 28-12-2018 18-01-2019 22-02-2019 22-03-2019 29-03-2019	394068	3.25
3. HDFC Trustee Company Ltd A/C - HDFC Children's Gift Fund - Investment Plan	258571	2.13	–	–	258571	2.13
4. National Westminster Bank Plc As Trustee Of The Jupiter India Fund	175615	1.45	2003	06-04-2018	177618	1.46
5. Vikram Chinubhai Shah & Rashmi Vikram Shah	176000	1.45	–	–	176000	1.45
6. Reeta Keyur Parikh	172610	1.42	–	–	172610	1.42
7. SBI Magnum Midcap Fund	156075	1.29	–	–	156075	1.29

Name of Shareholder	Shareholding at the beginning of the year (as on 01-04-2018)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
	No. of Shares	% of total shares of the Company	Increase/ (Decrease)	Date/ Reason*	No. of Shares	% of total shares of the Company
8. ICICI Lombard General Insurance Company Ltd.	-	-	50000 99982	21-12-2018 28-12-2018	149982	1.24
9. Keyur H Parikh	114917	0.95	(2500)	09-11-2018	112417	0.93
10. Vikram Advisory Services Private Limited	103500	0.85	-	-	103500	0.85

\* Reason for Change in Shareholding is Transfer.

**Notes:**

- Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.
- Top ten shareholders of the Company as on 31st March, 2019 has been considered for the above disclosure.

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

Name of Director and KMP	Shareholding at the beginning of the year (as on 01-04-2018)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
	No. of Shares	% of total shares of the Company	Increase/ (Decrease)	Date/ Reason*	No. of Shares	% of total shares of the Company
<b>Directors</b>						
1. Sh. Subhash Mago, Whole Time Director and Chief Executive Officer	-	-	714	07-12-2018 ^	714	0.006
<b>KMPs</b>						
1. Sh. Rajinder Arora, CFO	1027	0.008	(36) (50) (164) (56) (332) (140)	30-11-2018 14-12-2018 21-12-2018 28-12-2018 04-01-2019 11-01-2019	249	0.002

\* Reason for Change in Shareholding is Transfer.

^ Allotment of shares under the Company's Employee Stock Option Scheme.



## SWARAJ ENGINES LIMITED

### V. Indebtedness

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

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

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

(Rs. in Lakhs)

S. No.	Particulars of Remuneration	Sh. Subhash Mago Whole Time Director & Chief Executive Officer	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	139.30	139.30
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	1.60	1.60
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2	Stock Option*	10.55	10.55
3	Sweat Equity	–	–
4	Commission		
	- as % of profit	–	–
	- others	–	–
5	Others (Contribution to Provident Fund)	3.17	3.17
	<b>Total (A)</b>	<b>154.62</b>	<b>154.62</b>

\*Excludes:

- 2857 stock options granted by the Company which will be vested and become due for exercise in the subsequent period.
- Stock options from Associate Company - Mahindra & Mahindra Limited.

#### B. Remuneration to other Directors:

##### 1. Independent Directors

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors				Total Amount
	Sh. Sudhir Mankad	Dr. T.N. Kapoor	Sh. Dileep C. Choksi	Smt. Neera Saggi	
- Fee for attending Board/ Committee Meetings	3.40	4.50	3.70	3.70	15.30
- Commission	6.00	6.00	6.00	6.00	24.00
- Others	–	–	–	–	–
<b>Total (B)(1)</b>	<b>9.40</b>	<b>10.50</b>	<b>9.70</b>	<b>9.70</b>	<b>39.30</b>

**2. Other Non-Executive Directors**

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Sh. R.R. Deshpande	Sh. Vijay Varma	
- Fee for attending Board/Committee Meetings	2.00	2.80	4.80
- Commission	6.00	6.00	12.00
- Others	-	-	-
<b>Total (B)(2)</b>	<b>8.00</b>	<b>8.80</b>	<b>16.80</b>
<b>Total (B)= (B)(1)+ (B)(2)</b>			<b>56.10</b>

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

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

(Rs. in Lakhs)

S. No.	Particulars of Remuneration	Sh. M.S. Grewal Company Secretary	Sh. Rajinder Arora CFO	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.88	36.09	43.97
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.18	0.75	0.93
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option*	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others	-	-	-
5	Others (Contribution to Provident Fund)	0.27	1.55	1.82
	<b>Total (C)</b>	<b>8.33</b>	<b>38.39</b>	<b>46.72</b>

\*Excludes stock options from Associate Company – Mahindra & Mahindra Limited.

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

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2019.

# SWARAJ ENGINES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2019

(Rs. in Lakhs)

Particulars	Note	2019	2018
<b>I ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	2.1	10836.81	9162.62
(b) Capital Work-in-Progress	-	200.60	417.30
(c) Investment Property	2.2	23.64	24.17
(d) Intangible Assets	2.3	139.37	8.33
(e) Intangible Assets under Development	-	-	178.42
(f) Other Non-current Assets	2.4	777.02	1088.43
<b>Total Non-Current Assets</b>		<b>11977.44</b>	<b>10879.27</b>
<b>Current Assets</b>			
(a) Inventories	2.5	4743.97	3192.00
(b) Financial Assets			
(i) Investments	2.6	8382.70	7609.63
(ii) Trade Receivables	2.7	1873.98	1527.30
(iii) Cash and Cash Equivalents	2.8	271.39	304.74
(iv) Other Bank Balances	2.8	1592.58	4439.97
(v) Other Financial Assets	2.9	5922.28	5938.14
(c) Other Current Assets	2.10	1863.91	858.86
<b>Total Current Assets</b>		<b>24650.81</b>	<b>23870.64</b>
<b>TOTAL ASSETS</b>		<b>36628.25</b>	<b>34749.91</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	2.11	1212.89	1212.67
(b) Other Equity (Refer SOCE)		22585.36	21637.28
<b>Total Equity</b>		<b>23798.25</b>	<b>22849.95</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Long Term Provisions	2.12	397.63	355.93
(b) Deferred Tax Liabilities (Net)	2.13	716.17	579.17
<b>Total Non-Current Liabilities</b>		<b>1113.80</b>	<b>935.10</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	2.14		
– Total Outstanding dues of micro and small enterprises		1721.39	2070.29
– Total Outstanding dues of other than micro and small enterprises		8693.73	7776.52
(ii) Other Financial Liabilities	2.15	762.70	590.81
(b) Short Term Provisions	2.16	416.68	413.52
(c) Other Current Liabilities	2.17	121.70	113.72
<b>Total Current Liabilities</b>		<b>11716.20</b>	<b>10964.86</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36628.25</b>	<b>34749.91</b>
<b>Significant Accounting Policies</b>	1		
<b>Notes on Accounts</b>	2		

As per our report of even date attached

For B.K. KHARE & CO.  
Chartered Accountants  
Firm Registration No.105102W

PADMINI KHARE KAICKER  
Partner  
Membership No. 044784

M.S. GREWAL  
Company Secretary

RAJINDER ARORA  
Chief Financial Officer

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

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD  
Chairman

SUBHASH MAGO  
Whole Time Director &  
Chief Executive Officer

Mumbai, 22nd April, 2019

Mumbai, 22nd April, 2019

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

(Rs. in Lakhs)

Particulars	Note	2019	2018
<b>Revenue from Operations</b>	2.18	<b>87173.72</b>	79536.43
Other Income	2.19	<b>1538.11</b>	1896.04
<b>Total Income</b>		<b>88711.83</b>	81432.47
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	2.20	<b>66522.63</b>	57582.17
Changes in stock of Finished Goods and Work-in-Progress	2.21	<b>(865.42)</b>	(149.77)
Excise duty on Sales		–	2420.75
Employee Benefits Expense	2.22	<b>3927.97</b>	3476.93
Finance Costs	2.23	<b>9.09</b>	101.10
Depreciation and Amortisation Expense	2.1, 2.2 & 2.3	<b>1953.83</b>	1682.01
Other Expenses	2.24	<b>4423.91</b>	4047.83
<b>Total Expenses</b>		<b>75972.01</b>	69161.02
<b>Profit Before Exceptional Items and Tax</b>		<b>12739.82</b>	12271.45
Exceptional Items		–	–
<b>Profit Before Tax</b>		<b>12739.82</b>	12271.45
<b>Tax Expense</b>			
(1) Current tax	2.13	<b>4360.74</b>	4325.50
(2) Deferred tax	2.13	<b>137.00</b>	(64.00)
<b>Total Tax Expense</b>		<b>4497.74</b>	4261.50
<b>Profit After Tax</b>		<b>8242.08</b>	8009.95
<b>Other Comprehensive Income</b>		<b>(14.42)</b>	(29.37)
<b>A</b>		<b>(22.16)</b>	(44.87)
(i) Items that will not be reclassified to profit and loss			
(ii) Income tax related to above		<b>7.74</b>	15.50
<b>B</b>		–	–
(i) Items that may be reclassified to profit and loss			
(ii) Income tax related to above		–	–
<b>Total Comprehensive Income for the period</b>		<b>8227.66</b>	7980.58
<b>Earning per Equity Share :</b>			
(1) Basic Earning Per Share	2.25	<b>67.96</b>	64.62
(2) Diluted Earning Per Share	2.25	<b>67.91</b>	64.56
<b>Significant Accounting Policies</b>	1		
<b>Notes on Accounts</b>	2		

As per our report of even date attached

 For B.K. KHARE & CO.  
 Chartered Accountants  
 Firm Registration No.105102W

 PADMINI KHARE KAICKER  
 Partner  
 Membership No. 044784

 M.S. GREWAL  
 Company Secretary

 RAJINDER ARORA  
 Chief Financial Officer

Mumbai, 22nd April, 2019

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

FOR AND ON BEHALF OF THE BOARD

 SUDHIR MANKAD  
 Chairman

 SUBHASH MAGO  
 Whole Time Director &  
 Chief Executive Officer

Mumbai, 22nd April, 2019

**STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2019**
**A. Changes in Equity Share Capital**

(Rs. in Lakhs)

Particulars	2019	2018
Outstanding at the beginning	1212.67	1241.98
Add : Shares issued on exercise of employee stock options	0.22	0.16
Less : Shares bought back	—	29.47
Outstanding at the end	1212.89	1212.67

During FY 2017-18, pursuant to Public Announcement published on 4th January, 2018 and letter of offer dated 20th January, 2018, the Company bought back its 2,94,746 number of Equity Shares of face value of Rs. 10 each fully paid up through tender offer route under stock exchange Mechanism and extinguished these shares on 26th February, 2018. Post such buy-back, the number of fully paid equity shares as on 31.3.2018 stood at 1,21,26,684.

**B. Changes in Other Equity**

For the year ended 31st March, 2019

(Rs. in Lakhs)

Particulars	Reserves and Surplus							Total
	Retained Earnings	General Reserve	Securities Premium	Capital Reserve	Capital Redemption Reserve	Other Reserve- Employee Stock Option Outstanding Reserve	Other Comprehensive Income- Actuarial Gain/(Loss)	
As at 1st April 2018	12639.19	8922.86	13.25	0.05	29.47	52.91	(20.45)	21637.28
Profit / (Loss) for the Year	8242.08	—	—	—	—	—	(14.42)	8227.66
Dividend paid on Equity Shares	(6063.34)	—	—	—	—	—	—	(6063.34)
Dividend Distribution Tax	(1246.34)	—	—	—	—	—	—	(1246.34)
Options exercised during the period	—	—	22.41	—	—	(22.41)	—	—
Shares Forfeited during the year	—	—	—	—	—	(4.01)	—	(4.01)
Options expensed during the period	—	—	—	—	—	34.11	—	34.11
As at 31st March, 2019	13571.59	8922.86	35.66	0.05	29.47	60.60	(34.87)	22585.36

## SWARAJ ENGINES LIMITED

For the year ended 31st March, 2018

(Rs. in Lakhs)

Particulars	Reserves and Surplus							Total
	Retained Earnings	General Reserve	Securities Premium	Capital Reserve	Capital Redemption Reserve*	Other Reserve- Employee Stock Option Outstanding Reserve	Other Comprehensive Income- Actuarial Gain/(Loss)	
As at 1st April 2017	11056.96	15996.76	–	0.05	–	32.27	8.92	27094.96
Profit / (Loss) for the Year	8009.95	–	–	–	–	–	(29.37)	7980.58
Dividend paid on Equity Shares	(5340.52)	–	–	–	–	–	–	(5340.52)
Dividend Distribution Tax	(1087.20)	–	–	–	–	–	–	(1087.20)
Buy Back of Equity Shares	–	(7044.43)	–	–	–	–	–	(7044.43)
Amount transferred to Capital	–	(29.47)	–	–	29.47	–	–	–
Redemption Reserve upon buy-back								
Options exercise during the period	–	–	13.25	–	–	(13.25)	–	–
Options expensed during the period	–	–	–	–	–	33.89	–	33.89
As at 31st March, 2018	12639.19	8922.86	13.25	0.05	29.47	52.91	(20.45)	21637.28

\* regrouped consequent to buy-back in FY 2017-18

As per our report of even date attached

For B.K. KHARE & CO.  
Chartered Accountants  
Firm Registration No.105102W

PADMINI KHARE KAICKER  
Partner  
Membership No. 044784

M.S. GREWAL  
Company Secretary  
  
RAJINDER ARORA  
Chief Financial Officer

Mumbai, 22nd April, 2019

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD  
Chairman  
  
SUBHASH MAGO  
Whole Time Director &  
Chief Executive Officer

Mumbai, 22nd April, 2019

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

### **1.1 Company's Overview**

Swaraj Engines Limited (SEL) is a public limited company incorporated and domiciled in India. SEL has its works / principal place of business at Plot No. 2, Phase-IX, Industrial Area, S.A.S. Nagar (Mohali), Punjab, India and registered office at Phase-IV, Industrial Area, S.A.S. Nagar (Mohali), Punjab, India.

SEL is in the business of manufacturing diesel engines and hi-tech engine components. Diesel Engines are specifically designed for tractor application.

The Shares of the Company are listed on both BSE Limited and National Stock Exchange of India Limited.

### **1.2 Basis of Preparation and Presentation**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values. The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

The financial statements are approved by the Company's Board of Directors and authorised for issue on 22nd April, 2019.

### **1.3 Current and Non-Current Classification:**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) expected to be realised within twelve months after the reporting period,
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, or
- v) carrying current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when:

- i) it is expected to be settled in normal operating cycle,
- ii) it is held primarily for the purpose of trading,
- iii) it is due to be settled within twelve months after the reporting period,
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period, or
- v) it includes current portion of non-current financial liabilities. All other liabilities are classified as non-current.

### **1.4 Property, Plant and Equipment**

- i) Property, plant and equipment are stated at cost of construction or acquisition, less accumulated depreciation and impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.
- ii) When an asset is scrapped, or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in Profit and Loss Account.

- iii) Depreciation on Tangible Assets (except Land) is provided on Straight Line Method, prorata monthly rests, as per the life prescribed in Schedule II of the Companies Act, 2013 except for fixed assets mentioned in para (iv) below, based on the Company's expected usage Pattern supported by technical assessment

<u>Nature of Assets</u>	<u>Life adopted in Accounts</u>
a) Patterns, Blocks and Dies	4 Years
b) Vehicles	4 Years

- iv) The assets' residual value, useful lives and methods of depreciation are reviewed at each financial year end, and adjustment if any, is made prospectively.

### 1.5 Investment Properties

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

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

### 1.6 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads and is ascertained on weighted average basis, net of recoverable taxes incurred in bringing them to their respective present location and condition. Cost of raw materials and stores and spares are determined on weighted average basis.

### 1.7 Foreign Currency Transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### 1.8 Employee Benefit

Company's contributions paid/payable during the year to Employee State Insurance Corporation and Labour Welfare Fund are recognized in the Statement of Profit and Loss.

Company contributes to the appropriate authorities its share of the Members Provident Fund Account as per the Employees' Provident Fund Act, 1952.

Company contributes to a trust, which has taken Master Policy with the Life Insurance Corporation of India to cover its liability towards employees' gratuity. Provisions in respect of liabilities of gratuity and leave encashment are made based on actuarial valuation made by an independent actuary as at the balance sheet date. Gains and Losses through re-measurements of the net defined benefit liability are recognized in other comprehensive income. The actual return of the plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income.

In respect of Employee Stock Option Scheme:

The compensation cost of stock options granted to employees is measured by the Fair Value Method. The fair value, determined at the grant date of the underlying equity shares, is recognized and amortised on straight line basis over the vesting period.

### 1.9 Revenue Recognition

The Ministry of Corporate Affairs notified Ind AS 115 "Revenue from Contracts with Customers" in respect of accounting periods commencing on or after April 1, 2018, superseding Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue".



The Company's current revenue recognition policy is aligned to the principles enunciated in Ind AS 115 which is effective from April 1, 2018.

The company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring a promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied.

Transaction price is the amount of a consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

#### **Revenue from operations**

Revenue for the periods upto June 30, 2017 includes excise duty collected from customers. Revenue from July 1, 2017 onwards is exclusive of goods and service tax (GST) which subsumed excise duty.

#### **Sale of goods**

Revenue from sale of goods is recognised when the control of the same is transferred to the customer and it is probable that the Company will collect the consideration to which it is entitled in exchange of goods.

#### **Rendering of services**

Revenue from rendering services is recognised when performance obligation is satisfied and customer obtains the control of the transferred services. Following criteria is required to be met for transfer of control of services:

- i) the customer simultaneously receives and consumes the benefits from the services transferred.
- ii) the Company has an enforceable right to payment for services transferred.

#### **Other Operational Revenue**

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

#### **Other income**

Dividend income from investments is recognised when the right to receive payment has been established.

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the deposits and at the interest rate settled with the Bank.

### **1.10 Intangible Assets**

Intangible assets are carried at cost and amortized on Straight Line Method, so as to reflect the pattern in which the assets economic benefits are consumed.

#### **Intangible Asset under Development**

The expenses incurred on development phase are initially recognized as Intangible Assets under development until the development phase is complete, upon which the amount is capitalized as intangible asset.

- i) **Development expenditure:**

Development expenditure incurred on technical services and other project/product related expenses are amortized over the estimated period of benefit, not exceeding five years. Amortization commences as and when the asset is available for use.

- ii) **Software Expenditure:**

Software Expenditure incurred is amortized on pro rata basis over a period not exceeding four years, commencing from the year in which the expenditure is incurred.

### 1.11 Taxes on Income

Current tax is determined as the amount of tax payable in respect of the taxable income for the year.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### 1.12 Financial Instruments

#### Financial Assets

##### Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

##### Subsequent measurement

##### Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For trade receivables and other financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

#### Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognized at fair value.

##### Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

**1.13 Impairment of Assets**

The carrying value of assets at each balance sheet date are reviewed for Impairment. If any indication exists, the recoverable amount of such assets is estimated and impairment is recognized if the carrying amount of these assets exceeds their recoverable amount.

**1.14 Provisions, contingent liabilities and contingent assets:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

In respect of warranty on sale of engines, the estimated cost of warranty is accrued at the time of sale. The estimate for accounting of warranty is periodically reviewed and revisions are made as and when required.

**1.15 Use of estimates and judgments**

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Depreciation / amortisation and useful lives of property plant and equipment intangible assets:**

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

**Fair value measurement of financial instruments:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Provision for product warranty**

The Company recognizes provision for product warranties in respect of its products that it sells. Provisions are discounted, where necessary to its present value based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjust to reflect the current best estimates.

**1.16 Earnings per share:**

Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year.

**1.17 Cash and cash equivalents:**

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months from the date of acquisition and which are subject to an insignificant risk of change in value.

**1.18 Accounting Policies not specifically referred above are consistent with generally accepted Accounting practices.**

**2.1 PROPERTY, PLANT AND EQUIPMENT**

(Refer Note 1.4)

Following are the changes in the carrying value of Property, Plant and Equipment for the year ended 31st March, 2019:

(Rs. in Lakhs)

Description of Assets		Land	Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Electrical Installations	Vehicles	Total
Gross Carrying Value as at 1st April, 2018		124.80	1548.02	17970.95	175.03	104.67	536.55	125.61	20585.63
Additions during the year		–	47.41	3435.37	69.32	29.37	8.63	28.13	3618.23
Disposals/Adjustments during the year		–	–	426.34	0.10	9.29	11.03	33.73	480.49
<b>Gross Carrying Value as at 31st March, 2019</b>	<b>(A)</b>	<b>124.80</b>	<b>1595.43</b>	<b>20979.98</b>	<b>244.25</b>	<b>124.75</b>	<b>534.15</b>	<b>120.01</b>	<b>23723.37</b>
Accumulated depreciation as at 1st April, 2018		–	611.87	10285.36	127.41	77.55	274.16	46.66	11423.01
Depreciation expense for the year		–	44.08	1779.03	18.44	7.05	34.80	22.55	1905.95
Accumulated depreciation on disposal/adjustment during the year		–	–	404.46	0.09	9.08	10.72	18.05	442.40
<b>Accumulated depreciation as at 31st March, 2019</b>	<b>(B)</b>	<b>–</b>	<b>655.95</b>	<b>11659.93</b>	<b>145.76</b>	<b>75.52</b>	<b>298.24</b>	<b>51.16</b>	<b>12886.56</b>
<b>Carrying Value as at 31st March, 2019</b>	<b>(A - B)</b>	<b>124.80</b>	<b>939.48</b>	<b>9320.05</b>	<b>98.49</b>	<b>49.23</b>	<b>235.91</b>	<b>68.85</b>	<b>10836.81</b>

Following are the changes in the carrying value of Property, Plant and Equipment for the year ended 31st March, 2018:

(Rs. in Lakhs)

Description of Assets		Land	Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Electrical Installations	Vehicles	Total
Gross Carrying Value as at 1st April, 2017		50.68	1531.73	17130.98	152.63	93.34	469.21	79.02	19507.59
Additions during the year		74.12*	16.29	1576.69	24.57	13.94	67.54	46.59	1819.74
Disposals/Adjustments during the year		–	–	736.72	2.17	2.61	0.20	–	741.70
Gross Carrying Value as at 31st March, 2018	<b>(A)</b>	<b>124.80</b>	<b>1548.02</b>	<b>17970.95</b>	<b>175.03</b>	<b>104.67</b>	<b>536.55</b>	<b>125.61</b>	<b>20585.63</b>
Accumulated depreciation as at 1st April, 2017		–	564.45	9394.44	111.14	75.02	245.66	24.76	10415.47
Depreciation expense for the year		–	47.42	1557.05	18.17	5.13	28.70	21.90	1678.37
Accumulated depreciation on disposals/adjustments during the year		–	–	666.13	1.90	2.60	0.20	–	670.83
Accumulated depreciation as at 31st March, 2018	<b>(B)</b>	<b>–</b>	<b>611.87</b>	<b>10285.36</b>	<b>127.41</b>	<b>77.55</b>	<b>274.16</b>	<b>46.66</b>	<b>11423.01</b>
<b>Carrying Value as at 31st March, 2018</b>	<b>(A-B)</b>	<b>124.80</b>	<b>936.15</b>	<b>7685.59</b>	<b>47.62</b>	<b>27.12</b>	<b>262.39</b>	<b>78.95</b>	<b>9162.62</b>

\* Amount paid towards enhanced compensation

## SWARAJ ENGINES LIMITED

### 2.2 INVESTMENT PROPERTY

(Refer Note 1.5)

Following are the changes in the carrying value of Investment Property for the year ended 31st March, 2019:

(Rs. in Lakhs)

Description of Assets		Investment Property
Gross Carrying Value as at 1st April, 2018		33.35
Additions during the year		-
Disposals/Adjustments during the year		-
<b>Gross Carrying Value as at 31st March, 2019</b>	<b>(A)</b>	<b>33.35</b>
Accumulated depreciation as at 1st April, 2018		9.18
Depreciation expense for the year		0.53
Accumulated depreciation on disposals/adjustments during the year		-
<b>Accumulated depreciation as at 31st March, 2019</b>	<b>(B)</b>	<b>9.71</b>
<b>Carrying Value as at 31st March, 2019</b>	<b>(A-B)</b>	<b>23.64</b>

Following are the changes in the carrying value of Investment Property for the year ended 31st March, 2018:

(Rs. in Lakhs)

Description of Assets		Investment Property
Gross Carrying Value as at 1st April, 2017		33.35
Additions during the year		-
Disposals/Adjustment during the year		-
<b>Gross Carrying Value as at 31st March, 2018</b>	<b>(A)</b>	<b>33.35</b>
Accumulated depreciation as at 1st April, 2017		8.65
Depreciation expense for the year		0.53
Accumulated depreciation on disposals/adjustments during the year		-
<b>Accumulated depreciation as at 31st March, 2018</b>	<b>(B)</b>	<b>9.18</b>
<b>Carrying Value as at 31st March, 2018</b>	<b>(A-B)</b>	<b>24.17</b>

#### Fair value disclosure on Company's Investment Properties

Part of Company's administrative building/block is letted out and the same is classified as Investment Property based on the nature, characteristics and risks.

As at 31st March, 2019, the Fair Value of the property is Rs. 89.10 Lakhs. This valuation is performed by accredited independent valuer, which is based on Land & Building method (considering replacement cost) and same is categorised at Level 2.

**2.3 INTANGIBLE ASSETS**

(Refer Note 1.10)

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March, 2019:

(Rs. in Lakhs)			
Description of Assets	Computer Software	Development Expenditure	Total
Gross Carrying Value as at 1st April, 2018	76.40	–	76.40
Additions during the year	–	178.42	178.42
Disposals/Adjustments during the year	6.93	–	6.93
<b>Gross Carrying Value as at 31st March, 2019</b>	<b>(A) 69.47</b>	<b>178.42</b>	<b>247.89</b>
Accumulated Amortisation as at 1st April, 2018	68.07	–	68.07
Amortisation expense for the year	2.74	44.61	47.35
Accumulated Amortisation on disposals/adjustments during the year	6.90	–	6.90
<b>Accumulated Amortisation as at 31st March, 2019</b>	<b>(B) 63.91</b>	<b>44.61</b>	<b>108.52</b>
<b>Carrying Value as at 31st March, 2019</b>	<b>(A-B) 5.56</b>	<b>133.81</b>	<b>139.37</b>

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March, 2018:

(Rs. in Lakhs)			
Description of Assets	Computer Software	Development Expenditure	Total
Gross Carrying Value as at 1st April, 2017	72.76	–	72.76
Additions during the year	3.64	–	3.64
Disposals/Adjustments during the year	–	–	–
Gross Carrying Value as at 31st March, 2018	(A) 76.40	–	76.40
Accumulated Amortisation as at 1st April, 2017	64.96	–	64.96
Amortisation expense for the year	3.11	–	3.11
Accumulated Amortisation on disposals/adjustments during the year	–	–	–
Accumulated Amortisation as at 31st March, 2018	(B) 68.07	–	68.07
Carrying Value as at 31st March, 2018	(A-B) 8.33	–	8.33

## SWARAJ ENGINES LIMITED

### 2.4 OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

Particulars	2019	2018
<b>Capital advances - Considered Good</b>		
Secured	—	—
Unsecured	374.07	774.04
<b>Security Deposits-Considered Good</b>		
Unsecured	29.93	29.93
<b>Other advances -Considered Good</b>		
Income Tax (Net of Provisions)	297.52	195.27
Others	75.50	89.19
<b>Total</b>	<b>777.02</b>	<b>1088.43</b>

### 2.5 INVENTORIES

(Refer Note 1.6)

(Rs. in Lakhs)

Particulars	2019	2018
Raw Materials & Components*	2539.74	1951.04
Work-in-Progress	93.59	175.32
Finished Goods	1648.04	700.89
Stores and Spares	296.85	247.77
Loose Tools	165.75	116.98
<b>Total</b>	<b>4743.97</b>	<b>3192.00</b>

\* Including Goods-in-transit Rs. 173.98 Lakhs (2018 - Rs.203.75 Lakhs)

**2.6 INVESTMENTS - CURRENT**

(Rs. in Lakhs)

Particulars	Face Value Per Unit (Rs.)	2019 Number	2019 Amounts	2018 Number	2018 Amounts
<b>Unquoted Investments</b>					
<b>Carried at Fair Value through Profit and Loss</b>					
<b>Investments in Mutual Funds</b>					
Aditya Birla Sun Life Floating Rate Fund Short Term Plan- Growth	100	866964	2169.80	866964	2003.32
ICICI Prudential Money Market Fund- Growth	100	840526	2175.56	840526	2013.25
Kotak Floater Short Term- Daily Dividend (Regular Plan)	1000	–	–	79494	804.17
Kotak Floater Short Term- Growth - (Regular Plan)	1000	–	–	35211	1001.60
Mahindra Liquid Fund- Direct- Growth	1000	167192	2025.39	–	–
Reliance Liquid Fund-TP- Daily Dividend	1000	–	–	49378	755.29
UTI Liquid Cash Plan- Regular Growth Plan	1000	65967	2011.95	–	–
UTI Money Market Fund- Institutional Plan- Growth	1000	–	–	53206	1032.00
<b>Total</b>			<b>8382.70</b>		<b>7609.63</b>

**2.7 TRADE RECEIVABLES**

(Refer Note 2.29)

(Rs. in Lakhs)

Particulars	2019	2018
Unsecured, considered good	1873.98	1527.30
<b>Of the above, Trade Receivables from:</b>		
– Related Parties	1721.94	1413.13
– Others	152.04	114.17

**2.8 CASH AND BANK BALANCES**

(Rs. in Lakhs)

Particulars	2019	2018
<b>Cash and Cash Equivalents</b>		
Balances with Banks	270.36	302.31
Cash on hand	1.03	2.43
<b>Total</b>	<b>271.39</b>	<b>304.74</b>
<b>Other Bank Balances</b>		
Balances with Bank held as Margin Money & Deposit against Guarantees.	696.00	2079.00
Fixed Deposits with Original maturity greater than 3 months but upto 12 months	700.00	2195.00
Earmarked balances with banks - Unpaid/Unclaimed Dividend	196.58	165.97
<b>Total</b>	<b>1592.58</b>	<b>4439.97</b>



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### 2.9 OTHER FINANCIAL ASSETS

(Rs. in Lakhs)

Particulars	2019	2018
<b>Financial assets at carrying value</b>		
Bank Deposit with Original Maturity for more than 12 months	1330.00	3474.00
Interest Accrued on Deposits	256.30	430.37
Other Corporate Deposits	4000.00	2000.00
Trade Advances	301.44	–
Advances to Suppliers	33.64	19.15
Advances to Employees	0.90	14.62
<b>Total</b>	<b>5922.28</b>	<b>5938.14</b>

### 2.10 OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	2019	2018
Balance with Government Authorities	1809.56	571.40
Prepaid Expenses	23.18	20.63
Other Advances	31.17	266.83
<b>Total</b>	<b>1863.91</b>	<b>858.86</b>

### 2.11 EQUITY SHARE CAPITAL

(Rs. in Lakhs)

Particulars	2019	2018
<b>Authorised:</b>		
Equity Shares, Rs. 10/- par value 2,50,00,000 (2018 : 2,50,00,000) Equity Shares	2500.00	2500.00
<b>Issued, Subscribed and Paid-Up:</b>		
Equity Shares, Rs. 10/- par value 1,21,28,886 (2018 : 1,21,26,684) Equity Shares fully paid-up	1212.89	1212.67
	<b>1212.89</b>	<b>1212.67</b>

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

The Board of Directors, in their meeting held on 23rd April, 2018, proposed a total dividend of Rs. 50/- per equity share (including Rs. 25/- per share as special dividend) and the same was approved by the shareholders at the Annual General Meeting held on 30th July, 2018, this has resulted in a cash outflow of Rs. 7309.68 lakhs, including corporate dividend tax of Rs. 1246.34 lakhs during 2018-19.

**Proposed Dividend**

The Board of Directors, in their meeting held on 22nd April, 2019, proposed a total dividend of Rs. 50/- per equity share (including Rs.25 per share as special dividend) for the financial year ended on 31st March 2019, subject to the approval of shareholders at the Annual General Meeting and if approved, would result in a cash outflow of Rs. 7311.01 lakhs including corporate dividend tax of Rs.1246.56 lakhs.

**Buyback of Equity Shares**

The Board, at its meeting held on 28th November 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of Rs.10/- each from the eligible equity shareholders of the Company on a proportionate basis by way of tender offer for an amount not exceeding Rs.70.74 Crores in accordance with the provisions of the Companies Act, 2013 and SEBI (Buyback of Securities) Regulations, 1998. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot, the result of which was declared on 3rd January, 2018. The Buyback offer comprises a purchase of upto 2,94,746 Equity Shares aggregating to 2.37% of the paid-up equity share capital of the Company at a price of Rs. 2,400/- per equity share. The buyback was offered to all eligible equity shareholders of the Company as on the Record Date i.e. 12th January 2018. The Company concluded the buyback procedures on 26th February, 2018 and 2,94,746 shares were extinguished.

**(i) Equity Shareholders holding more than 5% shares:**

Name	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares held	% of Shareholding	Number of Shares held	% of Shareholding
Mahindra & Mahindra Limited (M&M)	40,39,206	33.30%	40,39,206	33.31%
Kirloskar Industries Limited (KIL)	21,14,349	17.43%	21,14,349	17.44%

**(ii) Reconciliation of the number of shares outstanding and the amount of share capital :**

Description	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares held	Share Capital (Rs. in Lakhs)	Number of Shares held	Share Capital (Rs. in Lakhs)
Number of equity shares at the beginning	1,21,26,684	1212.67	1,24,19,820	1241.98
Movement in equity during the year				
Add : Equity shares issued pursuant to Employee Stock Option Plan	2,202	0.22	1,610	0.16
Less : Buyback of equity shares	-	-	2,94,746	29.47
Number of equity shares at the closing	1,21,28,886	1212.89	1,21,26,684	1212.67

In the last 5 years, the Company has not :

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

**(iii) Employee Stock Option**

Under the Employee Stock Option Scheme - 2015 (ESOS-2015), 31,000 Equity Shares of the face value of Rs. 10/- are available for being granted to eligible employees on the recommendation of the Nomination and Remuneration Committee. As per the ESOS-2015, Options granted vest in four instalments on the expiry of 18 months, 30 months, 42 months and 54 months

## SWARAJ ENGINES LIMITED

respectively. The options may be exercised on any day over a period of 5 years from the date of vesting. Numbers of vested options are exercisable subject to minimum of 50 or number of options vested whichever is lower.

Further to grant given till previous financial years, the Company during the current financial year has given two grants of 1082 and 419 Equity Shares respectively at face value to the eligible employee(s).

### Activity in ESOS-2015 is as follows :

Particulars	No. of shares	
	2019	2018
Outstanding at the beginning	10,000	8,039
Granted during the year	1,501	3,571
Forfeited/Expired	(487)	–
Exercised during the year	(2,202)	(1,610)
Outstanding at the end	8,812	10,000

### The fair value on the date of grant is estimated using the Black-Scholes model with the following assumptions :

	Grant - IV 30th July 2018	Grant - III 30th July 2018	Grant - II 25th April 2017	Grant - I 8th December 2015
Share price in market at the time of option grant (Rs.)	1818.10	1818.10	1608.05	911.75
Exercise price (Rs.)	10.00	10.00	10.00	10.00
Expected volatility (%)	27.24	27.13	26.88	28.67
Expected life of the option (years)	4.44	5.14	5.73	5.73
Expected dividends (%)	2.78	2.78	2.05	1.65
Risk-free interest rate (%)	7.90	7.95	6.93	7.69
Weighted average fair value as on grant date (Rs.)	1582.55	1552.49	1423.51	823.18

## 2.12 LONG-TERM PROVISIONS

(Rs. in Lakhs)

Particulars	2019	2018
<b>Provision for Employee Benefits (Refer Note 1.8)</b>		
– Provision for Leave Encashment	361.16	320.95
<b>Others</b>		
– Provision for Warranty (Refer Note 2.37)	36.47	34.98
<b>Total</b>	<b>397.63</b>	<b>355.93</b>

**2.13 INCOME TAXES**

(Refer Note 1.11)

<b>(a) Deferred Tax</b>		(Rs. in Lakhs)	
Particulars	2019	2018	
<b>Deferred Tax Liabilities</b>			
– On Property, Plant & Equipment	750.49	684.49	
– On Financial Assets carried at Fair Value through Profit and Loss	204.00	87.00	
<b>Deferred Tax Assets</b>			
– On Employee benefits	238.32	192.32	
Deferred Tax Liabilities / (Assets)	716.17	579.17	

<b>(b) Income Tax recognised in Profit and Loss</b>		(Rs. in Lakhs)	
Particulars	2019	2018	
Current Tax	4360.74	4325.50	
Deferred Tax			
– In respect of current year origination and reversal of temporary difference	137.00	(69.00)	
– In respect of changes in tax rate	–	5.00	
Total Income Tax expense	4497.74	4261.50	

<b>(c) Reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarised below :</b>		(Rs. in Lakhs)	
Particulars	2019	2018	
Profit before tax	12739.82	12271.45	
Income tax expense calculated at 34.94% (2018: 34.61 % incl. Sur & Cess)	4451.80	4247.00	
Income not considered for tax purposes	(32.40)	(32.00)	
Effect of estimated non-deductible expenses	73.50	64.00	
Change in tax rate	–	5.00	
Others (including temporary difference)	4.84	(22.50)	
Income Tax expense recognised in profit and loss	4497.74	4261.50	

**2.14 TRADE PAYABLES**

		(Rs. in Lakhs)	
Particulars	2019	2018	
Trade payable - Micro, Small and Medium enterprises (Refer Note 2.36)	1721.39	2070.29	
Trade payable - Other than Micro, Small and Medium enterprises	7719.13	6767.47	
Accruals	974.60	1009.05	
Total	10415.12	9846.81	

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### 2.15 OTHER FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	2019	2018
<b>Current Liabilities at Carrying Value</b>		
Capital Purchases	503.19	360.57
Others	33.24	40.78
Deposits & Retention Money	29.69	23.49
Unpaid / Unclaimed Dividend*	196.58	165.97
<b>Total</b>	<b>762.70</b>	<b>590.81</b>

\* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2019.

### 2.16 SHORT-TERM PROVISIONS

(Rs. in Lakhs)

Particulars	2019	2018
Provision for Employee Benefits (Refer Note 1.8)		
– Provision for Gratuity (Refer Note 2.28)	77.87	163.14
– Provision for Leave Encashment	162.14	96.12
Others		
– Provision for Warranty (Refer Note 2.37)	176.67	154.26
<b>Total</b>	<b>416.68</b>	<b>413.52</b>

### 2.17 OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	2019	2018
Advances received from customers	3.07	0.21
Statutory dues	118.63	113.51
<b>Total</b>	<b>121.70</b>	<b>113.72</b>

### 2.18 REVENUE FROM OPERATIONS\*

(Refer Note 2.34)

(Rs. in Lakhs)

Particulars	2019	2018
Revenue from sale of products (gross)	86774.55	79110.69 <sup>^</sup>
Revenue from rendering of services	0.17	0.45
Other operating revenue	399.00	425.29
<b>Total</b>	<b>87173.72</b>	<b>79536.43</b>

\*Effective 1st April, 2018, the Company has adopted Ind AS - 115 "Revenue from Contracts with Customers". Based on the assessment carried out by the management, there is no significant impact on the revenue recognized during the period.

<sup>^</sup>Post the applicability of GST with effect from 1st July, 2017, Sales were disclosed net of GST. Accordingly, the Gross Sales figures for the period are not comparable.

**2.19 OTHER INCOME**

(Rs. in Lakhs)

Particulars	2019	2018
Interest Income	947.90	1208.36
Dividend Income from Investments carried at fair value through profit or loss account	67.96	74.79
Rental income from Investment property	13.98	13.36
Profit/ (Loss) on Sale of Financial Instruments	120.85	329.70
Fair Value Gain / (Loss) on Investments carried at fair value through profit or loss	365.40	250.04
Profit / (Loss) on disposal of Property, Plant and Equipment	20.80	16.57
Misc Income	1.22	3.22
<b>Total</b>	<b>1538.11</b>	<b>1896.04</b>

**2.20 COST OF MATERIALS CONSUMED**

(Rs. in Lakhs)

Particulars	2019	2018
Opening stock	1747.29	1346.53
Add: Purchases	67141.10	57982.93
	<u>68888.39</u>	<u>59329.46</u>
Less:		
Closing Stock	2365.76	1747.29
<b>Total</b>	<b>66522.63</b>	<b>57582.17</b>

**2.21 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

(Rs. in Lakhs)

Particulars	2019	2018
<b>Inventories at the end of the year:</b>		
Finished goods	1648.04	700.89
Work-in-progress	93.59	175.32
	<u>1741.63</u>	<u>876.21</u>
<b>Inventories at the beginning of the year:</b>		
Finished goods	700.89	459.90
Work-in-progress	175.32	266.54
	<u>876.21</u>	<u>726.44</u>
<b>Net (increase) / decrease</b>	<b>(865.42)</b>	<b>(149.77)</b>

**2.22 EMPLOYEE BENEFITS EXPENSE** (Refer Note 1.8)

(Rs. in Lakhs)

Particulars	2019	2018
Salaries and Wages	3229.12	2863.79
Contribution to provident and other funds	207.78	178.48
Employee Stock Compensation	38.73	34.41
Staff welfare expenses	452.34	400.25
<b>Total</b>	<b>3927.97</b>	<b>3476.93</b>

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### 2.23 FINANCE COST

(Rs. in Lakhs)

Particulars	2019	2018
Bank Charges	0.10	0.32
Interest Expense*	8.99	100.78
<b>Total</b>	<b>9.09</b>	<b>101.10</b>

\*includes balance Interest of Rs. 8.16 Lakhs (2018 – Rs. 100.00 Lakhs) towards enhanced compensation for Land settled during the FY 2017-18.

### 2.24 OTHER EXPENSES

(Rs. in Lakhs)

Particulars	2019	2018
Power, Fuel & Water Charges	504.62	557.32
Consumption of Stores & Spares	1333.41	1173.37
Hire & Service Charges	709.54	665.01
Rates and Taxes	11.49	13.01
Insurance	19.20	18.47
Repairs and Maintenance		
– Buildings	112.27	108.38
– Machinery	507.92	381.86
– Others	41.66	39.86
Postage & Telephone	7.10	7.17
Printing & Stationery	10.24	8.86
Travelling & Conveyance Expenses	110.24	82.71
Auditors' Remuneration		
– Statutory Auditor's		
Audit Fee	7.50	7.50
Tax Audit Fee	2.00	2.00
Other Services	5.10	7.74
Expenses Reimbursed	0.37	0.72
– Cost Auditor		
Audit Fee	1.00	1.00
CSR Expenses	204.73	174.92
Research & Development Expenses	249.85	271.12
Other Marketing Expenses	93.36	120.62
Miscellaneous Expenses	492.31	406.19
<b>Total</b>	<b>4423.91</b>	<b>4047.83</b>

### 2.25 EARNING PER SHARE (Refer Note 1.16)

(Rs. in Lakhs)

Particulars	2019	2018
Profit for the year	8242.08	8009.95
Profit for the year for diluted earning per share	8242.08	8009.95
Weighted average number of Ordinary Equity Shares used in Computing basic earning per share	12127790	12396331
Effect of potential Ordinary Equity Shares on employee stock options	9584	9950
Weighted average number of Ordinary Equity Shares used in Computing diluted earning per share	12137374	12406281
Basic earning per share (Rs.) (Face Value of Rs. 10 per share)	67.96	64.62
Diluted earning per share (Rs.)	67.91	64.56

**2.26 Financial Instruments**

(Refer Note 1.12)

**Capital management**

Company's capital management objectives are to:

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

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

(Rs. in Lakhs)

Particulars	2019	2018
Equity Share Capital	1212.89	1212.67
Other Equity Reserves	22585.36	21637.28
<b>Total</b>	<b>23798.25</b>	<b>22849.95</b>

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

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit or Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Current Assets</b>					
Investments	–	8382.70	–	8382.70	8382.70
Trade Receivables	1873.98	–	–	1873.98	1873.98
Cash and Cash Equivalents	271.39	–	–	271.39	271.39
Other Bank Balances	1592.58	–	–	1592.58	1592.58
Other Financial Assets	5922.28	–	–	5922.28	5922.28
<b>Total Financial Assets</b>	<b>9660.23</b>	<b>8382.70</b>	<b>–</b>	<b>18042.93</b>	<b>18042.93</b>
<b>Current Liabilities</b>					
Trade Payables	10415.12	–	–	10415.12	10415.12
Other Financial Liabilities	762.70	–	–	762.70	762.70
<b>Total Financial Liabilities</b>	<b>11177.82</b>	<b>–</b>	<b>–</b>	<b>11177.82</b>	<b>11177.82</b>



## SWARAJ ENGINES LIMITED

As at 31st March 2018

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit or Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Current Assets</b>					
Investments	–	7609.63	–	7609.63	7609.63
Trade Receivables	1527.30	–	–	1527.30	1527.30
Cash and Cash Equivalents	304.74	–	–	304.74	304.74
Other Bank Balances	4439.97	–	–	4439.97	4439.97
Other Financial Assets	5938.14	–	–	5938.14	5938.14
<b>Total Financial Assets</b>	<b>12210.15</b>	<b>7609.63</b>	<b>–</b>	<b>19819.78</b>	<b>19819.78</b>
<b>Current Liabilities</b>					
Trade Payables	9846.81	–	–	9846.81	9846.81
Other Financial Liabilities	590.81	–	–	590.81	590.81
<b>Total Financial Liabilities</b>	<b>10437.62</b>	<b>–</b>	<b>–</b>	<b>10437.62</b>	<b>10437.62</b>

### Financial Risk Management Framework

Company's activities expose it to financial risks viz credit risk and liquidity risk.

#### Credit Risk

Majority of Company's Receivables pertains to Mahindra & Mahindra Limited, an Associate Company. Based on the overall credit worthiness of Receivables, coupled with their past track record, Company expect No / Minimum Risk with regard to its outstanding receivables. Also, there is mechanism in place to periodically track the outstanding amount and assess the same with regard to its realisation. Company expect all the debtors to be realised in full, accordingly no provision has been made in the books of account.

Credit risk on cash and cash equivalents is limited as Company generally invest in deposits with banks. Further, Investments are primarily in debt based liquid mutual funds only and the same are fairly spread across various schemes.

#### Liquidity Risk

##### (i) Liquidity Risk Management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast & actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

##### (ii) Maturities of Financial Liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the earliest date on which the Company can be required to pay. Financial Liabilities includes Trade Payables, Capital Purchases, Unpaid/Unclaimed Dividend etc. which are in the normal course of business having maturity plan of less than 1 year and non-interest bearing.

(Rs. in Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
<b>31st March, 2019</b>				
Trade Payables	10415.12	–	–	–
Other Financial Liabilities	762.70	–	–	–
<b>Total</b>	<b>11177.82</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>31st March, 2018</b>				
Trade Payables	9846.81	–	–	–
Other Financial Liabilities	590.81	–	–	–
<b>Total</b>	<b>10437.62</b>	<b>–</b>	<b>–</b>	<b>–</b>

As at 31st March, 2019, the Company had a working capital of Rs. 129.35 crores including cash and bank balance & bank deposits of Rs. 29.97 crores and investment of Rs. 83.83 crores and other corporate deposits of Rs. 40.00 crores.

As at 31st March, 2018, the Company had a working capital of Rs. 129.13 crores including cash and bank balance & bank deposits of Rs. 80.53 crores and investment of Rs. 76.1 crores and other corporate deposits of Rs. 20.00 crores.

Accordingly, company do not perceive any liquidity risk.

**(iii) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period: (Rs. in Lakhs)

Particulars	2019	2018
<b>Secured Bank Overdraft facility</b>		
– Expiring within one year	350	350
– Expiring beyond one year	–	–

**2.27 Fair Value Measurement**

The fair values of the Financial Assets and Liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 - Quoted (unadjusted prices) in active markets for identical assets or liabilities.

Level 2 - Other Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**Fair Valuation Techniques and Inputs used - recurring Items**

(Rs. in Lakhs)

Financial Assets/ Financial Liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2019	2018			
<b>Financial Assets</b>					
Investments in Mutual Fund	8382.70	7609.63	Level 2	As on Date NAV of the Unquoted Fund	–
<b>Total Financial Assets</b>	<b>8382.70</b>	<b>7609.63</b>			

**2.28 Employee benefits**

(Refer Note 1.8)

**Defined benefit plans – as per Actuarial Valuation on 31st March, 2019**

(Rs. in Lakhs)

Particulars	Gratuity - Funded	
	2019	2018
<b>I. Expenses Recognised in the Statement of Profit &amp; Loss Account</b>		
1. Current Service Cost	51.93	85.25
2. Past Service Cost	–	28.66
3. Interest	64.54	50.55
4. Expected Return on plan assets	(59.75)	(50.80)
5. Total Expense	56.72	113.66
<b>II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March</b>		
1. Present value of defined benefit obligation as at 31st March	968.58	852.06
2. Fair value of plan assets as at 31st March	890.71	688.92
3. Surplus/(Deficit)	(77.87)	(163.14)
<b>III. Change in the obligation during the year ended 31st March</b>		
1. Present value of defined benefit obligation at the beginning of the year	852.06	664.09
2. Expenses Recognised in Profit and Loss Account		
– Past Service Cost	–	28.66
– Current Service Cost	51.93	85.25
– Interest Expense/ (Income)	64.54	50.55
3. Recognised in Other Comprehensive Income		
<b>Re-measurement gains / (losses)</b>		
– Actuarial Gain/ (Loss) arising from:		
i. Demographic Assumptions	–	–
ii. Financial Assumptions	3.07	(13.75)
iii. Experience Adjustments	24.77	59.71
4. Benefit payments	(27.79)	(22.46)
5. Present value of defined benefit obligation at the end of the year	968.58	852.05
<b>IV. Change in fair value of assets during the year ended 31st March</b>		
1. Fair value of plan assets at the beginning of the year	688.92	644.71
2. Expected return on plan assets	59.75	50.80
3. Recognised in Other Comprehensive Income		
<b>Re-measurement gains / (losses)</b>		
– Actual Return on plan assets in excess of the expected return	5.68	1.09
4. Contributions by employer (including benefit payments recoverable)	164.14	20.38
5. Benefit payments	(27.78)	(28.06)
6. Fair value of plan assets at the end of the year	890.71	688.92

(Rs. in Lakhs)

Particulars	Gratuity - Funded	
	2019	2018
<b>V. The Major categories of plan assets</b>		
– Funded with LIC	100.00%	100.00%
<b>VI. Actuarial assumptions</b>		
1. Discount rate	7.65%	7.70%
2. Expected Return	7.70%	8.00%
3. In Service Mortality	IAL 2012-14 Ultimate	IAL 2006-08 Ultimate
4. Turnover Rate	5.00%	5.00%
5. Salary Rise - Officers	8.00%	8.00%
6. Salary Rise - Workers	5.00%	5.00%
7. Remaining Working Life	16.89 Years	17.93 Years

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is: (Rs. in Lakhs)

Principal assumption		Changes in assumption	Increase/(Decrease) impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	2019	0.50%	(27.17)	28.62
	2018	0.50%	(26.43)	27.88
Salary growth rate	2019	0.50%	28.88	(27.66)
	2018	0.50%	28.15	(26.93)

**2.29 Related Party Transactions**

Names of the Related Parties	Relationship
- Mahindra & Mahindra Limited (M&M)	Associate Company
- Mahindra Agri Solutions Ltd. (MASL)	
- Mahindra Retails Ltd. (MRL)	Subsidiary of M&M
- Mahindra Summit Agriscience Ltd. (MSAL)	
- Mahindra Heavy Engines Ltd. (MHEL)	
- Mahindra Rural Housing Finance Ltd.(MRHFL)	
- Mahindra & Mahindra Financial Services Ltd.(MMFSL)	
- Mahindra Logistics Ltd (MLL)	
- Bristlecone India Limited (BIL)	
Shri Subhash Mago (Whole Time Director & CEO)	Key Management Personnel

## SWARAJ ENGINES LIMITED

Details of transactions between the Company and its related parties are disclosed below:

(Rs. in Lakhs)

Particulars	2019	2018
<b>i) Associates</b>		
a. Purchase of raw materials and components & others	1644.98	1951.85
M&M	1639.70	1951.85
MRL	5.28	–
b. Sale of finished goods (net of warranty)	102349.28	91695.58
M&M	102349.28	91695.58
c. Purchases of Vehicle	15.73	22.50
M&M	15.73	22.50
d. Receiving of services	696.38	365.73
M&M	655.97	365.73
MLL	16.98	–
BIL	23.43	–
e. Rendering of services	81.52	35.81
M&M	79.86	34.71
MASL	1.30	1.10
MHEL	0.27	–
MSAL	0.09	–
f. Dividend paid	2019.60	1774.36
M&M	2019.60	1774.36
g. Inter Corporate Deposit (ICD)	2000.00	–
MRHFL	1000.00	–
MMFSL	1000.00	–
h. Interest Income	87.77	–
MRHFL	42.15	–
MMFSL	45.62	–
Aggregate balances outstanding as at the year end		
– Receivables	1721.94	1413.13
M&M	1721.85	1413.03
MASL	–	0.10
MSAL	0.09	–
– Payables	149.94	18.72
M&M	132.28	18.72
BIL	1.01	–
MLL	16.65	–
– Investments (ICD)	1000.00	–
MMFSL	1000.00	–
– Accrued Interest Receivable	45.62	–
MMFSL	45.62	–
<b>ii) Key Management Personnel</b>		
a. Remuneration*	156.57	115.30
Shri Subhash Mago	156.57	115.30

\*excludes stock option from Associate Company - Mahindra & Mahindra Limited.

**2.30 Contingent Liabilities and Commitments ( To the extent not provided for)**

(Rs. in Lakhs)

Particulars	2019	2018
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt		
– Excise matters in dispute	233.86	225.34
– Income Tax matters in dispute*	477.42	471.52

**Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	1391.86	1611.68
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\*Assessment of Income Tax is complete upto Assessment Year 2016-17. There is no demand which is disputed in Appeal and not provided for. For earlier Assessment Years, tax authorities have filed appeals / references which involve an estimated liability including interest of Rs. 477.42 Lakhs (31.03.2018 - Rs. 471.52 Lakhs)

**2.31** In February 2019, Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. Based on advise of legal counsel and in the opinion of management, there is uncertainty and lack of clarity regarding the period of applicability of the judgement. The Company has provided for the liability in accordance with the judgement from the date of pronouncement

**2.32 Segment Reporting**

The Company is primarily engaged in the business of diesel engines, diesel engine components and spare parts. As the basic nature of these activities are governed by the same set of risk, returns and internal business reporting system, accordingly these have been grouped as single segment in above disclosures as per Ind AS- 108 dealing with " Operating Segment".

**2.33 Particulars in respect of goods manufactured :**

Class of goods	Unit of Qty.	2019	2018
<b>Production</b>			
Engines	Nos.	1,00,167	92,475
<b>Despatches</b>			
Engines	Nos.	99,638	92,022

**2.34 Particulars in respect of Revenue from Operations :**

(Rs. in Lakhs)

Class of Goods	2019	2018
<b>Sale of Products</b>		
Engines	84496.80	77088.81
Engine Components	311.48	354.54
Spares	1966.27	1715.98
Total	86774.55	79159.33
<b>Other operating revenue</b>		
Scrap & Others	399.17	377.10
Total	87173.72	79536.43

**2.35 Particulars in respect of Finished Goods:**

Class of Goods	Unit of Qty	Opening Balance		Closing Balance	
		Qty.	Rs. in Lakhs	Qty.	Rs. in Lakhs
Engines	Nos.	1080 (644)	700.90 (459.90)	1531 (1080)	1085.09 (700.90)
Engine Parts	–	–	–	–	562.95

**2.36 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**  
 (hereinafter referred to as "the Act")

Micro, Small and Medium Enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and small enterprises, which are outstanding for more than the stipulated period, are given below :- (Rs. in Lakhs)

Particulars	2019	2018
(a) Dues remaining unpaid as at 31st March		
– Principal	–*	–
– Interest on the above	–*	–
(b) Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed date during the year		
– Principal paid beyond the appointed date	254.38	–
– Interest paid in terms of Section 16 of the Act	0.68	–
(c) Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	–	–
(d) Further interest due and payable even in succeeding year, until such date when the interest due as above are actually paid to the small enterprises	–	–
(e) Amount of interest accrued and remaining unpaid as at 31st March	–	–

\*denotes amount < Rs.1000

**2.37 Provision for warranty relates to sale of engine, the estimated cost of which is accrued at the time of sale.**

(Rs. in Lakhs)

Particulars	2019	2018
Balance as at 1st April	189.24	165.59
Add : Provision made during the year	108.73	132.54
Less : Utilisation during the year	83.61	106.37
Less : Unwinding of Discount and effect of changes in the discount rate	1.22	2.52
<b>Balance as at 31st March</b>	<b>213.14</b>	<b>189.24</b>
<b>Out of the above :-</b>		
Classified as Non-Current	36.47	34.98
Classified as Current	176.67	154.26
	<b>213.14</b>	<b>189.24</b>

## 2.38 Recent Accounting Pronouncements

### Standards issued but not yet effective

On March 30, 2019, Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116, Leases and Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments. The amended rules also notified amendments to Ind AS 12 - Income Taxes and Ind AS 19 - Employee Benefits.

The amendments are effective from accounting periods beginning on or after 1st April 2019.

**Ind AS 116 Leases** : Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Since, Company donot have any lease transaction so these amendments are not applicable to the Company's Financial Statement.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments** : MCA has notified Ind AS 12 Appendix C for covering "Uncertainty over Income Tax Treatments". Company is assessing the impact of the same on the financial statements.

**Amendment to Ind AS 12 Income taxes** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. These amendments are not applicable to the Company.

**Amendment to Ind AS 19 - plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee benefits', in connection with accounting for plan amendments, curtailments and settlements. The Company is assessing the impact of these amendments on the financial statement.

**2.39 Previous year's figures have been regrouped, wherever necessary, so as to correspond with those of the current year.**



**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2019**

(Rs. in Lakhs)

Particulars	2019	2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Exceptional items and Tax	12739.82	12271.45
Adjustments for:		
Depreciation and Amortisation	1953.83	1682.01
Employee Stock Compensation	30.10	33.89
Interest (Received) / Paid ( Net )	(938.81)	(1107.26)
Return on Mutual Fund Investment (Net)	(188.81)	(404.49)
(Profit)/Loss on disposal of Property, Plant and Equipment	(20.80)	(16.57)
(Gain)/Loss on Investments carried at fair value through Profit and Loss	(365.40)	(250.04)
Actuarial Gain/(Loss) on re-measurement of Defined Benefit Liability	(22.16)	(44.87)
<b>Operating Profit Before Working Capital Changes</b>	<b>13187.77</b>	<b>12164.12</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in Trade and Other Receivables (Non-Current/Current)	(1066.21)	(1359.82)
(Increase)/decrease in Inventories	(1551.97)	(583.73)
(Decrease)/increase in Trade and Other Payables (Non-Current/Current)	762.43	3040.78
Cash generated from Operations	11332.02	13261.35
Income taxes paid	(4455.25)	(4329.46)
<b>Net cash generated from Operating Activities</b>	<b>6876.77</b>	<b>8931.89</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments Sales / (Purchase) – Net	(407.67)	(2468.56)
Bank Deposit (Placed) / Matured – Net	5022.00	9880.00
Other Corporate Deposits (Placed)/Matured - Net	(2000.00)	(2000.00)
Interest received	947.90	1208.36
Return on Mutual Fund Investment - Net	188.81	404.49
Purchase of Property, Plant and Equipment <sup>^</sup>	(3401.50)	(2335.38)
Increase in Earmarked Balances	(30.61)	(28.36)
Proceeds from disposal of Property, Plant and Equipment	58.89	87.44
<b>Net cash (used in) / generated from Investing Activities</b>	<b>377.82</b>	<b>4747.99</b>
( <sup>^</sup> excludes Capital Advances)		

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Dividends paid to Shareholders of the Company (including DDT)	<b>(7279.07)</b>	(6399.36)
Equity Shares issued under ESOP	<b>0.22</b>	0.16
Buy Back of Equity Share Capital	-	(7073.90)
Interest and Finance Charges paid	<b>(9.09)</b>	(101.10)
<b>Net cash used in Financing Activities</b>	<b>(7287.94)</b>	(13574.20)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(33.35)</b>	105.68
Cash and Cash Equivalents at the beginning of the year	<b>304.74</b>	199.06
<b>Cash and Cash equivalents at the end of the year</b>	<b>271.39</b>	304.74

Note : Previous year figures have been regrouped wherever found necessary.

As per our report of even date attached

For B.K. KHARE & CO.  
Chartered Accountants  
Firm Registration No. 105102W

PADMINI KHARE KAICKER  
Partner  
Membership No. 044784

M.S. GREWAL  
Company Secretary

RAJINDER ARORA  
Chief Financial Officer

Mumbai, 22nd April, 2019

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD  
Chairman

SUBHASH MAGO  
Whole Time Director &  
Chief Executive Officer

Mumbai, 22nd April, 2019

**INDEPENDENT AUDITORS' REPORT**

To the Members of,

**Swaraj Engines Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **Swaraj Engines Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2019, and the statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit (changes in equity) and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**KAM on Related Party Transactions**

Key Audit Matter As a part of the business activity, the Company deals with entities which are related parties and significant revenue sources are from related parties only.

The Arm's length pricing of the transactions with Related Parties, risks of material misstatement associated with related party relationships and transactions may have significant impact on the interest of the Company and true and fair presentation of related party relationships and transactions in the financial statements of the Company.

**Reference to related disclosures:**

Refer Note 2.29 to the Financial Statements.

Principal Audit Procedures

We performed following audit procedures relating to related party relationships and transactions.

- We inquired of management regarding:
  - The identity of the Company's related parties, including changes from the prior period;
  - The nature of the relationships between the Company and related parties; and
  - The type and purpose of the transactions with related parties.
  - Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework;

- Confirmations obtained from related parties for an outstanding balances as part of our audit procedures;
- Performed appropriate substantive audit procedures relating to identified related parties and related party transactions.
- Evaluate the terms of the related party transactions that these are consistent with management's explanations.
- Ensured that all Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature.
- Inquired that the Company has adopted a Related Party Transactions Policy approved by the Board and transactions are as per the policy.

**Conclusion:**

Our procedures did not identify any material exceptions.

**KAM on Migration to new information systems**

Key Audit Matter

**Information Technology (IT) systems and controls**

During the year, the company implemented SAP, a new Enterprise Resource Planning (ERP) system. The new system is a fully integrated financial accounting and reporting system.

The implementation of a new system has an inherent risk of loss of integrity of key financial data being migrated, and the breakdown in operation or monitoring of IT dependent controls within critical business processes such as purchasing selling and recording of transaction, which could lead to financial errors or misstatements and inaccurate financial reporting.

The Company's financial accounting and reporting systems are heavily dependent on the new system and there is a risk that automated accounting procedures and related IT dependent manual controls are not designed and operating effectively.

Principal Audit Procedures

We have reviewed the information systems migration process and Information Technology General Controls (ITGC) with the assistance of IT audit specialists, our procedures included:

- **Testing General IT Controls:** Testing general IT controls around system access, change management and computer operations within specific applications pertinent to the financial statements by assessing appropriate policies are in place and adhered to by inspecting supporting evidence. Also assessed the operation of controls over changes or transactions being recorded in the systems and testing manual compensating controls, such as reconciliations between systems and other information sources, through re-performance or inspection.
- **Testing Data Migration:** We reviewed the management's planning and processes around systems migration in order ascertain how controls in existing information systems are mapped into new information systems. We also independently tested completeness, validity and accuracy of transaction and master data migrated to new information system.

Extended scope: Where general IT controls and compensating manual controls were inadequate or ineffective, we performed additional substantive testing, such as using extended sample sizes and performing data analysis routines over impacted accounts to test the integrity of the transactional level data that is flowing into the Company's financial statements.

**Conclusion:**

Our procedures did not identify any material exceptions.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.30 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no delays in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

**For B.K. KHARE & CO.**

Chartered Accountants  
Firm Registration No. 105102W

**PADMINI KHARE KAICKER**

Partner  
Membership No. 044784

Mumbai, April 22, 2019

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**(i) In respect of its Fixed Assets:**

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have not been physically verified by the management during the year but the Company has a system of periodic verification of fixed assets. In our opinion, the frequency of verification is at reasonable intervals considering the size of the Company.
- c) The title deeds of immovable properties are held in the name of the Company.

**(ii) In respects of Inventory:**

- a) The stocks of finished goods, stores, spare parts and raw materials of the Company in its possession have been physically verified by the management at reasonable period. Stock-in-transit as on 31st March, 2019 has been verified by the management on subsequent receipt of the goods.
  - b) In our opinion, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The company is maintaining proper records for inventory and discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) On the basis of information given to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India, under sub-section (1) of Section 148 of the Companies Act, 2013, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities. Also refer Note 2.31 to financial statements.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
  - c) The details of dues of Income Tax & Excise Duty which have not been deposited as on March 31, 2019 on account of disputes are given below:



(Rs. in Lakhs)

Statute	Nature	Forum where dispute is pending	Period to which the amount relates	Amount involved
Central Excise Act, 1944	Excise Duty	Appellate Authority- Tribunal level	F.Y. 2004-05 to F.Y. 2009-10	185.00
Income Tax Act, 1961	Income Tax	High Court Assessing Officer	A.Y. 1997-98 and A.Y. 2003-04	477.42

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to Banks, Financial Institutions, and Government or debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order are not applicable to the Company and not commented upon.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the Company is not required to be registered under section 45-1 of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For B.K. KHARE & CO.**  
Chartered Accountants  
(FRN – 105102W)

**PADMINI KHARE KAICKER**  
Partner  
Membership No. 044784

Place : Mumbai  
Date : 22nd April, 2019

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Swaraj Engines Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the Internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For B.K. KHARE & CO.**  
Chartered Accountants  
(FRN – 105102W)

**PADMINI KHARE KAICKER**  
Partner  
Membership No. 044784

Place : Mumbai  
Date : 22nd April, 2019

**SWARAJ ENGINES LIMITED**

**Registered Office :**

Phase-IV, Industrial Area, S.A.S. Nagar (Mohali), Punjab-160 055  
Tel. : 0172-2271620-27, Fax : 0172-2272731  
Email : selinvestor@swarajenterprise.com;  
Website : www.swarajenterprise.com

**33rd Annual General Meeting - 30th July, 2019**

Folio No. ....

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

DP ID\* .....

Client ID\* .....

NAME OF THE SHAREHOLDER/PROXY  
ADDRESS

No. of Shares held :

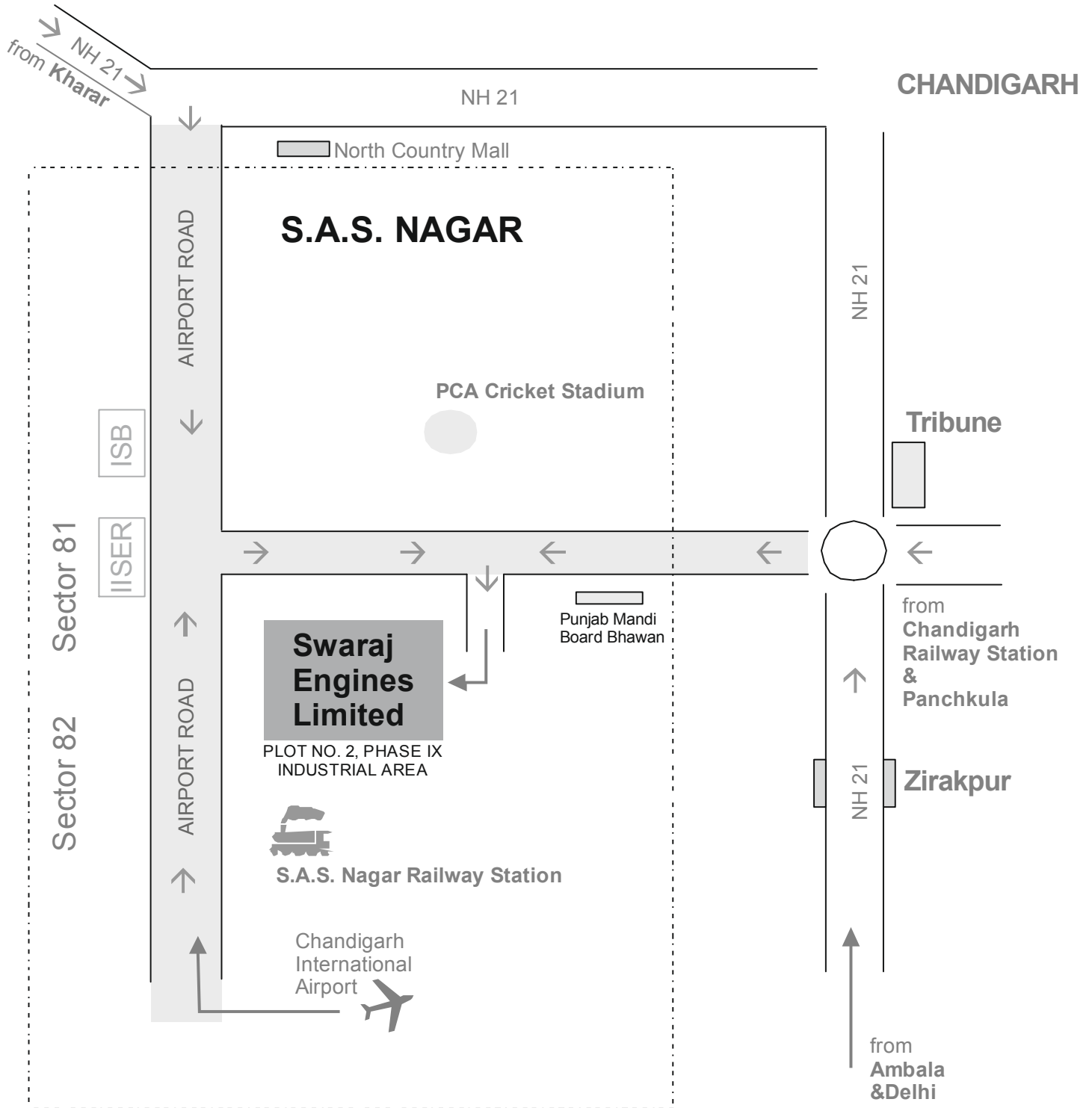
I hereby record my presence at the 33rd ANNUAL GENERAL MEETING of the Company at its Works at Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab -160 062 on Tuesday, the 30th July, 2019 at 2:30 p.m.

\*To be used for shares held in  
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY



# ROUTE MAP FOR AGM VENUE



## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration Rules, 2014)]

### SWARAJ ENGINES LIMITED

(CIN: L50210PB1985PLC006473)

Regd. Office: Phase IV, Industrial Area, S.A.S.Nagar (Mohali), Punjab-160055, Tel: 0172-2271620-27, Fax: 0172-2272731

Email:selinvestor@swarajenterprise.com, Website: www.swarajenterprise.com

Name of the Member (s):
Registered Address:
Email id:
Folio / DP ID-Client ID No:

I/We, being the member(s) of \_\_\_\_\_ shares of the above named Company hereby appoint :

- (1) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail id \_\_\_\_\_ Signature \_\_\_\_\_ or falling him;
- (2) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail id \_\_\_\_\_ Signature \_\_\_\_\_ or falling him;
- (3) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail id \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Tuesday, 30th July, 2019 at 2.30 p.m. at the Works of the Company at Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab - 160062 and at any adjournment thereof in respect of such resolutions as are indicated below:

	Resolutions	Optional*	
		For	Against
1	Ordinary Business To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.		
2	Declaration of Dividend on Equity Shares.		
3	Re-appointment of Shri S. Durgashankar (DIN:00044713) as a Director, who retires by rotation and, being eligible, offers himself for re-appointment.		
4	Re-appointment of Dr. Pawan Goenka (DIN:00254502) as a Director, who retires by rotation and, being eligible, offers himself for re-appointment.		
	Special Business		
5	Ratification of the remuneration payable to Messrs V. Kumar & Associates, Cost Accountants (Firm Registration Number 100137), appointed as the Cost Auditors of the Company for the Financial Year ending 31st March, 2020.		
6	Re-appointment of Shri Sudhir Mankad (DIN:00086077) as an Independent Director of the Company for a second term of three consecutive years commencing from 31st July, 2019 to 30th July, 2022.		
7	Re-appointment of Shri Dileep C. Choksi (DIN:00016322) as an Independent Director of the Company for a second term of five consecutive years commencing from 31st July, 2019 to 30th July, 2024.		
8	Re-appointment of Smt. Neera Saggi (DIN:00501029) as an Independent Director of the Company for a second term of four consecutive years commencing from 1st October, 2019 to 30th September, 2023.		

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

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

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

Affix  
Revenue  
Stamp

#### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 33rd Annual General Meeting.
- \*3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.

