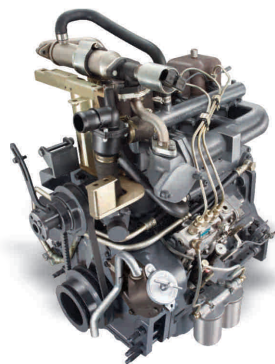


**36<sup>th</sup>**  
ANNUAL REPORT 2022



**SWARAJ ENGINES LIMITED**

## Swaraj Engines Limited

### Chief Financial Officer

MAHESH GUPTA

### Company Secretary

RAJESH K. KAPILA

### Auditors

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

### Bankers

HDFC BANK LIMITED  
AXIS BANK LIMITED  
CANARA BANK

### 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*

RAJESH JEJURIKAR

R.R. DESHPANDE

VIJAY VARMA

DILEEP C. CHOKSI

NEERA SAGGI

HARISH CHAVAN

M.S. GREWAL  
*Whole Time Director &  
Chief Executive Officer*

**ANNUAL GENERAL MEETING**

on Monday, 25th July, 2022

at 2:00 P.M. through

Video Conferencing / Other Audio Visual Means

<b>CONTENTS</b>	<b>PAGE NO.</b>
Key Performance Indicators – Last Ten Years	3
Notice of Annual General Meeting	4
Report of the Directors	25
Management Discussion and Analysis	33
Corporate Governance Report	37
Corporate Governance Compliance Certificate	56
Annexure to Directors' Report	58
Balance Sheet	80
Statement of Profit and Loss	81
Significant Accounting Policies	84
Notes on Accounts	90
Cash Flow Statement	116
Auditors' Report	118

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

Fiscal Year →	Indian GAAP			Ind AS*						
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Engines Sold (Nos.)</b>	<b>57377</b>	<b>74062</b>	<b>64595</b>	<b>64088</b>	<b>82297</b>	<b>92022</b>	<b>99638</b>	<b>89928</b>	<b>113269</b>	<b>116811</b>
<b>Net Operating Revenue</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>773.30</b>	<b>986.57</b>	<b>1138.15</b>
<b>PBIDT</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>	<b>100.43</b>	<b>135.66</b>	<b>155.38</b>
Finance Cost	0.15	0.04	0.01	0.05	0.01	1.01	0.09	0.01	-	-
Depreciation	7.16	9.12	13.20	13.80	16.28	16.82	19.54	20.13	19.77	18.10
<b>Profit Before Other Income &amp; Tax</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>	<b>80.29</b>	<b>115.89</b>	<b>137.28</b>
Other Income	15.32	17.49	16.32	16.30	17.21	18.96	15.38	12.78	8.59	9.58
<b>Profit Before Exceptional Items &amp; Tax</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>	<b>93.07</b>	<b>124.48</b>	<b>146.86</b>
Exceptional Items	-	1.15	-	-	-	-	-	-	-	-
<b>Profit Before Tax</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>	<b>93.07</b>	<b>124.48</b>	<b>146.86</b>
Income Tax	24.10	30.81	25.98	24.90	36.63	42.62	44.98	22.03	31.94	37.39
<b>Profit After Tax</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>	<b>71.04</b>	<b>92.54</b>	<b>109.47</b>
Other Comprehensive Income (Net of Tax)	-	-	-	(0.11)	0.20	(0.29)	(0.14)	(0.43)	0.05	(0.84)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.20</b>	<b>69.03</b>	<b>79.81</b>	<b>82.28</b>	<b>70.61</b>	<b>92.59</b>	<b>108.63</b>
Dividend %	330#	350#	330#	330#	430#	500#	500#	400#	690#	800
Dividend Payout	40.99	43.47	40.99	40.99	53.40	60.63	60.64	48.53	83.75	97.15
Equity Share Capital	12.42	12.42	12.42	12.42	12.42	12.13	12.13	12.13	12.14	12.14
<b>Net Worth</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>	<b>235.89</b>	<b>280.57</b>	<b>305.68</b>
Capital Employed	200.06	216.82	267.78	271.04	289.64	234.29	245.14	240.49	281.16	305.76
Market Capitalisation	490.58	859.20	1003.83	1063.88	1842.48	2431.04	1708.78	1098.08	1592.62	1587.65
<b>Return on Net Worth</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>30.1%</b>	<b>33.0%</b>	<b>35.8%</b>
<b>Earning per Share (Rs.)</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>58.57</b>	<b>76.27</b>	<b>90.17</b>
<b>Book Value per Share (Rs.)</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>	<b>194.4</b>	<b>231.1</b>	<b>251.7</b>

# include Special Dividend of 200% in 2013 & 2014 and 180% in 2015 & 2016 and 250% in 2017, 2018 & 2019 and 150% in 2020 and 190% in 2021

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

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 36th Annual General Meeting of Swaraj Engines Limited will be held on **Monday, the 25th July, 2022 at 2.00 P.M.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business.

The proceedings of the Annual General Meeting ("AGM") shall be deemed to be conducted at the Works of the Company i.e. Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab - 160 062 which shall be the deemed venue of the AGM.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended 31st March, 2022 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 Mr. Rajesh Jejurikar (DIN: 00046823), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.R.Deshpande (DIN: 00007439), who retires by rotation and, being eligible, offers himself for re-appointment.
5. To re-appoint Statutory Auditors for the second term of five years and fix their remuneration and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force] and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. B.K.Khare & Co., Chartered Accountants (ICAI Firm Registration No. 105102W) be reappointed as Statutory Auditors of the Company for the second term to hold office for 5 (five) consecutive years from the conclusion of this 36th Annual General Meeting of the Company till the conclusion of the 41st Annual General Meeting to be held in the year 2027, at a remuneration to be determined by the Board of Directors of the Company from time to time in addition to out of pocket expenses as may be incurred by them during the course of the Audit.

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."

### **SPECIAL BUSINESS**

#### **6. 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 SDM & Associates, Cost Accountants having Firm Registration No. 000281, 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, 2023, 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."

**7. Appointment of Mr. S.Nagarajan 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 ("the Act"), 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], Mr. S.Nagarajan (DIN: 03060429), who qualifies for being 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 Act proposing his candidature for the office of Director of the Company, being so eligible, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 31st July, 2022 to 30th July, 2027."

**8. Appointment of Mr. Nikhilesh Panchal 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 ("the Act"), 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], Mr. Nikhilesh Panchal (DIN: 00041080), who qualifies for being 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 Act proposing his candidature for the office of Director of the Company, being so eligible, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 31st July, 2022 to 30th July, 2027."

**9. Appointment of Mr. Giju Kurian as a Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or amendment(s) thereto or re-enactment thereof for the time being in force), Mr. Giju Kurian (DIN: 09629029), who qualifies for being appointed as a 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 of the Company, being so eligible, be and is hereby appointed as a Director of the Company with effect from 1st August, 2022, liable to retire by rotation."

**10. Appointment of Mr. Giju Kurian as Whole Time Director of the Company.****To consider and, if thought fit, to pass the following Resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Act [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment of Mr. Giju Kurian (DIN: 09629029) as Whole Time Director of the Company designated as "Whole Time Director & Chief Executive Officer" for a period of three years with effect from 1st August, 2022 to 31st July, 2025 (both days inclusive) on a basic salary of Rs. 2,26,361 per month in the scale of Rs. 1,65,000 per month to Rs. 2,75,000 per month.

FURTHER RESOLVED THAT the perquisites (including benefits and allowances) payable or allowable and performance pay, to Mr. Kurian (hereinafter referred to as "the appointee") be as follows:

**Perquisites:**

1. In addition to the basic salary, the appointee shall also be entitled to such perquisites/allowances which shall include Company's leased accommodation or house rent allowance in lieu thereof, medical reimbursement, leave travel assistance if any, contributions to provident fund, superannuation fund or allowance in lieu thereof, National Pension Scheme, gratuity, encashment of leave, provision for Company car (amount of car lease, fuel & maintenance, driver reimbursement), medical and personal accident insurance, telephone and other communication facilities at residence, and such other allowances, perquisites, benefits, amenities and facilities in accordance with the Company's rules/policy from time to time.

The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

2. In addition to the above, the appointee shall be entitled to ESOPs in accordance with the Company's Employee Stock Options Scheme(s) as may be approved by the Nomination and Remuneration Committee ("NRC") from time to time.
3. Contribution to Provident Fund, Superannuation Fund, National Pension Scheme and Gratuity as per Rules of the Fund/ Scheme in force from time to time, would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
4. Encashment of earned leave at the end of the tenure as per Rules of the Company shall not be included in the computation of ceiling on remuneration.

**Performance pay:**

In addition to the salary, perquisites and ESOPs, as mentioned above, the appointee would be entitled to performance pay based on the performance of the appointee and the Company not exceeding 160% of the annual Basic Salary.

Provided that any annual increment/revision(s) in the remuneration, will be decided by the Board based on the recommendations of the NRC and recommendation of NRC will be based on Company performance and individual performance.

Provided that the remuneration payable to the appointee (including salary, perquisites, ESOPs, performance pay) shall not exceed the limits laid down in Section 197 and computed in the manner laid down in Section 198 of the Act, including any statutory modification(s) or re-enactment(s) thereof.

FURTHER RESOLVED THAT where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company may pay to the appointee, the above remuneration as the minimum remuneration by way of salary, perquisites, other allowances, benefits and performance pay as specified above subject to receipt of the requisite approvals, if any.

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 and further to execute all necessary documents, applications, returns, forms and writings as may be necessary, proper, desirable or expedient."

## NOTES

1. The Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 6 to 10 given above as Special Business in the forthcoming Annual General Meeting ("AGM"), as they are unavoidable in nature.
2. The Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2021 dated 13th January, 2021, 21/2021 dated 14th December, 2021 and 2/2022 dated 5th May, 2022 (collectively referred to as "MCA Circulars") read with Securities and Exchange Board of India ("SEBI") circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 (collectively referred to as "SEBI Circulars"), permitted the companies for holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 24.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. The Company's Registrar and Share Transfer Agent ("RTA") 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 2nd July, 2022 to 8th July, 2022 (both days inclusive).
7. The dividend, if declared at the Annual General Meeting, would be paid subject to deduction of tax at source on or after 26th July, 2022 to those shareholders or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 1st July, 2022 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 1st July, 2022.

8. Members desirous of obtaining any information concerning the accounts and operations of the Company may send their request to the Company Secretary through email at [selinvestor@swarajenterprise.com](mailto:selinvestor@swarajenterprise.com) by 20th July, 2022.

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [selinvestor@swarajenterprise.com](mailto:selinvestor@swarajenterprise.com) from 20th July, 2022 (9:00 a.m. IST) to 22nd July, 2022 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

9. 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. 27,29,055 being unclaimed/unpaid dividend of the Company for the financial year ended 31st March, 2014 was transferred on 29th September, 2021.

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 31st March, 2021 are also uploaded as per the requirements, on the Company's website [www.swarajenterprise.com](http://www.swarajenterprise.com). The details of unclaimed/unpaid dividend(s) lying with the Company as on 31st March, 2022 shall be updated in due course. Members, who have not encashed their dividend(s) pertaining to financial year ended on 31st March, 2015 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 2014-15 and thereafter to IEPF is as under:

<b>Financial year ended</b>	<b>Date of Declaration of Dividend</b>	<b>Due for Transfer to IEPF</b>
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
31st March, 2019	30th July, 2019	4th September, 2026
31st March, 2020	20th July, 2020	25th August, 2027
31st March, 2021	19th July, 2021	24th August, 2028

10. 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 2015 are requested to claim the same by 20th August, 2022. 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.

The Member(s) whose dividend / shares as transferred to the IEPF Authority can now claim their shares from the IEPF Authority by following the Refund Procedure as detailed on the website of IEPF Authority <http://iepf.gov.in/IEPF/refund.html>.

11. 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.
12. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH-13 duly filled in to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their abovementioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
13. 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 self-attested copy of PAN and 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 abovementioned 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.

In case, the Company is unable to pay the dividend to any shareholder by the electronic mode due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant to such shareholder by post.
14. In compliance with the aforesaid MCA circulars and SEBI circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website [www.swarajenterprise.com](http://www.swarajenterprise.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
15. 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.
16. Members holding shares in dematerialised mode who have not registered / updated their email addresses are requested to register / update their email addresses with the relevant Depository Participants.
17. Members holding shares in physical mode may please note that the Securities and Exchange Board of India (SEBI) has mandated furnishing of PAN, KYC details (i.e. Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by all the shareholders who are holding their shares in physical form. Effective from 1st January 2022, any service requests or complaints received from such member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after 1st April 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at <https://swarajenterprise.com/ImpNot>

18. Members are requested to:
- Intimate, along with relevant documents, to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their abovementioned address, about 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, about 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.
19. Pursuant to Finance Act, 2020, dividend income has become taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereafter. The shareholders are requested to update their PAN with the Company/ Registrar and Share Transfer Agent (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).
- A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source, by sending an email to [selinvestor@swarajenterprise.com](mailto:selinvestor@swarajenterprise.com) by 9th July, 2022. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [selinvestor@swarajenterprise.com](mailto:selinvestor@swarajenterprise.com). The aforesaid declarations and documents need to be submitted by the shareholders by 9th July, 2022.
- Please note that the Company is not obligated to apply the beneficial Double Tax Avoidance Agreement (DTAA) rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder.
20. Relevant documents referred to in the accompanying Notice shall be available for inspection by the Members through electronic mode, basis the request being sent on [selinvestor@swarajenterprise.com](mailto:selinvestor@swarajenterprise.com).
21. 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 and voting during the AGM are explained here below:

Step 1 : Access to NSDL e-Voting system

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




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

A) Login method for e-Voting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p><b>A. NSDL IDeAS facility</b></p> <p><b>If you are already registered for NSDL IDeAS facility,</b></p> <ol style="list-style-type: none"> <li>1. Please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile phone.</li> <li>2. Once the home page of e-Services is launched, click on the "<b>Beneficial Owner</b>" icon under "Login" which is available under "<b>IDeAS</b>" section.</li> <li>3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services.</li> <li>4. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page.</li> <li>5. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or voting during the meeting.</li> </ol> <p><b>If the user is not registered for IDeAS e-Services,</b></p> <ol style="list-style-type: none"> <li>1. The option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>.</li> <li>2. Select "<b>Register Online for IDeAS</b>" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Upon successful registration, please follow steps given at Point 1 to 5 above.</li> </ol> <p><b>B. e-Voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile phone.</li> <li>2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</li> <li>4. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or voting during the meeting.</li> </ol>

	<p>C. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</p> <div style="text-align: center;"> <p>NSDL Mobile App is available on</p>    </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of <b>e-Voting service provider ("ESP")</b> i.e. <b>NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or voting during the meeting.</li> </ol>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

<b>Login type</b>	<b>Helpdesk details</b>
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 or 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43.

**B) Login method for e-Voting & voting during the meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode**

**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.nsdl.com/> either on a Personal Computer or on a mobile phone.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.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 on NSDL e-Voting system.
5. 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***

6. Password details for shareholders other than Individual shareholders 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, please follow steps mentioned below in this Notice at Point No. 4 of General Guidelines for shareholders.
7. 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).
  - c) 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 etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
9. Now, you will have to click on "Login" button.
10. 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 all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of the Company.
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional / Corporate Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. 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). They can also upload their Board Resolution/ Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

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 1020 990 or 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  4. Process for procuring user ID and password for e-voting for those shareholders whose email IDs are not registered with the depositories / Company:  
Shareholders may sent a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring User ID and password for e-Voting.
    1. In case shares are held in physical mode, please provide Folio Number, name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card).
    2. In case shares are held in demat mode, please provide DP ID and Client ID (16-digit DP ID + Client ID or 16-digit beneficiary ID), name of shareholder, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card).
    3. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.
- III. The remote e-voting period will commence at 9.00 a.m. (IST) on 21st July, 2022 and will end at 5.00 p.m. (IST) on 24th July, 2022. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 18th July, 2022, 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.
- IV. The instructions for Members for e-voting on the day of the AGM are as under:
- a) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
  - b) Only those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
  - c) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- V. 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 18th July, 2022.
- VI. Any person, who acquires shares of the Company and become a Member of the Company after sending of the Notice and holding shares as on the cut-off date i.e. 18th July, 2022, 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 "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).



## SWARAJ ENGINES LIMITED

- VII. 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 entire e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting 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.
- IX. 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, not later than 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.
- X. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 25th July, 2022.

### 22. Re-appointment of Directors

Mr. Rajesh Jejurikar and Mr. R.R.Deshpande 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.

### 23. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

### 24. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, the Members can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against the Company name. The Members are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice.
2. Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
3. Members who need assistance before or during the AGM, can contact NSDL at Toll Free No. 1800 1020 990 or 1800 22 44 30 or contact Ms. Sarita Mote, Assistant Manager, NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

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

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)  
Company Secretary

14th June, 2022

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

Mr. B.K.Khare & Co., Chartered Accountants (ICAI Firm Registration Number 105102W) were appointed as statutory auditors of the Company at the 31st AGM held on 24th July, 2017 to hold office from the conclusion of the said meeting till the conclusion of the 36th AGM to be held in the year 2022. In terms of the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the Company can appoint or reappoint an audit firm as statutory auditors for not more than two (2) terms of five (5) consecutive years. M/s. B.K.Khare & Co. is eligible for reappointment for a further period of five years. Based on the recommendation of the Audit Committee, the Board of Directors, at its meeting held on 27th April, 2022, have approved the reappointment of M/s. B.K.Khare & Co., Chartered Accountants, as the statutory auditors of the Company, subject to the approval of the shareholders of the Company, to hold office for a second term of five consecutive years from the conclusion of the ensuing AGM until the conclusion of the 41st AGM to be held in the year 2027. The Board of Directors on the recommendation of Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors.

Considering the experience and expertise of M/s B.K.Khare & Co. and based on the recommendation of the Audit Committee, it is proposed to appoint M/s B.K.Khare & Co., Chartered Accountants, as statutory auditors of the Company for a second term of five consecutive years till the conclusion of the 41st AGM of the Company in terms of the aforesaid provisions.

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 No. 6**

The Board of the Directors, at its meeting held on 27th April, 2022, upon recommendation of the Audit Committee, approved the appointment of M/s SDM & Associates, Cost Accountants, having Firm Registration No. 000281, as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2023, 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.

Pursuant to 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. 6 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, 2023.

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. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Members.

**Item No. 7 and Item No. 8**

The Board of Directors of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee, at its Meeting held on 14th June, 2022, has proposed to the Members of the Company, the appointments of Mr. S.Nagarajan (DIN: 03060429) and Mr. Nikhilesh Panchal (DIN: 00041080) as Independent Directors of the Company, not liable to retire by rotation, who shall hold office for a term of 5 (five) consecutive years commencing from 31st July, 2022 to 30th July, 2027.

The Company has received notice in writing from a Member under section 160 of the Companies Act, 2013 ("the Act") proposing the candidature of Mr. S.Nagarajan and Mr. Nikhilesh Panchal for the office of Director of the Company.

Brief details of Mr. S.Nagarajan and Mr. Nikhilesh Panchal are mentioned below:

- Mr. S.Nagarajan**

Mr. S.Nagarajan, aged 60 years, has done his graduation in dairy technology from Gujarat Agriculture University with distinction and an MBA from Indian Institute of Management (Ahmedabad). He is currently associated with Tata Trusts from October 2017 as a senior advisor. He is involved in design and implementation of development initiatives in the dairy sector as part of rural poverty alleviation portfolio. His last commercial corporate assignment was as the Managing Director of Mother Dairy Fruits and Vegetables Private Ltd., a wholly owned subsidiary of National Dairy Development Board, based in New Delhi, started with the company as the head since May 2010 and ended in June 2017. Prior to joining Mother Dairy in 2010, he has worked with prominent industries and companies like Nestle India Limited, Cadbury India, Frito-Lay India (part of the Pepsi group) and Phillips Electronics Limited.

Mr. Nagarajan is also currently on the Board of Kurlon Enterprise Ltd., Gromax Agri Equipment Ltd., Stellapps Technologies Private Ltd., Green Agrevolution Private Ltd. and Value Angels Network Private Ltd.

Mr. S.Nagarajan is currently a Member of the following Board Committees:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Kurlon Enterprise Ltd.	Audit Committee Corporate Social Responsibility Committee	Member Member
2.	Gromax Agri Equipment Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member

Mr. S.Nagarajan does not hold any Equity Shares in the Company.

- Mr. Nikhilesh Panchal**

Mr. Nikhilesh Panchal, aged 54 years, is Partner in Khaitan & Company, Solicitors and Advocates. Having Bachelor's Degree in Commerce and Law, he has also done Master's Degree in Law (L.L.M.). He has rich experience in acquisitions, takeover and mergers, foreign collaborations and joint venture transactions. He also has expertise on procedures under Foreign Exchange Management Act, 1999 and Corporate Law, intellectual property rights, commercial litigations. He is also involved in contract negotiations and regularly advises on structuring, acquisitions, joint ventures and corporate and commercial matters.

Mr. Panchal is also currently on the Board of Bristlecone India Ltd., Unilever India Exports Ltd., MSL Driveline Systems Ltd., Gromax Agri Equipment Ltd., NRB Industrial Bearings Ltd., Lakme Lever Private Ltd. and Neilsoft Private Ltd. Mr. Panchal was earlier also on the Board of Mahindra EPC Irrigation Ltd. and upon his resignation, ceased to be its Director with effect from 23rd October, 2020.

Mr. Nikhilesh Panchal is currently a Member of the following Board Committees:

<b>S.No.</b>	<b>Name of the Company</b>	<b>Name of Committee</b>	<b>Position Held</b>
1.	Bristlecone India Ltd.	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member Chairman Member
2.	Unilever India Exports Ltd.	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Chairman Member Member
3.	MSL Driveline Systems Ltd.	Nomination and Remuneration Committee	Member
4.	Gromax Agri Equipment Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
5.	NRB Industrial Bearings Ltd.	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	Member Member Member
6.	Lakme Lever Private Ltd.	Audit Committee Nomination and Remuneration Committee	Chairman Member
7.	Neilsoft Private Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member

Mr. Nikhilesh Panchal does not hold any Equity Shares in the Company.

Mr. S.Nagarajan and Mr. Nikhilesh Panchal would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof. In addition, they 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.

Mr. S.Nagarajan and Mr. Nikhilesh Panchal 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 Mr. S.Nagarajan and Mr. Nikhilesh Panchal 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"). Mr. S.Nagarajan and Mr. Nikhilesh Panchal are not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.

In the opinion of the Board, Mr. S.Nagarajan and Mr. Nikhilesh Panchal, fulfil the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Regulations. Mr. S.Nagarajan and Mr. Nikhilesh Panchal are independent of the management.

The copy of the draft letters of appointment of Mr. S.Nagarajan and Mr. Nikhilesh Panchal setting out terms and conditions of appointment will be available for inspection by the Members through electronic mode.

Considering their qualification, diverse skills, varied experience & business knowledge, understanding of industry trend, corporate governance etc., the Nomination and Remuneration Committee and the Board are of the view that Mr. S.Nagarajan and Mr. Nikhilesh Panchal possesses the requisite skills and capabilities, which would be of immense benefit to the Company, and hence, the Board recommends their appointment to the Members as Independent Directors.

Save and except Mr. S.Nagarajan and Mr. Nikhilesh Panchal, 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. 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. 7 and 8 of the Notice for approval by the Members.

This explanatory statement together with the accompanying Notice of this 36th AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and the Secretarial Standard on General Meetings (SS-2).

**Item No. 9 and Item No. 10**

The Board of Directors of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee, at its Meeting held on 14th June, 2022, has proposed to the Members of the Company, the appointment of Mr. Giju Kurian (DIN: 09629029) as Director of the Company, with effect from 1st August, 2022, liable to retire by rotation.

The Company has received notice in writing from a Member under section 160 of the Companies Act, 2013 ("the Act") proposing the candidature of Mr. Giju Kurian for the office of Director of the Company.

Further, in order to facilitate seamless succession upon completion of Mr. Maninder Singh Grewal's tenure as Whole Time Director & Chief Executive Officer of the Company on 31st July, 2022, the Board of Directors had earlier appointed Mr. Giju Kurian as Chief Executive Officer (Designate) of the Company with effect from 1st May, 2022 and Chief Executive Officer with effect from 1st August, 2022 and now in its meeting held on 14th June, 2022, has appointed Mr. Giju Kurian as Whole Time Director of the Company designated as Whole Time Director & Chief Executive Officer, subject to the approval of members, for a period of three years with effect from 1st August, 2022 to 31st July, 2025 at the remuneration recommended by Nomination and Remuneration Committee of the Board and approved by the Board.

Brief details of Mr. Giju Kurian are mentioned below:

Mr. Giju Kurian, aged 52 years, is an engineer by profession with a post-graduate degree in management. He has 30 years of expertise in growing business, creating brands, and managing P&L both in Indian and global markets. He has established international operations, turned around bankrupt companies & build brands in markets like India, China, Australia, New Zealand & Turkey. He has extensively worked in India at a national level for Mahindra and other organisations for 15 years and has rich international expertise in running global business based outside India for 15 years.

In his 25 years stint with Mahindra, he has held various positions within the Mahindra Group. His last assignment in M&M was Vice President - International Operations (FES) and prior to that he was the CEO of Hisarlar (A Mahindra Group company) based in Turkey since 2017. Before to his Turkey assignment, he was based in India as Vice President - S&M Mahindra Electric Mobility. He had also worked in China as Vice President Sales & Marketing of Mahindra's China operations and in Australia as National Head - Mahindra Australia.

Mr. Giju Kurian is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director. Mr. Giju Kurian is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.

The Board is of the view that Mr. Kurian's varied experience will be of immense value to the Company and, therefore, recommends his appointment to the members in terms of Ordinary Resolution set out in Item No. 9 and Special Resolution set out in Item No. 10 of the Notice.

Terms of remuneration of Mr. Giju Kurian are set out in the Special Resolution under Item No. 10 of the Notice.

Mr. Kurian does not hold any shares in the Company.

Mr. Kurian does not hold Directorship in any other Company.

Save and except Mr. Giju Kurian, and his relatives to the extent of their shareholding interest, if any, in the Company, none of the 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. 9 and 10 of the Notice. None of the Directors and KMP of the Company are inter-se related to each other.

This explanatory statement together with the accompanying Notice of this 36th AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and the Secretarial Standard on General Meetings (SS-2).

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

**I. General Information**

**(1) Nature of Industry**

The Company is in the business of manufacture of Diesel Engines and its components.

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

The Company was incorporated on 24th September, 1985 and started commercial production of diesel engines in the year 1989.

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

Not Applicable

**(4) Financial performance based on given indicators - as per audited financial results for the year ended 31st March, 2022**

Particulars	(Rs. in Crores)
Net Turnover & Other Income	1147.81
Net profit as per Statement of Profit & Loss (After Tax) (Including other comprehensive income)	108.63
Profit as computed under Section 198 of the Act	108.63
Net Worth	305.68

**(5) Foreign investments or collaborations, if any**

Nil

**II. Information about the appointee**

**(1) Background details**

Mr. Giju Kurian

Mr. Giju Kurian joined the Company as Chief Executive Officer (Designate) with effect from 1st May, 2022.

Mr. Giju Kurian is an engineer by profession with a post-graduate degree in management. He has 30 years of expertise in growing business, creating brands, and managing P&L both in Indian and global markets. He has established international operations, turned around bankrupt companies & build brands in markets like India, China, Australia, New Zealand & Turkey. He has extensively worked in India at a national level for Mahindra and other organisations for 15 years and has rich international expertise in running global business based outside India for 15 years.

In his 25 years stint with Mahindra, he has held various positions within the Mahindra Group. His last assignment in M&M was Vice President - International Operations (FES) and prior to that he was the CEO of Hisarlar (A Mahindra Group company) based in Turkey since 2017. Before to his Turkey assignment, he was based in India as Vice President - S&M Mahindra Electric Mobility. He had also worked in China as Vice President Sales & Marketing of Mahindra's China operations and in Australia as National Head - Mahindra Australia.

**(2) Past remuneration during the financial year ended 31st March, 2022**

Not applicable, fresh appointment with effect from 1st August, 2022.



(3) Recognition or awards

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

(4) Job Profile and his suitability

Mr. Giju Kurian will be responsible for looking after operations and affairs of the Company. Taking into consideration his qualifications and expertise in relevant fields, he is best suited for the responsibilities assigned to him by the Board of Directors.

(5) Remuneration proposed

As set out in Item No. 10 of the Notice.

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

Taking into consideration the size of the Company, the profile of Mr. Giju Kurian and the responsibilities assigned, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

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

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

III. Other Information

(1) Reasons of loss or inadequate profits

Not applicable, as the Company has posted a net profit after tax (including other comprehensive income) of Rs. 108.63 crores for the year ended 31st March, 2022.

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

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

Not applicable as the Company has adequate profits.

IV. Disclosures

The information and disclosures for remuneration criteria of the managerial personnel have been mentioned in the Annual Report for the year ended 31st March, 2022 in the Corporate Governance Report Section under the Heading "Remuneration to Directors".

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

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)  
Company Secretary

14th June, 2022

**Additional Information on Directors seeking Re-appointment at the 36th 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>Mr. Rajesh Jejurikar</b>	<b>Mr. R.R.Deshpande</b>
Director Identification Number (DIN)	00046823	00007439
Date of appointment	25-04-2017	22-01-2008
Age	57 Years	68 Years
Expertise in specific functional areas	<p>Mr. Rajesh Jejurikar is currently Executive Director (Automotive &amp; Farm Sectors) of Mahindra &amp; Mahindra Limited.</p> <p>He has diverse experience across Packaged Goods, Advertising, Media, Automotive and Farm Equipment. He joined Mahindra in 2000 as Vice President - Marketing for Automotive Sector. In 2003, he was appointed Executive Vice President - Sales &amp; Marketing. In 2005, he was given additional responsibility as the Managing Director of Mahindra Renault. In 2008, he became Chief of Operations of the Automotive Sector and when Automotive &amp; Farm Equipment Sector (AFS) was formed in 2010, he was appointed Chief Executive for the Automotive Division and Member of the Group Executive Board. In 2013, Mr. Jejurikar joined the Farm Equipment Sector as Chief Executive - Tractor &amp; Farm Mechanisation and became the Sector President in 2015.</p>	<p>Mr. R.R. Deshpande has retired as Managing Director and CEO of Kirloskar Oil Engines Limited (KOEL) in April 2020.</p> <p>Mr. Deshpande was working with Kirloskar Group since 1977 and has vast experience in Projects, Production and Material Services. He has worked for the Small, Medium and Large Engines Business Groups of Kirloskar. He started its Ancillary Development Department and during his tenure as a Business Unit Head, Medium Engines Business Group became the largest Strategic Business Unit amongst the Kirloskar Group.</p>
Qualification	MBA from SP Jain Institute of Management, attended the Advanced Management Program at The Wharton School, University of Pennsylvania and was awarded the British Chevening Scholarship to study at the Manchester Business School, UK. He also holds degree in Economics and Statistics from Mumbai University.	Mechanical Engineer
Directorship in Listed Companies	Swaraj Engines Ltd. Mahindra & Mahindra Ltd.	Swaraj Engines Ltd.



## SWARAJ ENGINES LIMITED

Committee Membership	Swaraj Engines Ltd.: Nomination and Remuneration Committee (Member) Mahindra & Mahindra Ltd.: Risk Management Committee (Member)	–
No. of Board Meetings of Swaraj Engines Limited attended during FY 2021-22	Board Meetings held - 4 Board Meetings attended - 4	Board Meetings held - 4 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 Mr. Rajesh Jejurikar during FY 2021-22. Details of sitting fees and commission paid to Mr. R.R.Deshpande during FY 2021-22 are provided in Corporate Governance Report Section of Annual report 2021-22.

## REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors present their 36th Annual Report together with Audited Accounts for the financial year ended 31st March, 2022.

### A. FINANCIAL RESULTS AND OPERATIONAL REVIEW :

	<b>Year Ended</b> <b>31<sup>st</sup> March, 2022</b>	<b>(Rs. in Crores)</b> Year Ended 31 <sup>st</sup> March, 2021
Net Operating Revenue	<b>1138.15</b>	986.57
Profit before Other Income, Depreciation, Finance Charges, Exceptional items and Tax	<b>155.38</b>	135.66
Other Income	<b>9.66</b>	8.59
Profit before Depreciation, Finance Cost, Exceptional items and Tax	<b>165.04</b>	144.25
Finance Cost	<b>0.08</b>	-
Depreciation and Amortisation Expense	<b>18.10</b>	19.77
Profit before Exceptional Items & Tax	<b>146.86</b>	124.48
Exceptional Items	-	-
Profit Before Tax	<b>146.86</b>	124.48
Tax Provision		
- Current	<b>37.89</b>	35.95
- Deferred	<b>(0.50)</b>	(4.01)
Profit After Tax	<b>109.47</b>	92.54
Other Comprehensive Income (net of Tax)	<b>(0.84)</b>	0.05
Total Comprehensive Income	<b>108.63</b>	92.59

### Performance Review

The financial year 2021-22 remained a challenging year as the nation faced the severe second wave of COVID-19, followed by a third wave though its intensity was not that grave. The overall scenario intermittently has posed different challenges like supply chain related issues in few pockets, timely availability of required manpower, etc. However, the Company by effectively managing all related matters, yet again able to post its highest ever yearly engines sale of 1,16,811 units and surpassed its previous best of 1,13,269 units achieved during last fiscal. The tractor industry to which the Company serves, after registering a growth during H1 of fiscal 2022, posted a sharp decline in H2 due to higher base during the corresponding period of last fiscal and ended the year with degrowth. The Company's performance also witnessed almost the similar trend in two halves of the fiscal 2022 but was able to sustain its growth trajectory by posting an overall growth of 3% in its annual engine sales volume for FY 2021-22.

In the above backdrop, the net operating revenue for FY 2021-22 stood at Rs. 1138.15 crores as against Rs. 986.57 crores of previous year. While the Operating profit at Rs. 155.38 crores grew by 14.5% over last year, Profit before tax at Rs. 146.86 crores registered a growth of 18.0% over last year. In the process, the Company posted its highest ever Profit after tax (before other comprehensive income) of Rs. 109.47 crores (last year Rs. 92.54 crores) translated into Basic Earning Per Share of Rs. 90.17 (previous year - Rs. 76.27).

During the year, the Company also completed its capacity expansion programme as approved by the Board and the enhanced capacity can now cater the demand of 1,50,000 engines per annum.

No material changes and commitments which could affect your Company's financial position for FY 2021-22 have occurred between the end of the financial year of your Company and date of this report.

**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. 9.29 crores (previous year - Rs. 8.47 crores) on its surplus funds.

**Dividend**

Your Directors are pleased to recommend an equity dividend of Rs. 80.00 per share of the face value of Rs. 10.00 for the financial year ended 31st March, 2022 (previous year - Rs. 69.00 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 2021-22 will absorb a sum of Rs. 97.15 crores (previous year - Rs. 83.77 crores). Further, the Board of your Company has decided not to transfer any amount to the General Reserves for the year under review.

**Dividend Distribution Policy**

The Board of your Company in its Meeting held on 20th April, 2021 has also approved the Dividend Distribution Policy containing the parameters mentioned in Regulation 43A(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same is attached as "Annexure A" and forms part of this Annual Report.

The same has also been hosted on the website of the Company and can be assessed at the web-link <https://swarajenterprise.com/policies>

**Current Year's Review**

With good rabi crop harvesting, increase in export of agri products and resultant better cash flow in the rural market, adequate financing availability, initial positive forecast of normal monsoon and government continued thrust on agri sector, it is expected that all these factors augur well for the tractor demand.

**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.

Your Company uses SAP ERP Systems as a business enabler and to maintain its Books of Account. The transactional controls built into the SAP ERP system also help to strengthen the 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 Disclosures Requirements) Regulations, 2015 forms part of this Annual Report.

**D. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered during the financial year 2021-22 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 <https://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 as "Annexure B" to this report.

## E. BOARD AND COMMITTEES

### Directors

In view of the organizational changes at Mahindra & Mahindra (M&M), Mr. S.Durgashankar decided to step down from his position as Non-Executive Director of the Company with effect from the closing business hours of 27th April, 2022.

In terms of Section 152 of the Companies Act, 2013, Mr. Rajesh Jejurikar and Mr. R.R.Deshpande shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### 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 both 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, four 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 14th February, 2022.

The 35th Annual General Meeting of the Company was held on 19th July, 2021.

### 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, 2022, 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, 2022 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, 2022;
- 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, 2022.

### **Audit Committee**

During the year ended 31st March, 2022, the Audit Committee comprising 4 Directors viz. Mr. Dileep C. Choksi (Chairman of the Committee), Mr. Sudhir Mankad, Mr. S.Durgashankar and Mrs. Neera Saggi. Except Mr. 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 Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

### **Vigil Mechanism / Whistle Blower Policy**

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

The Board has constituted a Risk Management Committee on 20th April, 2021 comprising 3 Directors viz. Mrs. Neera Saggi - Non Executive & Independent Director (Chairperson of the Committee), Mr. Vijay Varma - Non Executive Director and Mr. M.S.Grewal, Whole Time Director & CEO. The other details and terms of reference of the Committee are covered under the Corporate Governance report which forms part of the Annual Report. In accordance with 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)**

During the financial year under review, the following officers of the Company have been designated as the Key Managerial Personnel (KMP) in accordance with Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Mr. M.S.Grewal, Whole Time Director & Chief Executive Officer

Mr. Rajinder Arora, Chief Financial Officer (upto 31st October, 2021)

Mr. Mahesh Gupta, Chief Financial Officer (w.e.f. 1st November, 2021)

Mr. Rajesh K. Kapila, Company Secretary

There was no change in the KMPs during FY 2021-22, except that Mr. Rajinder Arora, upon his superannuation on 31st October, 2021, ceased to be Chief Financial Officer of the Company from 1st November, 2021 and in his place, Mr. Mahesh Gupta was appointed as Chief Financial Officer of the Company with effect from 1st November, 2021. Further, Mr. M.S.Grewal, who was earlier the Chief Executive Officer, was appointed as Whole Time Director of the Company designated as Whole Time Director & Chief Executive Officer with effect from 20th April, 2021 and continued as KMP of the Company.

### 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"). Pursuant to the said Scheme, the Nomination and Remuneration Committee during FY 2021-22 have granted 633 options to eligible employees and allotted 5621 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 <https://swarajenterprise.com/annualreports>

### 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 C". The Company had no employee who was in receipt of remuneration of not less than Rs. 1,02,00,000 during the year ended 31st March, 2022 or not less than Rs. 8,50,000 per month during any part of the year.

### 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 45001:2018 and EMS ISO 14001:2015.

## H. AUDITORS

### Statutory Auditors and Auditors' Report

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

In accordance with provision of Section 139 of the Companies Act, 2013 read with Rules framed thereunder, the Board of Directors of the Company on the recommendation of the Audit Committee, proposed re-appointment of M/s B.K.Khare & Co., Chartered Accountants (ICAI Firm Registration Number 105102W) as Statutory Auditors of the Company to hold office from the conclusion of ensuing 36th AGM for a term of 5 (five) consecutive years till the conclusion of 41st AGM to be held in the year 2027. The appointment of M/s B.K.Khare & Co as the statutory auditors of the Company forms part of Notice of ensuing AGM for the approval of the Shareholders. As required under provision of Section 139(1) of the Companies Act, 2013, the Company has received consent from M/s B.K.Khare & Co for their appointment and a certificate to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment as statutory auditors of the Company. The members are requested to consider the appointment of statutory auditors as aforesaid and fix their remuneration.

The Report given by the Auditors on the financial statements of the Company for the financial year 2021-22 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 D". 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 2021-22.

The Board of Directors on the recommendation of the Audit Committee, appointed M/s SDM & Associates, Cost Accountants (Firm Registration Number 000281), as the Cost Auditors of the Company for the Financial Year 2022-23 under Section 148 of the Companies Act, 2013. M/s SDM & 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 arms 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 SDM & 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. In line with the Company's CSR Policy and CSR thrust areas, your Company's CSR efforts continue to be directed towards education including vocational skills training, public health, environment and community welfare. Your Company continued its CSR initiative of running the Skill Development Centre in the adopted villages (Kambala & Kambali) in association with State Govt. which help the local youth for starting own venture or getting suitable placement. The coverage of the Mobile Medical Care initiative in collaboration with GVK EMRI (MMU) has increased during the year and served 11 villages covering around 22000 people, out of which 60% were the female patients. Under the Company's initiative called "Prerna", various trainings were organized to empower rural agriculture farming women through integrated rural development programme to provide and promote innovative farm practice knowledge & technology



including training for tractor driving and start of Self Help Groups (SHGs). The Company also supported the premier Govt. Institutions and local authorities by providing medical equipment & material including to fight COVID-19 pandemic. Other activities include training and skill enhancement of the students of various Govt. ITIs/Polytechnics by supporting to improve the basic infrastructure and also provided engines for on job training. The Company also dispersed the sanitary napkin through already installed vending machines and also distributed in public at large in the nearby areas. Cleanliness work of one more pond at a local village was undertaken during the year to improve its water quality. The Company also continued its efforts towards Swachh Bharat in adopted villages, sapling plantation, organizing medical and blood donation camps, celebration of festivals with under privileged, 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 Mr. Sudhir Mankad (Chairman) and Mr. Vijay Varma, Mr. Harish Chavan and Mr. M.S.Grewal as its members. During the year, in place of Mr. Rajesh Jejurikar, Mr. M.S.Grewal became the Member of the CSR Committee with effect from 20th July, 2021. The Annual Report on CSR activities is annexed as "Annexure E" to this report.

### **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. As required under Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report of your Company in the prescribed format is available as a separate section as "Annexure F" and forms part of this Annual Report.

### **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 G".

## **J. SECRETARIAL**

### **Share Capital**

Consequent to allotment of 5621 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, 2022 stood at 1,21,43,996 equity shares of Rs. 10/- fully paid up (previous year - 1,21,38,375).

### **Annual Return**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on 31st March, 2022 is available on the Company's website on <https://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 2.11 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.

### **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 : S.A.S. Nagar (Mohali)  
Date : 27th April, 2022

(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 65 HP. Since the start of commercial operations in 1989-90, your Company has supplied around 1.3 million engines for fitment into "Swaraj" tractors.

### FINANCIAL ANALYSIS (2021-22)

The Company's operations have been characterised by a lean organisation structure, continuous improvement in process efficiencies and optimised resource utilisation.

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 Companies Act, 2013 ("the Act") and other relevant provisions of the Act. 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. 1147.81 crores (previous year - Rs. 995.16 crores) with the following breakdown:

	<u>2021-22</u>	<u>(Rs. in Crores)</u> <u>2020-21</u>
Engines	1111.44	962.51
Engine Spares/Parts	21.42	20.90
Scrap etc.	<u>5.29</u>	<u>3.16</u>
<b>Net Revenue from Operations</b>	<b>1138.15</b>	<b>986.57</b>
Other Income	<u>9.66</u>	<u>8.59</u>
<b>Net Total Revenue</b>	<b><u>1147.81</u></b>	<b><u>995.16</u></b>

The domestic tractor industry after registering growth during FY 2020-21 witnessed slowdown in demand during FY 2021-22. In this backdrop, the Company's engines supply during fiscal 2022 stood at 1,16,811 units against 1,13,269 units sold in previous year - up by 3%.

With comfortable fund position during the year, other income in the form of interest and dividend etc. on the surplus funds was Rs. 9.29 crores (previous year - Rs. 8.47 crores). Other miscellaneous income for the year stood at Rs. 0.37 crore (previous year - Rs. 0.12 crore).

##### Expenditure:

- **Material Cost**

Material cost as a percentage of net revenue from operations was 78.2% against previous year's 77.6%. The same was higher largely due to increases witnessed in prices of related commodities.

- **Personnel Cost**

Personnel cost for the year was Rs. 43.85 crores against Rs. 42.89 crores of previous year. The change in the cost was primarily due to higher activity level and annual increments etc.

- **Other Expenses**

With continuous focus on cost control, the other expenses (consisting of manufacturing, administrative & marketing expenses etc.) as percentage of net operating revenue remained at previous year's level of 4.3%.

- **Depreciation and Amortisation**

Depreciation and amortisation for the year was Rs. 18.10 crores against previous year's Rs. 19.77 crores.

Reflecting the above, Profit before tax for the year stood at Rs. 146.86 crores (previous year - Rs. 124.48 crores) accompanied with improvement in the margin by 30 basis point over previous year's and stood at 12.8%. While profit after tax (excluding other comprehensive income) was Rs. 109.47 crores (previous year - Rs. 92.54 crores), the total comprehensive income (net of tax) stood at Rs. 108.63 crores against previous year's Rs. 92.59 crores.

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

The Company's net worth on 31st March, 2022 stood at Rs. 305.68 crores (previous year - Rs. 280.57 crores) comprising of an Equity Share Capital component of Rs. 12.14 crores and Other Equity of Rs. 293.54 crores - a book value of Rs. 252 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 profit, Return on Net Worth for FY 2021-22 stood at 35.8% against 33.0% of previous year.

**Non-Current Assets**

Out of the total non-current assets of Rs. 133.42 crores (previous year - Rs. 99.01 crores), 72% is represented by property, plant and equipment (including capital work in progress) and 24% is represented by Fixed Deposits having maturity period more than 12 months.

**Inventories**

Total inventory including work-in-progress and finished stock at the end of the financial year stood at Rs. 62.07 crores (previous year - Rs. 61.71 crores). Even with the high commodity inflationary impact, inventory value remained almost at FY 2021 level and in terms of number of days, the same improved to 20 days against previous year's 23 days.

**Trade Receivables**

The year-end trade receivables remained at Rs. 103.61 crores (previous year - Rs. 113.38 crores). In terms of number of days, it stood at 33 days against 42 days of previous year. Number of days in current year were lesser due to lower activity level in the last quarter.

**Trade Payables**

The year-end total trade payables stood at Rs. 138.09 crores (previous year - Rs. 163.86 crores). In terms of number of days, it stood at 57 days (previous year - 76 days). Number of days in current year were lesser due to lower activity level in the last quarter.

**(C) Key Ratios**

The key financial ratios are given below :

	Unit	2021-22	2020-21	Change over previous year
Debtors Turnover	Times	<b>10.5</b>	16.8	-37.5%
Inventory Turnover	Times	<b>18.4</b>	20.0	-8.0%
Current Ratio	Times	<b>2.2</b>	2.1	4.8%
Debt Equity Ratio	Times	–	–	–
Interest Coverage Ratio	Times	–	–	–
Operating Profit (EBIDTA) Margin	%	<b>13.7</b>	13.8	-0.1%
Net Profit Margin	%	<b>9.6</b>	9.4	0.2%

## 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.
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 change (> 25%) in the above ratios over previous year except debtor's turnover ratio because of change in credit terms from FY 2021 which impacted the average for FY2021 as compared to FY2022.

**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. The use of SAP ERP system also helps to strengthen the 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, 2022 stood at 335 (31st March, 2021 - 351).

**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.

The domestic tractor industry, which witnessed a significant growth of 27% during FY21 and closed at 8,99,400 units, registered a de-growth of 6% during FY22, primarily due to high base of last year, and stood at 8,42,200 units.

### OUTLOOK AND OPPORTUNITIES

The good harvest of rabi crop, initial forecast of consecutive normal monsoon and adequate availability of financing is likely to help to sustain the tractor demand momentum. Further, the Government's continued thrust to enhance farmers' income through various initiatives like improving irrigation facilities, crop insurance, periodic revision 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., it is expected that the tractor industry will continue witnessing growth in medium to long term. In this backdrop, engine business of the Company is likely to move in tandem with industry.

### 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 of your Company is in conformity 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 Company's Board of Directors currently comprises of nine members. While five members are Non-Independent Non-Executive Directors, the Whole Time Director and Chief Executive Officer is the Executive Director and remaining three (including Chairman) are Independent Directors. The Board of your Company represents an optimal mix of professionalism, knowledge and experience that enables the Board to discharge its responsibilities efficiently and provide effective leadership to the business. Mr. M.S. Grewal is the Whole Time Director & Chief Executive Officer of the Company effective 20th April, 2021.

Mr. Rajesh Jejurikar, Mr. S. Durgashankar and Mr. Harish Chavan, Non-Executive Directors, are in the whole-time employment of Mahindra & Mahindra Ltd. (M&M) during the year and these Non-Executive Directors draw remuneration from M&M. Mr. R.R. Deshpande and Mr. Vijay Varma, Non-Executive Directors, are associated with Kirloskar Group. Mahindra & Mahindra Ltd. and Kirloskar Industries Ltd. are the promoters of the Company.

Apart from the above and the reimbursement 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 and do not hold any equity shares of the Company except by Mr. M. S. Grewal who is holding 260 shares of the Company. The Company has not issued any convertible instruments.

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

The Company's Board of Directors as on 31st March, 2022 comprised of 9 members. 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, 2022 are given herein below :

## SWARAJ ENGINES LIMITED

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>					
Mr. Sudhir Mankad, Chairman DIN: 00086077	Independent	6	0	3	1. Deepak Nitrite Ltd. (Independent Director) 2. Navin Fluorine International Ltd. (Independent Director)
Mr. R.R. Deshpande DIN: 00007439	Non- Independent	1	-	-	-
Mr. Vijay Varma DIN: 00011352	Non- Independent	3	-	4	1. Kirloskar Ferrous Industries Ltd. (Independent Director) 2. Kirloskar Industries Ltd. (Independent Director)
Mr. Rajesh Jejurikar DIN: 00046823	Non- Independent	3	-	-	1. Mahindra & Mahindra Limited (Executive Director)
Mr. S. Durgashankar DIN: 00044713	Non- Independent	6	1	5	1. Mahindra EPC Irrigation Ltd. (Non-Executive Non-Independent Director) 2. Mahindra Lifespace Developers Ltd. (Non-Executive Non-Independent Director) 3. E.I.D. Parry (India) Limited (Independent Director)
Mr. Dileep C. Choksi DIN: 00016322	Independent	9	2	9	1. AIA Engineering Ltd. (Independent Director) 2. Arvind Ltd. (Independent Director) 3. ICICI Prudential Life Insurance Co. Ltd. (Independent Director) 4. Deepak Nitrite Ltd. (Independent Director)
Mrs. Neera Saggi DIN: 00501029	Independent	5	-	7	1. GE T&D India Ltd. (Independent Director) 2. Honeywell Automation India Ltd. (Independent Director)
Mr. Harish Chavan DIN: 06890989	Non- Independent	2	1	1	-
<b>Executive</b>					
Mr. M.S. Grewal, Whole Time Director & Chief Executive Officer DIN: 09128789 (Appointed w.e.f. 20.04.2021)	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.

\* Committee membership(s) include chairmanship(s).

- 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 fulfil 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 all the Board Members.

During the financial year 2021-22, 4 Board Meetings were held on 20th April, 2021, 19th July, 2021, 25th October, 2021 and 25th January, 2022. The gap between two Meetings did not exceed one hundred and twenty days.

The 35th Annual General Meeting (AGM) was held on 19th July, 2021.

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

<b>Name of Director</b>	<b>Number of Board Meetings attended</b>	<b>Attendance at the AGM</b>
Mr. Sudhir Mankad, Chairman	4	Yes
Mr. Rajesh Jejurikar	4	Yes
Mr. R.R. Deshpande	4	Yes
Mr. Vijay Varma	4	Yes
Mr. S. Durgashankar	4	Yes
Mr. Dileep C. Choksi	4	Yes
Mrs. Neera Saggi	4	Yes
Mr. Harish Chavan	4	Yes
Mr. M.S. Grewal*	4	Yes

\* Appointed as Whole Time Director & Chief Executive Officer with effect from 20th April, 2021.



**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 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 14th February, 2022.

**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:

**Mr. Rajesh Jejurikar**

Mr. Rajesh Jejurikar is on the Board of the Company since April, 2017.

Mr. Rajesh Jejurikar (aged 57 years) is currently Executive Director (Automotive & Farm Sectors) of Mahindra & Mahindra Limited. He has diverse experience across Packaged Goods, Advertising, Media, Automotive and Farm Equipment. He joined Mahindra in 2000 as Vice-President - Marketing for Automotive Sector. In 2003, he was appointed Executive Vice-President - Sales & Marketing. In 2005, he was given additional responsibility as the Managing Director of Mahindra Renault. In 2008, he became Chief of Operations of the Automotive Sector and when Automotive & Farm Equipment Sector (AFS) was formed in 2010, he was appointed Chief Executive for the Automotive Division and Member of the Group Executive Board.

In 2013, Mr. Jejurikar joined the Farm Equipment Sector as Chief Executive - Tractor & Farm Mechanisation and became the Sector President in 2015.

Mr. Jejurikar besides having degree in Economics and Statistics from Mumbai University, is an MBA from S P Jain Institute of Management. He also attended the Advanced Management Program at The Wharton School, University of Pennsylvania and was awarded the British Chevening Scholarship to study at the Manchester Business School, UK.

He is a Member of the Executive Committee of The Society of Indian Automobile Manufacturers (SIAM) and has represented the Tractor Manufacturers Association (TMA) in India as its President on the National Council of the Confederation of Indian Industry (CII) in 2016 and 2017. He has been a Member of the CII National Council on Agriculture and is on the Governing Council of S P Jain Institute of Management.

He has been honoured by AsiaOne magazine as the "Global Indian of the Year 2020-21". The award recognizes distinguished global leaders whose valuable contributions have made an indelible mark on the global business dais.

Mr. Jejurikar is also Chairman of Mahindra Electric Mobility Limited, Peugeot Motorcycle SAS, Mahindra USA Inc., Mahindra Two Wheelers Europe Holdings S.a.r.l. Mahindra Automotive North America Inc, Automobili Pininfarina GmbH and Mitsubishi Mahindra Agricultural Machinery Co. Limited and Director of Classic Legends Private Limited and in Aliaxis S A Belgium.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Swaraj Engines Ltd.	Nomination and Remuneration Committee	Member
2.	Mahindra & Mahindra Limited	Risk Management Committee	Member
3.	Classic Legends Pvt. Ltd.	Nomination and Remuneration Committee	Chairman
4.	Peugeot Motorcycle SAS	Nomination and Compensation Committee Strategy and Synergies Committee Audit and Finance Committee	Member Chairman Member
5.	Aliaxis SA, Belgium	ERP Committee	Member
6.	Mahindra Electric Mobility Limited	Nomination and Remuneration Committee	Member

Mr. Rajesh Jejurikar does not hold any shares in the Company.

#### **Mr. R.R. Deshpande**

Mr. R.R. Deshpande is on the Board of the Company since January, 2008.

Mr. R.R. Deshpande (aged 68 years) has retired as Managing Director and CEO of Kirloskar Oil Engines Limited (KOEL) in April, 2020. Mr. Deshpande, a Mechanical Engineer, was working with Kirloskar Group since 1977 and has vast experience in Projects, Production and Material Services. He has worked for the Small, Medium and Large Engines Business Groups of Kirloskar. He started its Ancillary Development Department and during his tenure as a Business Unit Head, Medium Engines Business Group became the largest Strategic Business Unit amongst the Kirloskar Group.

Mr. Deshpande is also Director of Samarth Udyog Technology Forum.

Mr. R.R. Deshpande 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:

- Mr. Dileep C. Choksi, Chairman
- Mr. Sudhir Mankad
- Mr. S. Durgashankar
- Mrs. Neera Saggi

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 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.

Mr. Dileep C. Choksi, the Chairman of the Audit Committee, attended the last Annual General Meeting held on 19th July, 2021.

During the financial year under review, 4 meetings of Audit Committee of the Board were held on 20th April, 2021, 19th July, 2021, 25th October, 2021 and 25th January, 2022. The gap between the two meetings did not exceed one hundred and twenty days.

Attendance record of the Members of the Audit Committee for FY 2021-22 is as under:

<b>Name of the Member Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Mr. Dileep C. Choksi	4	4
Mr. Sudhir Mankad	4	4
Mr. S. Durgashankar	4	4
Mrs. Neera Saggi	4	4

**B. Stakeholders Relationship Committee**

The Stakeholders Relationship Committee currently comprises of following three Directors of which one is Independent Director. The Chairman of the Committee is Non-Executive Director.

- Mr. Harish Chavan, Chairman
- Mr. Dileep C. Choksi
- Mr. M.S.Grewal  
(co-opted w.e.f. 20.07.2021)

Mr. Rajesh Jejurikar ceased to be the Chairman and Member of the Stakeholders Relationship Committee with effect from 20.07.2021 and in his place, Mr. M.S. Grewal was co-opted as a Member of the Committee with effect from 20.07.2021. Mr. Dileep Choksi became Chairman of the Committee with effect from 20.07.2021 and stepped down as Chairman with effect from 17.03.2022 but continued as its Member. Subsequently, Mr. Harish Chavan became Chairman of the Committee with effect from 17.03.2022.

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. The charter of the Stakeholders Relationship Committee is aligned with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019.

During the financial year under review, 2 meetings of Stakeholders Relationship Committee were held on 28th October, 2021 and 25th January, 2022.

Attendance record of the Members of the Stakeholders Relationship Committee for FY 2021-22 is as under:

<b>Name of the Member Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Mr. Harish Chavan	2	2
Mr. Dileep C. Choksi	2	2
Mr. M.S.Grewal	2	2

The Company had received 151 enquiries/complaints from the shareholders and all of them have been attended / resolved.

Mr. Rajesh Kumar Kapila, Company Secretary, is the Compliance Officer of the Company.

### **C. Nomination and Remuneration Committee**

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

- Mr. Dileep C. Choksi, Chairman
- Mr. Sudhir Mankad
- Mr. Rajesh Jejurikar

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. The charter of the Nomination and Remuneration Committee is aligned with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019.

The Nomination and Remuneration Committee has laid down the evaluation criteria for Directors including Independent Directors and the same has been done by the entire Board of Directors. The performance criteria includes whether a Director possesses sufficient skills, experience and level of preparedness to add value to discussions and decisions, challenge views constructively, knowledge about Company's business, the industry in which company operates and global trends etc.

During the financial year, 4 meetings of Nomination and Remuneration Committee of the Board were held on 20th April, 2021, 19th July, 2021, 25th October, 2021 and 25th January, 2022.

Attendance record of the Members of the Nomination and Remuneration Committee for FY 2021-22 is as under:

<b>Name of the Member Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Mr. Dileep C. Choksi	4	4
Mr. Sudhir Mankad	4	4
Mr. Rajesh Jejurikar	4	3

### **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:

- Mr. Sudhir Mankad, Chairman
- Mr. Vijay Varma
- Mr. Harish Chavan
- Mr. M.S. Grewal  
(co-opted w.e.f. 20.07.2021)

## SWARAJ ENGINES LIMITED

Mr. Rajesh Jejurikar ceased to be a Member of the Corporate Social Responsibility Committee with effect from 20.07.2021 and in his place, Mr. M.S. Grewal was co-opted as a Member of the Committee with effect from 20.07.2021.

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 16th April, 2021.

Attendance record of the Members of the Corporate Social Responsibility Committee for FY 2021-22 is as under:

Name of the Member Director	No. of Meetings Held	No. of Meetings Attended
Mr. Sudhir Mankad	1	1
Mr. Vijay Varma	1	1
Mr. Rajesh Jejurikar*	1	1
Mr. Harish Chavan	1	1
Mr. M.S. Grewal**	–	–

\*Ceased to be a Member of Corporate Social Responsibility Committee with effect from 20.07.2021.

\*\*Co-opted as a Member of Corporate Social Responsibility Committee with effect from 20.07.2021.

### E. Risk Management Committee

The Board of Directors in its Meeting held on 20th April, 2021 also constituted Risk Management Committee, inter alia, to formulate a risk management policy, its implementation & monitoring and review the appointment of Chief Risk Officer. The Risk Management Committee comprises of following three Directors with Non-Executive Independent Director as its Chairperson:

- Mrs. Neera Saggi, Chairperson
- Mr. Vijay Varma
- Mr. M.S. Grewal

During the financial year, 2 meetings of Risk Management Committee of the Board were held on 9th July, 2021 and 3rd January, 2022.

Attendance record of the Members of the Risk Management Committee for FY 2021-22 is as under:

Name of the Member Director	No. of Meetings Held	No. of Meetings Attended
Mrs. Neera Saggi	2	2
Mr. Vijay Varma	2	2
Mr. M.S. Grewal	2	2

## 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 successor(s) 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 <https://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. 10,000 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 2021-22 is as follows:

**Independent Non-Executive Directors**

(Rs. in Lakhs)

Names of the Directors who were in receipt of sitting fees / commission during FY 2021-22	Sitting Fees for Board and Committee Meetings paid during FY 2021-22	Commission payable for FY 2021-22	Total
Mr. Sudhir Mankad	4.70	7.00	11.70
Mr. R.R.Deshpande	2.00	7.00	9.00
Mr. Vijay Varma	2.90	7.00	9.90
Mr. Dileep C. Choksi	4.60	7.00	11.60
Mrs. Neera Saggi	3.80	7.00	10.80

**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)
Mr. M.S.Grewal (Whole Time Director & Chief Executive Officer)	68.25	Nil	1.94	0.39	4.15	74.73	20th April, 2021 to 31st July, 2022

Note: Above excludes:

- 1153 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
2019	30th July, 2019*	2.30 P.M.	1. Re-appointment of Mr. Sudhir Mankad as an Independent Director. 2. Re-appointment of Mr. Dileep C. Choksi as an Independent Director. 3. Re-appointment of Mrs. Neera Saggi as an Independent Director.
2020	20th July, 2020^	2.30 P.M.	–
2021	19th July, 2021^	12:30 P.M.	1. Appointment of Mr. Maninder Singh Grewal as Whole Time Director of the Company.

\*The annual general meeting was held at Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab-160062.

^The annual general meeting was held through Video Conferencing / Other Audio Visual Means (Deemed venue for the meeting : Works of the Company i.e. Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab 160062).

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

During the financial year 2021-22, the Company has not passed any resolution(s) through postal ballot and none of the resolution(s) proposed to be passed at the forthcoming AGM require passing of the resolution(s) through postal ballot.

**VI Means of Communication**

- a) In compliance with the requirements of the Listing Regulations, the Company regularly intimates quarterly unaudited 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 Ajit) 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, 2022, no presentations were made to institutional investors or analysts.

**VII. Shareholder Information**

**1. 36th Annual General Meeting**

Date : 25th July, 2022  
 Time : 2:00 P.M.  
 Venue : Annual General Meeting through Video Conferencing / Other Audio Visual Means facility (Deemed venue for the Meeting: Works of the Company i.e. 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 2022-23 is given below:

- Quarter ending 30th June, 2022 Last week of July, 2022
- Half year ending 30th September, 2022 Last week of October, 2022
- Quarter ending 31st December, 2022 Last week of January, 2023
- Year ending 31st March, 2023 Last week of April, 2023

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

## SWARAJ ENGINES LIMITED

### 3. Dividend Payment

The dividend, if declared, shall be paid on or after 26th July, 2022.

### 4. Date of Book Closure

2nd July, 2022 to 8th July, 2022 (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 2022-23 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

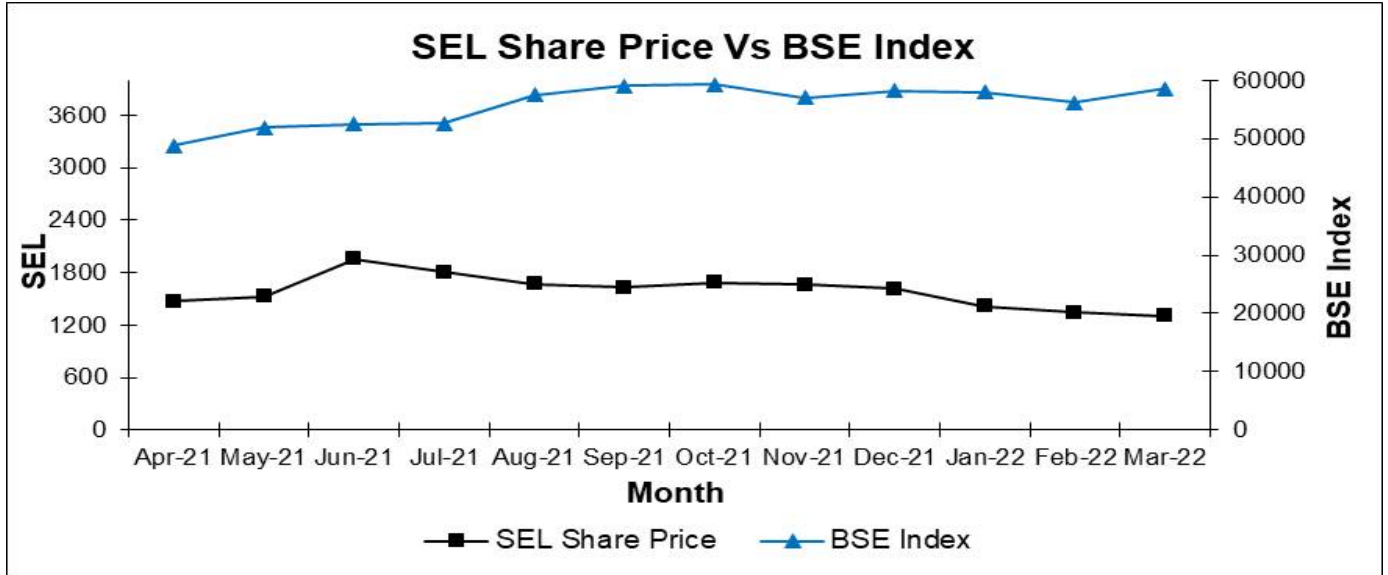
Monthly (April 2021 - March 2022) High - Low Quotations of shares traded at BSE & National Stock Exchange are as under:

Month	BSE		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2021	1500.00	1286.95	1500.00	1299.35
May 2021	1605.00	1430.05	1598.90	1429.75
June 2021	1989.90	1521.30	2000.00	1518.05
July 2021	1900.00	1726.65	1894.85	1725.65
August 2021	1872.00	1615.00	1902.35	1616.00
September 2021	1749.00	1541.20	1750.00	1585.00
October 2021	1800.00	1618.30	1799.80	1619.55
November 2021	1796.15	1637.00	1799.00	1636.25
December 2021	1678.20	1580.00	1688.95	1584.90
January 2022	1769.90	1413.20	1773.20	1411.00
February 2022	1499.90	1300.00	1479.90	1309.00
March 2022	1417.45	1292.55	1417.05	1291.55

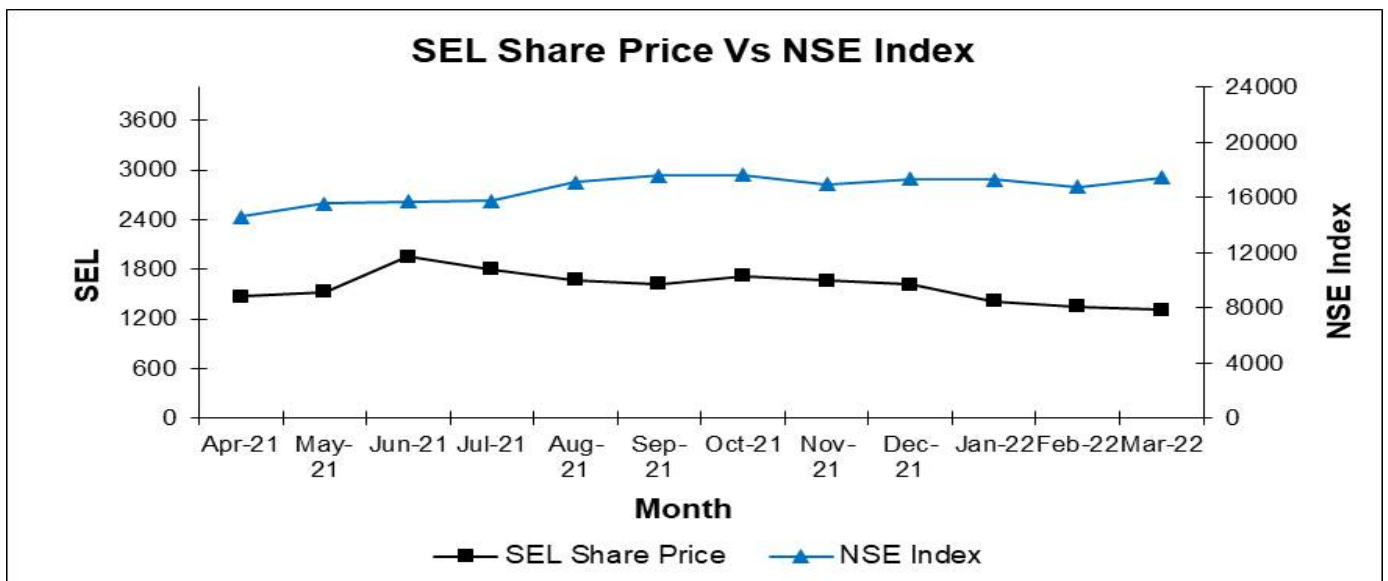
During the financial year ended 31st March, 2022, securities (equity shares) of the Company have not been suspended from trading on any of the stock exchanges where they are listed.

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: Mr. Amar Jit

## SWARAJ ENGINES LIMITED

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/Transmission System for physical shares

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

SEBI effective from 1st April, 2019, has barred physical transfer of shares of listed companies and mandated transfer only through demat. However, this restriction shall not be applicable to the request received for effecting transmission or transposition of physical shares. The Shareholders holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future while transferring the shares. The Shareholders are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account to seek guidance in the demat procedure. The Shareholders may also visit web site of depositories viz. National Securities Depository Limited viz. <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited viz. <https://www.cdslindia.com/Investors/open-demat.html> for further understanding of the demat procedure.

There are no shares in the unclaimed suspense account at the beginning and at the end of the financial year 2021-22.

### 12. Shareholding Pattern as on 31st March, 2022

Category of Shareholders	No. of Shares Held	% of Holding
1 Promoters	6331141	52.13
2 Mutual Funds	1064010	8.76
3 Insurance Companies	9290	0.08
4 Govt. (IEPF)	61813	0.51
5 Foreign Portfolio Investors	223721	1.84
6 Bodies Corporate - Indian	339679	2.80
7 NRIs	319574	2.63
8 OCB	600	0.01
9 Alternate Investment Funds	8608	0.07
10 Indian Public	3785560	31.17
<b>Total</b>	<b>1,21,43,996</b>	<b>100.00</b>

### 13. Distribution Pattern of Shareholding as on 31st March, 2022

No. of Equity Shares Held	No. of Shareholders*		No. of Shares Held	
	Numbers	% Total	Numbers	% Total
1 - 500	28920	95.66	13,84,076	11.40
501 - 1000	843	2.79	5,83,270	4.80
1001 - 5000	396	1.31	8,17,010	6.73
5001 - 10000	37	0.12	2,71,303	2.23
10001 - 50000	18	0.06	4,05,979	3.34
50001 & above	17	0.06	86,82,358	71.50
<b>Total</b>	<b>30,231</b>	<b>100.00</b>	<b>1,21,43,996</b>	<b>100.00</b>

\*Without consolidating the folios on the basis of Permanent Account Number (PAN)

**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, 2022, 99.53% 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, 2022 is around 47.87% 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.

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, 2014	30th July, 2014	27,29,055	29th September, 2021

**Shares transferred/credited to IEPF:**

Pursuant to IEPF Rules, during the year, the Company has transferred 750 Equity Shares to IEPF Authority.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2021 on the Company's website <https://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, 2022)
31st March, 2015	28th July, 2015	2nd September, 2022	2,460,579
31st March, 2016	26th July, 2016	31st August, 2023	2,570,799
31st March, 2017	24th July, 2017	29th August, 2024	3,495,728
31st March, 2018	30th July, 2018	4th September, 2025	3,788,300
31st March, 2019	30th July, 2019	4th September, 2026	1,202,250
31st March, 2020	20th July, 2020	25th August, 2027	728,589
31st March, 2021	19th July, 2021	24th August, 2028	1,672,610

**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 G" of the Directors Report.

**20. Registered Office**

Swaraj Engines Limited  
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 Limited  
F-65, 1st Floor,  
Okhla Industrial Area, Phase - I  
New Delhi - 110 020  
Email: helpdeskdelhi@mcsregistrars.com

Phone : 011 - 41406149  
Fax : 011 - 41709881

**Compliance Officer & Company Secretary**

Mr. Rajesh Kumar Kapila

**Registered Office:**

Swaraj Engines Limited  
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 2021-22, all transactions entered into with related parties were in the ordinary course of business and on arms length basis. The Company has not entered into any transaction of material nature with the promoters, the directors or the management or their relatives etc. that may have potential conflict with the interests of the Company. The Company has no subsidiary. Details of related parties and transactions with them are covered at Note 2.31 of the Annual Accounts. Mahindra & Mahindra Limited ("M&M") and Kirloskar Industries Limited ("KIL") are the promoters of the Company and holding 34.72% and 17.41% 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. 1458.90 lakhs during FY 2021-22. 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 <https://www.swarajenterprise.com/policies>

#### 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, 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, 2022.



**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 of 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 2021-22 is given below :

(Rs. in Lakhs)

<b>Particulars</b>	<b>Amount</b>
Services as Statutory Auditors (including quarterly limited reviews & certificate on corporate governance)	15.75
Tax Audit	2.00
Reimbursement of expenses	–

**J. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

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 financial statements with unmodified audit opinion.

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

The Company has separate persons to the post of Chairman and 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.

S.A.S. Nagar (Mohali), 27th April, 2022

## 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, M.S. Grewal, 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, 2022.

S.A.S. Nagar (Mohali), 27th April, 2022

**M.S. Grewal**  
Whole Time Director &  
Chief Executive Officer

### INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members

#### Swaraj Engines Limited

1. This certificate is issued in accordance with the terms of our engagement with Swaraj Engines Limited ('the Company').
2. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras-C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

#### MANAGEMENTS' RESPONSIBILITY

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### AUDITOR'S RESPONSIBILITY

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**OPINION**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended March 31, 2022.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For B.K. Khare & Co.**

Chartered Accountants  
(Firm Registration No. 105102W)

**ANIRUDDHA JOSHI**

Partner  
Membership No. 040852

UDIN : 22040852AHXNWL8912

Mohali, April 27, 2022

**ANNEXURE – A TO DIRECTORS' REPORT****Dividend Distribution Policy**

The Dividend Distribution Policy ("the policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from 1st April, 2021.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value Rs.10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavour to maintain a total dividend pay-out ratio in the range of 65% to 90% of the annual Profit after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- **Internal Factors:**

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
  - a. Previous years and
  - b. Internal budgets,
- ii. Cash flow position of the Company,
- iii. Accumulated reserves,
- iv. Earnings stability,
- v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
- vi. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- vii. Deployment of funds in short-term marketable investments,
- viii. Long-term investments,
- ix. Capital expenditure(s), and
- x. The ratio of debt to equity (at net debt and gross debt level).

- **External Factors:**

- i. Business cycles,
- ii. Economic environment,
- iii. Cost of external financing,
- iv. Applicable taxes including tax on dividend,
- v. Related Industry outlook for the future years,
- vi. Inflation rate, and
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure for working capital,
- ii. Organic and/ or inorganic growth,
- iii. Investment in new business(es) and/or additional investment in existing business(es),
- iv. Declaration of dividend,
- v. Capitalisation of shares,
- vi. Buy back of shares,
- vii. General corporate purposes, including contingencies,
- viii. Correcting the capital structure,
- ix. Any other permitted usage as per the Companies Act, 2013.

Information on dividends paid in the last 10 years is provided in the Annual Report.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company's website.

The policy will also be disclosed in the Company's annual report.

[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 2021-22
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Total value of transactions during FY 2021-22 was Rs.1351.42 crores (excluding dividend paid - Rs.29.10 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 : S.A.S. Nagar, (Mohali)  
Date : 27th April, 2022

(SUDHIR MANKAD)  
Chairman



ANNEXURE – C 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**

Sr. No.	Requirements	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	8 Times
2	The percentage increase in remuneration of each Director, CEO, CFO & CS.	WTD & CEO - 9.0% CFO - 9.0% (Refer Note 2) CS - 8.0%
3	The percentage increase in the median remuneration of employees in the financial year.	10.6%
4	The number of permanent employees on the rolls of the company.	There were 335 permanent employees as on 31st March, 2022.
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 2021-22 was 11.0% whereas the increase in the managerial remuneration for the financial year 2021-22 was 8.9%.
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is affirmed.

**Notes:**

- Mr.M.S.Grewal (Chief Executive Officer) was appointed as Whole Time Director designated as Whole Time Director & Chief Executive Officer with effect from 20th April, 2021.  
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.
- The increase mentioned relates to Mr. Rajinder Arora who superannuated as Chief Financial Officer (CFO) on 31st October, 2021. In his place, Mr. Mahesh Gupta was appointed as CFO with effect from 1st November, 2021 and no increase has happened post his said appointment.
- Percentage increase in remuneration excludes the perquisite value of ESOP granted / exercised, if any.

**ANNEXURE – D TO DIRECTORS' REPORT**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022)**

*[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, 2022 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, 2022, 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 and Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 to the extent applicable to Employee Stock Option Scheme of the company.
  - d) 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, 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) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013: Not applicable during the financial year under review.
  - h) 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.
  - i) 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 Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year, were carried out in compliance with the applicable Act and Regulations.
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:

## SWARAJ ENGINES LIMITED

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 5,621 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 750 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)

FCS No. 2191  
C P No.: 993

Place : Chandigarh  
Date : 25.04.2022  
UDIN : F002191D000201236

ANNEXURE – E TO DIRECTORS’ REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(A) Company's CSR initiatives are primarily designed around education, health and environment etc.

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

**Objective:**

To promote a unified approach to CSR in Swaraj Engines Limited ('the Company') by identifying select causes to work with, thereby ensuring a high social impact.

**CSR Approach & Guiding Principles:**

Driven by our Core purpose, our CSR vision is to focus our efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programmes designed in the domains of education, health and environment while harnessing the power of technology. By investing our CSR efforts in these critical constituencies who contribute to nation building and the economy, we will enable our stakeholders and communities to RISE.

All CSR projects will be in line with the CSR vision, as well as areas listed in Schedule VII of the Companies Act, 2013. CSR projects will be undertaken in India. It will not include the activities undertaken in pursuance of normal course of business of the Company, projects benefitting the employees of the Company (as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019) and as amended from time to time), or contributions of any amount directly or indirectly to any political party.

All CSR activities will be in project mode and will not include activities supported on sponsorship basis for deriving marketing benefits for its products or services or activities carried out for fulfilment of any other statutory obligations under any law in force in India.

(B) **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sudhir Mankad	Chairman (Independent Director)	1	1
2	Mr. Vijay Varma	Non-Independent Director	1	1
3	Mr. Rajesh Jejurikar*	Non-Independent Director	1	1
4	Mr. Harish Chavan	Non-Independent Director	1	1
5	Mr. M.S.Grewal*	Whole Time Director & Chief Executive Officer	–	–

\*Mr. Rajesh Jejurikar ceased to be a Member of the CSR Committee with effect from 20.07.2021 and in his place, Mr. M.S. Grewal was co-opted as its Member from the aforesaid date.

(C) **The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.** : <https://swarajenterprise.com/csr>

(D) **The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).** : Not Applicable

## SWARAJ ENGINES LIMITED

(E) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs. Lakhs)	Amount required to be set-off for the financial year, if any (in Rs. Lakhs)
1	2018-19	1.80	–
2	2019-20	2.12	–
3	2020-21	4.23	–
	TOTAL	8.15	–

(F) Average net profit of the company as per section 135(5) : Rs. 11498.42 Lakhs

(G) (a) Two percent of average net profit of the company as per section 135(5) : Rs. 229.97 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil

(c) Amount required to be set off for the financial year, if any : Nil

(d) Total CSR obligation for the financial year (a+b-c) : Rs. 229.97 Lakhs

(H) (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs. Lakhs)	Amount Unspent (in Rs. Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
234.64	Nil		Nil		

(b) Details of CSR amount spent against ongoing projects for the financial year :

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area Yes/No	Location of the Project		Project duration	Amount allocated for the project (in Rs. Lakhs)	Amount spent in the current Financial Year (in Rs. Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs. Lakhs)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration Number
Nil												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Amount spent for the project (in Rs. Lakhs)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation Through implementing Agency	
				State	District			Name	CSR Registration Number
1.	Contribution to Health Care by Providing Equipments/material to District Administration, Mohali, PGIMER and GMCH, Chandigarh	(i) Promoting Healthcare	Yes	Punjab / Chandigarh	S.A.S. Nagar (Mohali) / Chandigarh	20.09	Yes	Not Applicable	Not Applicable
2.	Skill Development Centre (in the adopted villages - Kambala & Kambali) in collaboration with Punjab Skill Development Mission, Govt. of Punjab	(ii) Promoting Employment Through Vocational Skill enhancement	Yes	Punjab	S.A.S. Nagar (Mohali)	37.91	Yes	Not Applicable	Not Applicable
3.	GVK - EMRI medical mobile unit (MMU)- Supporting nearby societies in health care matters by routine diagnosis and distributing medicines	(i) Promoting Healthcare	Yes	Punjab	S.A.S. Nagar (Mohali)	39.56	No	GVK Emergency Management and Research Institute (GVK- EMRI)	CSR00001420
4.	Skill Enhancement at Govt. ITIs/Polytechnics by providing Engines	(ii) Education	Yes	Punjab / Uttrakhand	Support provided at various districts across Punjab and Uttrakhand	13.16	Yes	Not Applicable	Not Applicable
5.	Misc. Activities/ Initiatives including Support for Covid-19	(i), (ii) & (iii)	Yes	Punjab/ Chandigarh	S.A.S. Nagar (Mohali) / Chandigarh	123.92	Yes	Not Applicable	Not Applicable
	<b>Total</b>					<b>234.64</b>			



## SWARAJ ENGINES LIMITED

- (d) Amount spent in Administrative Overheads : Nil
- (e) Amount spent on Impact Assessment, if applicable : Not Applicable
- (f) Total amount spent for the Financial Year (b+c+d+e) : Rs. 234.64 Lakhs
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	229.97
(ii)	Total amount spent for the Financial Year	234.64
(iii)	Excess amount spent for the financial year [(ii)-(i)]	4.67
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	4.67

- (I) (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in Rs. Lakhs)	Amount spent in the reporting Financial Year (in Rs. Lakhs)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in Rs. Lakhs)
				Name of the Fund	Amount (in Rs. Lakhs)	Date of transfer	
1.	2018-19			Nil			
2.	2019-20			Nil			
3.	2020-21			Nil			
	Total			Nil			

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in Rs. lakhs)	Amount spent on the project in the reporting Financial Year (in Rs. Lakhs)	Cumulative amount spent at the end of reporting Financial Year (in Rs. Lakhs)	Status of the project- Completed/ Ongoing
Nil								

- (J) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) : Nil

- (K) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : Not Applicable

M.S. Grewal  
Whole Time Director &  
Chief Executive Officer

Sudhir Mankad  
Chairman

Date : 27th April, 2022  
Place : S.A.S. Nagar (Mohali)

ANNEXURE – F TO DIRECTORS’ REPORT

**BUSINESS RESPONSIBILITY REPORT**

**Section A: General Information about the Company**

1.	Corporate Identity Number (CIN) of the Company	:	L50210PB1985PLC006473
2.	Name of the Company	:	Swaraj Engines Limited
3.	Registered address	:	Phase IV, Industrial Area, S.A.S.Nagar (Mohali), Punjab-160055
4.	Website	:	www.swarajenterprise.com
5.	E-mail id	:	selinvestor@swarajenterprise.com
6.	Financial Year reported	:	2021-22
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Engines & its parts - 29104
8.	List three key products /services that the Company manufactures / provides (as in balance sheet)	:	The Company is engaged in the business of manufacturing Diesel Engines & its components.
9.	Total number of locations where business activity is undertaken by the Company		
	a. Number of International Locations	:	Nil
	b. Number of National Locations	:	1
10.	Markets served by the Company - Local / State / National / International	:	National

**Section B : Financial Details of the Company**

1.	Paid up Capital (INR)	:	Rs. 12.14 crores
2.	Total Turnover (INR)	:	Rs. 1147.81 crores
3.	Total profit after taxes (INR)	:	Rs. 109.47 crores
4.	Total Spending on Corporate Social Responsibility (CSR) in INR and as percentage of profit after tax (%)	:	Rs. 2.35 crores. As per section 135 of the Companies Act, 2013, the CSR spend is 2.00% of average net profits of the preceding three financial years.
5.	List of activities in which expenditure in 4 above has been incurred	:	a) Education including vocational skill trainings b) Healthcare c) Environment

**Section C : Other Details**

- Does the Company have any Subsidiary Company / Companies?  
No
- Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).  
Not Applicable

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%].

The Company has long lasting relationships with its suppliers. During the course of their association with the Company, necessary awareness is provided to enable them to adopt sustainable practices. The Company engages its major supplier base (more than 60%) through supplier meets in batches and also appraises them on sustainability.

**Section D : BR Information**

**1. Details of Director / Directors responsible for BR**

- a. Details of Director / Directors responsible for implementation of the BR policy / policies

DIN Number	09128789
Name	Mr. M.S. Grewal
Designation	Whole Time Director & Chief Executive Officer

- b. Details of BR Head

DIN Number (if applicable)	Not Applicable
Name	Mr. Mukesh Bansal
Designation	General Manager
Telephone number	+91 172 2234941-47
e-mail id	bansal.mukesh@mahindra.com

**2. Principle-wise (as per NVGs) BR Policy / policies**

The Company's Business Responsibility is addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) and the same is supported by the Company's various policies, guidelines & manuals.

Principle 1 ("P1"): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2 ("P2"): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3 ("P3"): Businesses should promote the wellbeing of all employees.

Principle 4 ("P4"): Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5 ("P5"): Businesses should respect and promote human rights.

Principle 6 ("P6"): Business should respect, protect, and make efforts to restore the environment.

Principle 7 ("P7"): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8 ("P8"): Businesses should support inclusive growth and equitable development.

Principle 9 ("P9"): Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1: Ethics and Transparency	P2: Product Responsibility	P3: Well-being of Employees	P4: Responsiveness to Stakeholders	P5: Respect Human Rights	P6: Environmental Responsibility	P7: Public Policy Advocacy	P8: Support Inclusive growth	P9: Engagement with Customers
1.	Do you have a policy / policies for BRR	Y	Y Note 1	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2	N Note 2
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA Note 3	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner / CEO / appropriate Board Director?	Y Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4	N Note 4
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sr. No.	Questions	P1: Ethics and Transparency	P2: Product Responsibility	P3: Well-being of Employees	P4: Responsiveness to Stakeholders	P5: Respect Human Rights	P6: Environmental Responsibility	P7: Public Policy Advocacy	P8: Support Inclusive growth	P9: Engagement with Customers
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y Note 6	Y	NA Note 3	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7	Y Note 7

Note 1: The Company complies with consumers' awareness through appropriate product labelling and operator manual & instructions supplied along with the final product (tractor) which ensure safe usage by the customer. However, Company's current control is limited till warranty period.

Note 2: While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned internal stakeholders.

Note 3: This question is not applicable for influencing public and regulatory policy.

Note 4: The Code of Conduct for Directors & Employees of the Company is approved by the Board and the other relevant policies are issued by Director/CEO or being the group company of Mahindra & Mahindra Ltd., related policies for the group are referred.

Note 5: While the Code of Conduct for Directors & Employees of the Company, the Whistle Blower Policy and the Corporate Social Responsibility ("CSR") Policy are uploaded on the Company's website at <https://swarajenterprise.com/policies>, being a group company of Mahindra & Mahindra Ltd., other related policies for the group are available through its intranet site for information and implementation by respective internal stakeholders.

Note 6: The Company has a Whistle Blower Policy to address grievances.

Note 7: The execution of BR policies is overseen through internal processes, and Management/ Board oversight.

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - Not Applicable

**3. Governance related to BR:**

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:**

The CEO reviews BR performance of the Company periodically during a period of 3-6 months.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published ?**

The BR Report is available on the website of the Company at <https://swarajenterprise.com/sustainability.aspx>.

**Section E : Principle-wise Performance**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company ? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company has a Code of Conduct for Directors and all employees of the Company that covers issues, inter alia, related to ethics and bribery. It also covers all dealings with business associates. Affirmation on compliance with the Code of Conduct is taken from the Board and the Senior Management on an annual basis.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the reporting year, 60 complaints were received from the shareholders, all of which were attended to/resolved till date. These complaints pertain to non-receipt of dividend warrants, etc.

**Principle 2: Businesses should provide goods & services that are safe and contribute to sustainability throughout their life cycle.**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

The Company is primarily manufacturing diesel engines for fitment into "Swaraj" tractors being manufactured by Mahindra & Mahindra Ltd. ("M&M") and is currently supplying diesel engines in the range of 20 HP to 65 HP. The Company believes in developing sustainable products with optimum use of resources over the life-cycle of the product. The Company is committed to provide quality products having highest level of safety and environment friendliness. The Company's products are designed by giving due consideration to various environmental norms including emissions/ noise regulations. The Company is having ISO 9001 : 2015 (Quality Management System), ISO 14001 : 2015 (Environment Management System), ISO 50001 : 2011 (Energy Management System) and ISO 45001 : 2018 (OHSAS) certifications.

- 2. For each such product / service, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

The resource use is monitored per unit of equivalent engine manufactured. Performance for current and previous year on Specific Energy Consumption and Specific Water Consumption during production is appended below:

Resource Use	Unit of Measurement	Current Year 2021-22	Previous Year 2020-21
Specific Energy Consumption	Engines per GJ (Giga Joule)	2.781	2.788
Specific Water Consumption	KL/Engines	0.360	0.355

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Due to constant focus on fuel efficiency, there would be a reduction of energy by consumers. However, tracking of such reduction is not feasible as it is highly dependent on individual customers driving habits/usage of the end product i.e. tractor.

- 3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company's sourcing practices are focussed towards optimizing logistics, returnable packaging to minimize waste and maximize re-use. The Company takes steps to ensure that its sourcing methods are sustainable. The Company's material procurement, majority of parts, is done within the country itself and majority of suppliers are located near to the Company's manufacturing location (within a radius of around 250 KMs) apart from Proprietary Part Suppliers which are common across industry. For any New Part Introduction, Production Part Approval Process (PPAP) is in place before start of the volume production (SOVP). Also supplier audits are conducted on selective basis every year to assess health check of supplier base. Supplier evaluation system is in place for inducting any new supplier. Continuous engagement with suppliers is ensured through supplier meets, business reviews etc.

- 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company has a practice of purchasing goods and services from local suppliers. The material sourcing, for majority of parts, is done within the country. The major factors influencing selection of Local Suppliers are price competitiveness & inventory management. The purchasing group shares its annual production plans with suppliers. The suppliers are provided, need based, managerial and technical assistance to train them on practices and procedures that will ensure improvements in Productivity, Quality, Cost, Delivery, Safety and Moral (PQCDSM). Necessary assessments and technical support for special processes is provided during new product developments & VAVE activities.

- 5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

It is the Company's ongoing endeavour to have a mechanism to recycle products and limit the waste arising out of production of engines. Majority of the Company's suppliers are supplying material into returnable packaging. The waste generated during machining of components is recycled by supplying the same to the Foundry of Mahindra & Mahindra Ltd.-Swaraj Division. Other scrap generated is disposed-off through authorised scrap dealers.

**Principle 3: Businesses should provide well-being of employees.**

1. Total number of employees:526
2. Total number of employees hired on temporary/third party contractual / casual basis: 668
3. Number of permanent women employees:6
4. Number of permanent employees with disabilities:1
5. Do you have an employee association that is recognized by management: Yes
6. What percentage of your permanent employees is members of this recognized employee association (Total Unionized Permanent Workmen/Total Permanent Workmen): 34.03%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment in the last financial year and pending, as on the end of the financial year.



Sr. No.	Category	No. of complaints filed during the financial year 2021-22	No. of complaints pending as on the end of the financial year 2021-22
1.	Child labour/forced labour/involuntary labour	Nil	NA
2.	Sexual harassment	Nil	NA
3.	Discriminatory employment	Nil	NA

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- (a) Permanent Employees: 100%
  - (b) Permanent Women Employees: 100%
  - (c) Casual / Temporary / Contractual Employees: 100%
  - (d) Employees with Disabilities: 100%

Note: Employees related data is as on 31-03-2022.

**Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, especially those that are disadvantaged, vulnerable and marginalized.**

1. Has the Company mapped its internal and external stakeholders? Yes / No  
Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?  
The Company identifies such sections, if any, amongst the stakeholders and takes efforts to address their concerns.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.  
The Company has identified avenues to be meaningfully engaged with the communities through structured projects for improving their livelihood through education, skill based trainings as well as health awareness programs. Under its Corporate Social Responsibility (CSR), the Company has been driving various projects to uplift the marginalized and vulnerable community. Details of key CSR initiatives have been elaborated under Principle 8.

**Principle 5: Businesses should respect and promote Human Rights.**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?  
The Company respects human rights value and its efforts are directed towards adherence to applicable laws and to uphold the spirit of human right. The Company's policies inter alia Code of Conduct, Whistle Blower Policy and Policy on Prevention of Sexual Harassment at Workplace ensures that any of its violations are addressed objectively. The Company also engages its suppliers to adhere applicable regulations related to human rights.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
No complaint was received during FY 2021-22.

**Principle 6: Business should respect, protect, and make efforts to restore the environment.**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?  
The Company has a Sustainability Policy which covers responsibility to the environment.

2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y / N. If yes, please give hyperlink for webpage etc.

The Company's endeavour is to reduce carbon emissions, water consumption, and increase in the use of renewable energy and enhance recycling of waste. The indicative list of various projects implemented in this regard is as under:

Energy Savings:

- Installation of programmable timers for Air Conditioners to optimise the utilization.
- Centralized auto-switching for air circulators in engine assembly installed to avoid undesirable running of fans.
- MS air pipeline replaced by aluminium pipeline to reduce friction losses and leakages.
- Occupancy sensors installed in offices to automatically switch off lights when it is not occupied.

Water Savings:

- Water-cooled air compressors replaced with air-cooled to eliminate cooling towers.
- Close looping of engine test beds for water circulation.
- Re-circulation of water used during fire drills.

Waste Reduction:

- Cardboard reduction through enhanced usage of returnable pallets.

3. Does the Company identify and assess potential environmental risks? Y / N

Yes

4. Does the Company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company does not have any CDM project at present.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.? Y / N. If yes, please give hyperlink for web page etc.

Yes and the same are as stated under Sr. No. 2 above mentioned under Principle 6.

6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

While the Company is not having any direct membership of any trade/chamber/ association, as a group company of Mahindra & Mahindra Limited (M&M), its interests are represented through M&M who is holding membership in various trade associations including The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Confederation of Indian Industry (CII), Employers' Federation of India (EFI), FICCI, Society of Indian Automobile Manufacturers (SIAM) and Tractor Manufacturer's Association (TMA).

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

The Company contributes through M&M when views are solicited on the related matters.

**Principle 8: Businesses should support inclusive growth and equitable development.**

1. Does the company have specified programs / initiatives/ projects in pursuit of the policy related to Principle 8 ? If yes details thereof.

The Company has initiated various programs for inclusive growth and equitable development which include promoting employment enhancement vocational skills, health and environment. In accordance with the Companies Act, 2013, the Company has committed 2% (PBT), towards CSR initiatives and the major initiatives undertaken by the Company during FY 2021-22 are as under:

- (i) Skill Development Centre in collaboration with Punjab Skill Development Mission, Govt. of Punjab
- (ii) Medical Mobile Unit (MMU) in collaboration with GVK-EMRI to support nearby societies in health care matters by routine diagnosis and distributing medicines
- (iii) Swachh Bharat Program in two nearby adopted villages in association with respective Gram Panchayats
- (iv) Contribution to Health Care by providing equipment/material to District Administration, Mohali, PGIMER and GMCH, Chandigarh
- (v) Skill Enhancement at Govt. ITIs/Polytechnics (Diesel & Tractor Mechanic) by providing Engines
- (vi) Renovation of workshop at two Govt. ITIs and washrooms at two Govt. Schools located in nearby villages
- (vii) Operationalization of two sanitary napkin making machines and refilling of sanitary napkin vending machines in nearby government girls schools for better personal hygiene and health
- (viii) Initiatives under Prerna for empowering women farmers
- (ix) Other activities comprising awareness campaigns towards Environment Sustainability / Safety, Blood Donation Camps, Covid-19 support by providing essential items etc.

2. Are the programs / projects undertaken through in-house team / own foundation / external NGO/ government structures/ any other organization?

CSR initiatives are implemented either directly by the Company or through implementing agency which include NGOs having an established track record in carrying on the specific activity.

3. Have you done any impact assessment of your initiative?

The Company is assessing the impact of major projects, if any.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The Company's contribution to community development projects amounts to Rs. 2.35 crores during the Financial Year 2021-22. Details of some of the major initiatives by the Company in FY22 are given in Point 1 above.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

While implementing CSR projects, it is Company's endeavour that the initiative is successfully adopted and owned by the community. Below are few examples of the same:

- Skill Development Centre: Out of 202 youth trained, about 50% also got placements
- Medical Mobile Unit (MMU): Medical examination of 22435 people carried out
- Swachh Bharat Program: Door-to-door garbage collection, maintenance of drainage, cleaning of roads, maintenance of public toilets etc. for over 15000 households in two adopted villages
- Medical Equipments to Govt. Hospitals: For the treatment of public at large
- Providing engines to Govt. ITIs/Polytechnics: Approx. 250-300 students being imparted practical training through working models in each ITI/Polytechnic
- Refilling of sanitary napkin for 25 vending machines: For better personal hygiene and health of women

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

The Company manufactures engines with highest standards of inbuilt quality for fitment into various Swaraj brand tractors models manufactured by Mahindra & Mahindra Ltd. (M&M). In case any customer complaint related to engines fitted in these tractors is received by M&M, details of the same are shared with the Company for its suitable redressal. During FY 2021-22, 156 complaints were received and all were duly resolved.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Product information as per mandatory requirements is displayed on product label.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Nil

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

No

**ANNEXURE – G TO DIRECTORS' REPORT**

**Particulars as per the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2022**

**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:

- Installation of programmable timers for Air Conditioners to optimise the utilization.
- Centralized auto-switching for air circulators in engine assembly installed to avoid undesirable running of fans.
- MS air pipeline replaced by aluminium pipeline to reduce friction losses and leakages.
- Occupancy sensors installed in offices to automatically switch off lights when it is not occupied.

(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.60 lakhs on various energy conservation projects.

Above initiatives besides being energy efficient are also environment friendly.

Overall annualized savings for the year - Rs.20 lakhs.

**B. TECHNOLOGY ABSORPTION:**

(a) The efforts made towards technology absorption:

- Up-gradation of engines to meet upcoming TREM IV emission norms for >50 HP engines has been made ready for production. Certificates have been obtained from appropriate authority.
- Leveraging the electronic controls of the engines developed for TREM IV to meet the emission norms.
- Successful development of engine variant for 42HP 4WD variant.
- Development of 40HP engine is in advanced stage and currently under field testing.
- Development of >25HP engine range for TREM V emission compliance has been initiated.

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

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

(c) While no technology has been imported in the recent past, 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. 3.57 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.9.44 crore (previous year - Rs.0.46 crore).

FOR AND ON BEHALF OF THE BOARD

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

Date : 27th April, 2022

(SUDHIR MANKAD)

Chairman

# SWARAJ ENGINES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2022

(Rs. in Lakhs)

Particulars	Note	2022	2021
<b>I ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	2.1	9467.18	9106.86
(b) Capital Work-in-Progress	2.2	160.56	134.50
(c) Investment Property	2.3	22.07	22.59
(d) Intangible Assets	2.4	5.12	48.08
(e) Other Financial Assets	2.5	3247.39	51.69
(f) Other Non-current Assets	2.6	439.87	537.47
<b>Total Non-Current Assets</b>		<b>13342.19</b>	<b>9901.19</b>
<b>Current Assets</b>			
(a) Inventories	2.7	6207.04	6171.17
(b) Financial Assets			
(i) Investments	2.8	3620.47	3416.89
(ii) Trade Receivables	2.9	10360.99	11338.01
(iii) Cash and Cash Equivalents	2.10	577.21	3778.87
(iv) Other Bank Balances	2.10	8517.19	7966.51
(v) Other Financial Assets	2.11	1246.07	1342.17
(c) Other Current Assets	2.12	2269.32	1922.92
<b>Total Current Assets</b>		<b>32798.29</b>	<b>35936.54</b>
<b>TOTAL ASSETS</b>		<b>46140.48</b>	<b>45837.73</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	2.13	1214.40	1213.84
(b) Other Equity (Refer SOCE)		29353.18	26843.29
<b>Total Equity</b>		<b>30567.58</b>	<b>28057.13</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Long Term Provisions	2.14	556.83	568.79
(b) Deferred Tax Liabilities (Net)	2.15	8.68	58.49
<b>Total Non-Current Liabilities</b>		<b>565.51</b>	<b>627.28</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	2.16		
– Total Outstanding dues of micro and small enterprises		2784.47	3031.81
– Total Outstanding dues of other than micro and small enterprises		11024.91	13354.24
(ii) Other Financial Liabilities	2.17	530.85	358.96
(b) Short Term Provisions	2.18	502.50	285.71
(c) Other Current Liabilities	2.19	164.66	122.60
<b>Total Current Liabilities</b>		<b>15007.39</b>	<b>17153.32</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46140.48</b>	<b>45837.73</b>
<b>Significant Accounting Policies</b>	1		
<b>Notes on Accounts</b>	2		

As per our report of even date attached

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

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

FOR AND ON BEHALF OF THE BOARD

ANIRUDDHA JOSHI  
Partner  
Membership No. 040852

MAHESH GUPTA  
Chief Financial Officer

SUDHIR MANKAD  
Chairman

RAJESH K. KAPILA  
Company Secretary

M.S. GREWAL  
Whole Time Director &  
Chief Executive Officer

S.A.S. Nagar (Mohali), 27th April, 2022

S.A.S. Nagar (Mohali), 27th April, 2022

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2022**

(Rs. in Lakhs)

Particulars	Note	2022	2021
<b>Revenue from Operations</b>	2.20	<b>113815.27</b>	98657.16
Other Income	2.21	<b>965.54</b>	859.35
<b>Total Income</b>		<b>114780.81</b>	99516.51
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	2.22	<b>89150.48</b>	77437.93
Changes in stock of Finished Goods and Work-in-Progress	2.23	<b>(129.83)</b>	(868.49)
Employee Benefits Expense	2.24	<b>4385.36</b>	4288.76
Finance Costs	2.25	<b>7.64</b>	0.29
Depreciation and Amortisation Expense	2.1, 2.3 & 2.4	<b>1810.19</b>	1976.92
Other Expenses	2.26	<b>4870.64</b>	4232.91
<b>Total Expenses</b>		<b>100094.48</b>	87068.32
<b>Profit Before Exceptional Items and Tax</b>		<b>14686.33</b>	12448.19
Exceptional Items		<b>-</b>	-
<b>Profit Before Tax</b>		<b>14686.33</b>	12448.19
<b>Tax Expense</b>			
(1) Current tax	2.15	<b>3788.71</b>	3595.00
(2) Deferred tax	2.15	<b>(49.81)</b>	(401.27)
<b>Total Tax Expense</b>		<b>3738.90</b>	3193.73
<b>Profit After Tax</b>		<b>10947.43</b>	9254.46
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit and loss		<b>(112.23)</b>	6.68
(ii) Income tax related to above		<b>28.25</b>	(1.68)
B (i) Items that may be reclassified to profit and loss		<b>-</b>	-
(ii) Income tax related to above		<b>-</b>	-
<b>Total Comprehensive Income for the period</b>		<b>10863.45</b>	9259.46
<b>Earning per Equity Share :</b>			
(1) Basic Earning Per Share	2.27	<b>90.17</b>	76.27
(2) Diluted Earning Per Share	2.27	<b>90.13</b>	76.20
<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

ANIRUDDHA JOSHI  
Partner  
Membership No. 040852

MAHESH GUPTA  
Chief Financial Officer

RAJESH K. KAPILA  
Company Secretary

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

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD  
Chairman

M.S. GREWAL  
Whole Time Director &  
Chief Executive Officer

S.A.S. Nagar (Mohali), 27th April, 2022

S.A.S. Nagar (Mohali), 27th April, 2022



**STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2022**
**A. Changes in Equity Share Capital**

(Rs. in Lakhs)

Balance as at 1st April 2021	Changes in equity share capital due to prior period errors	Restated balance as at 1st April 2021	Changes in Equity share capital during the year	Balance as at 31st March 2022
1213.84	–	1213.84	0.56	1214.40
Balance as at 1st April 2020	Changes in equity share capital due to prior period errors	Restated balance as at 1st April 2020	Changes in Equity share capital during the year	Balance as at 31st March 2021
1213.22	–	1213.22	0.62	1213.84

**B. Changes in Other Equity**

For the year ended 31st March, 2022

(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 Compre- hensive Income- Actuarial Gain/(Loss)	
As at 1st April, 2021	17766.40	8922.86	137.36	0.05	29.47	60.47	(73.32)	26843.29
Profit for the Year	10947.43	–	–	–	–	–	(83.98)	10863.45
Dividend paid on Equity Shares	(8377.03)	–	–	–	–	–	–	(8377.03)
Options exercised during the period	–	–	64.35	–	–	(64.35)	–	–
Options forfeited/lapsed during the year	–	–	–	–	–	(1.59)	–	(1.59)
Options expensed during the period	–	–	–	–	–	25.06	–	25.06
As at 31st March, 2022	20336.80	8922.86	201.71	0.05	29.47	19.59	(157.30)	29353.18

For the year ended 31st March, 2021

(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, 2020	13364.81	8922.86	70.25	0.05	29.47	67.11	(78.32)	22376.23
Profit for the Year	9254.46	-	-	-	-	-	5.00	9259.46
Dividend paid on Equity Shares	(4852.87)	-	-	-	-	-	-	(4852.87)
Options exercised during the period	-	-	67.11	-	-	(67.11)	-	-
Options expensed during the period	-	-	-	-	-	60.47	-	60.47
As at 31st March, 2021	17766.40	8922.86	137.36	0.05	29.47	60.47	(73.32)	26843.29

As per our report of even date attached

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

ANIRUDDHA JOSHI  
Partner  
Membership No. 040852

MAHESH GUPTA  
Chief Financial Officer

RAJESH K. KAPILA  
Company Secretary

S.A.S. Nagar (Mohali), 27th April, 2022

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD  
Chairman

M.S. GREWAL  
Whole Time Director &  
Chief Executive Officer

S.A.S. Nagar (Mohali), 27th April, 2022

## **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 as amended.

The financial statements are approved by the Company's Board of Directors and authorised for issue on 27th April, 2022.

### **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, pro-rata 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

Nature of Assets

Life adopted in Accounts

- |                              |         |
|------------------------------|---------|
| 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, pro-rata 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 Employees' 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 Company's 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.

**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 Banks/Financial Institutions.

## 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.

### Other Intangible Assets

#### 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 recognized 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.

**Estimation of uncertainties relating to the global health pandemic from COVID-19**

The Management has made the assessment of possible impact of Covid 19 on its liquidity, recoverable values of its financial & non-financial assets and has concluded that there are no significant adjustments required in the financial statement. Further, the Management will continue to closely monitor the developments and possible impact, if any, on its financial condition, liquidity and operations due to Covid 19.

**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.**

## SWARAJ ENGINES LIMITED

### 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, 2022:

(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, 2021		124.80	1671.62	22682.37	260.71	164.76	600.19	158.15	25662.60
Additions during the year		–	2.85	2134.75	13.23	3.64	9.95	28.44	2192.86
Disposals/Adjustments during the year		–	–	1052.14	45.20	44.99	114.65	41.81	1298.79
<b>Gross Carrying Value as at 31st March, 2022</b>	<b>(A)</b>	<b>124.80</b>	<b>1674.47</b>	<b>23764.98</b>	<b>228.74</b>	<b>123.41</b>	<b>495.49</b>	<b>144.78</b>	<b>26556.67</b>
Accumulated depreciation as at 1st April, 2021		–	751.78	15058.61	192.24	96.46	372.19	84.46	16555.74
Depreciation expense for the year		–	47.22	1612.10	23.39	8.93	41.44	31.86	1764.94
Accumulated depreciation on disposals/adjustments during the year		–	–	1007.02	43.22	44.00	109.03	27.92	1231.19
<b>Accumulated depreciation as at 31st March, 2022</b>	<b>(B)</b>	<b>–</b>	<b>799.00</b>	<b>15663.69</b>	<b>172.41</b>	<b>61.39</b>	<b>304.60</b>	<b>88.40</b>	<b>17089.49</b>
<b>Carrying Value as at 31st March, 2022</b>	<b>(A - B)</b>	<b>124.80</b>	<b>875.47</b>	<b>8101.29</b>	<b>56.33</b>	<b>62.02</b>	<b>190.89</b>	<b>56.38</b>	<b>9467.18</b>

Following are the changes in the carrying value of Property, Plant and Equipment for the year ended 31st March, 2021:

(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, 2020		124.80	1652.98	21971.01	255.34	150.50	559.35	185.24	24899.22
Additions during the year		–	18.64	722.14	6.21	14.26	40.84	26.92	829.01
Disposals/Adjustments during the year		–	–	10.78	0.84	–	–	54.01	65.63
<b>Gross Carrying Value as at 31st March, 2021</b>	<b>(A)</b>	<b>124.80</b>	<b>1671.62</b>	<b>22682.37</b>	<b>260.71</b>	<b>164.76</b>	<b>600.19</b>	<b>158.15</b>	<b>25662.60</b>
Accumulated depreciation as at 1st April, 2020		–	702.44	13298.81	168.09	85.64	334.77	76.65	14666.40
Depreciation expense for the year		–	49.34	1769.82	24.94	10.82	37.42	39.17	1931.51
Accumulated depreciation on disposals/adjustments during the year		–	–	10.02	0.79	–	–	31.36	42.17
<b>Accumulated depreciation as at 31st March, 2021</b>	<b>(B)</b>	<b>–</b>	<b>751.78</b>	<b>15058.61</b>	<b>192.24</b>	<b>96.46</b>	<b>372.19</b>	<b>84.46</b>	<b>16555.74</b>
<b>Carrying Value as at 31st March, 2021</b>	<b>(A-B)</b>	<b>124.80</b>	<b>919.84</b>	<b>7623.76</b>	<b>68.47</b>	<b>68.30</b>	<b>228.00</b>	<b>73.69</b>	<b>9106.86</b>

## 2.2 CAPITAL WORK-IN-PROGRESS

Ageing for capital work-in-progress as at 31st March, 2022 is as follows :

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Project-in-Progress	160.56	–	–	–	160.56
Total	160.56	–	–	–	160.56

Ageing for capital work-in-progress as at 31st March, 2021 is as follows :

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Project-in-Progress	103.39	31.11	–	–	134.50
Total	103.39	31.11	–	–	134.50

## 2.3 INVESTMENT PROPERTY

(Refer Note 1.5)

Following are the changes in the carrying value of Investment Property for the year ended 31st March, 2022:

Description of Assets	(Rs. in Lakhs)	
	Investment Property	
Gross Carrying Value as at 1st April, 2021		33.35
Additions during the year		–
Disposals/Adjustments during the year		–
<b>Gross Carrying Value as at 31st March, 2022</b>	<b>(A)</b>	<b>33.35</b>
Accumulated depreciation as at 1st April, 2021		10.76
Depreciation expense for the year		0.52
Accumulated depreciation on disposals/adjustments during the year		–
<b>Accumulated depreciation as at 31st March, 2022</b>	<b>(B)</b>	<b>11.28</b>
<b>Carrying Value as at 31st March, 2022</b>	<b>(A-B)</b>	<b>22.07</b>

Following are the changes in the carrying value of Investment Property for the year ended 31st March, 2021:

Description of Assets	(Rs. in Lakhs)	
	Investment Property	
Gross Carrying Value as at 1st April, 2020		33.35
Additions during the year		–
Disposals/Adjustments during the year		–
Gross Carrying Value as at 31st March, 2021	(A)	33.35

## SWARAJ ENGINES LIMITED

Accumulated depreciation as at 1st April, 2020		10.23
Depreciation expense for the year		0.53
Accumulated depreciation on disposals/adjustments during the year		–
Accumulated depreciation as at 31st March, 2021	(B)	10.76
Carrying Value as at 31st March, 2021	(A-B)	22.59

### 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, 2022, the Fair Value of the property is Rs.109.13 Lakhs. This valuation is performed by accredited independent valuer and same is categorised at Level 2.

### 2.4 INTANGIBLE ASSETS

(Refer Note 1.10)

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March, 2022:

				(Rs. in Lakhs)
Description of Assets		Computer Software	Development Expenditure	Total
Gross Carrying Value as at 1st April, 2021		69.47	178.42	247.89
Additions during the year		4.80	–	4.80
Disposals/Adjustments during the year		60.38	–	60.38
<b>Gross Carrying Value as at 31st March, 2022</b>	<b>(A)</b>	<b>13.89</b>	<b>178.42</b>	<b>192.31</b>
Accumulated Amortisation as at 1st April, 2021		65.99	133.82	199.81
Amortisation expense for the year		0.13	44.60	44.73
Accumulated Amortisation on disposals/adjustments during the year		57.35	–	57.35
<b>Accumulated Amortisation as at 31st March, 2022</b>	<b>(B)</b>	<b>8.77</b>	<b>178.42</b>	<b>187.19</b>
<b>Carrying Value as at 31st March, 2022</b>	<b>(A - B)</b>	<b>5.12</b>	<b>–</b>	<b>5.12</b>

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March, 2021:

				(Rs. in Lakhs)
Description of Assets		Computer Software	Development Expenditure	Total
Gross Carrying Value as at 1st April, 2020		69.47	178.42	247.89
Additions during the year		–	–	–
Disposals/Adjustments during the year		–	–	–
Gross Carrying Value as at 31st March, 2021	(A)	69.47	178.42	247.89

**SWARAJ ENGINES LIMITED**

Accumulated Amortisation as at 1st April, 2020		65.72	89.21	154.93
Amortisation expense for the year		0.27	44.61	44.88
Accumulated Amortisation on disposals/adjustments during the year		–	–	–
Accumulated Amortisation as at 31st March, 2021	(B)	65.99	133.82	199.81
Carrying Value as at 31st March, 2021	(A-B)	3.48	44.60	48.08

**2.5 OTHER FINANCIAL ASSETS**

(Rs. in Lakhs)

Particulars		2022	2021
<b>Security Deposits-Considered Good</b>			
Unsecured		63.39	51.69
<b>Others</b>			
Fixed Deposits more than 12 months		3184.00	–
<b>Total</b>		<b>3247.39</b>	51.69

**2.6 OTHER NON-CURRENT ASSETS**

(Rs. in Lakhs)

Particulars		2022	2021
<b>Capital Advances - Considered Good</b>			
Secured		9.02	33.06
Unsecured		12.69	111.04
<b>Other Advances -Considered Good</b>			
Income Tax (Net of Provisions)		348.22	318.91
Others		69.94	74.46
<b>Total</b>		<b>439.87</b>	537.47

**2.7 INVENTORIES**

(Refer Note 1.6)

(Rs. in Lakhs)

Particulars		2022	2021
Raw Materials & Components*		3835.52	3963.52
Work-in-Progress		142.93	201.35
Finished Goods		1666.45	1478.20
Stores and Spares		418.69	383.32
Loose Tools		143.45	144.78
<b>Total</b>		<b>6207.04</b>	6171.17

\* including Goods-in-transit Rs. 389.28 Lakhs (2021 - Rs. 388.15 Lakhs)

**2.8 INVESTMENTS - CURRENT**

(Rs. in Lakhs)

Particulars	Face Value Per Unit (Rs.)	2022		2021	
		Number	Amounts	Number	Amounts
<b>Quoted Investments</b>					
<b>Carried at Fair Value through Profit and Loss</b>					
<b>Investments in Mutual Funds</b>					
Aditya Birla Sun Life Liquid Fund- Growth- Regular Plan	100	588835	2004.61	562544	1852.51
ICICI Prudential Liquid Fund- Growth	100	–	–	516225	1564.38
Nippon India Liquid Fund- Growth	1000	21458	1108.16	–	–
UTI Liquid Cash Plan- Regular Plan Growth	1000	14645	507.70	–	–
<b>Total</b>			<b>3620.47</b>		<b>3416.89</b>

**2.9 TRADE RECEIVABLES**

(Refer Note 2.31)

(Rs. in Lakhs)

Particulars	2022	2021
<b>Billed - Unsecured, considered good</b>	<b>10360.99</b>	11338.01
<b>Of the above, Trade Receivables from:</b>		
– Related Parties	<b>10359.56</b>	11330.84
– Others	<b>1.43</b>	7.17

Ageing of Trade Receivables as at 31st March 2022 is as follows :-

(Rs. in Lakhs)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Un-disputed Trade Receivables - considered good	10272.78	88.21	–	–	–	–	10360.99
Un-disputed Trade Receivables - credit impaired	–	–	–	–	–	–	–
Disputed Trade Receivables - considered good	–	–	–	–	–	–	–
Disputed Trade Receivables - credit impaired	–	–	–	–	–	–	–
<b>Total</b>	<b>10272.78</b>	<b>88.21</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10360.99</b>

Ageing of Trade Receivables as at 31st March, 2021 is as follows :-

(Rs. in Lakhs)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Un-disputed Trade Receivables - considered good	10329.48	1006.83	1.36	0.34	–	–	11338.01
Un-disputed Trade Receivables - credit impaired	–	–	–	–	–	–	–
Disputed Trade Receivables - considered good	–	–	–	–	–	–	–
Disputed Trade Receivables - credit impaired	–	–	–	–	–	–	–
<b>Total</b>	<b>10329.48</b>	<b>1006.83</b>	<b>1.36</b>	<b>0.34</b>	<b>–</b>	<b>–</b>	<b>11338.01</b>

**2.10 CASH AND BANK BALANCES**

(Rs. in Lakhs)

Particulars	2022	2021
<b>Cash and Cash Equivalents</b>		
Balances with Banks	576.54	2228.07
Fixed deposits with original maturity less than 3 months	–	1550.00
Cash on hand	0.67	0.80
<b>Total</b>	<b>577.21</b>	<b>3778.87</b>
<b>Other Bank Balances</b>		
Balances with Bank held as Margin Money & Deposit against Guarantees	398.00	1622.00
Fixed Deposits with Banks	7960.00	6169.00
Earmarked balances with Banks - Unpaid/Unclaimed Dividend	159.19	175.51
<b>Total</b>	<b>8517.19</b>	<b>7966.51</b>

**2.11 OTHER FINANCIAL ASSETS**

(Rs. in Lakhs)

Particulars	2022	2021
<b>Financial assets at carrying value</b>		
Interest Accrued on Deposits	188.41	184.60
Other Corporate Deposits	1000.00	1000.00
Trade Advances	–	84.83
Advances to Suppliers	50.73	69.15
Others (including Advances to Employees)	6.93	3.59
<b>Total</b>	<b>1246.07</b>	<b>1342.17</b>



## SWARAJ ENGINES LIMITED

### 2.12 OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	2022	2021
Balance with Government Authorities	2162.28	1827.32
Prepaid Expenses	33.22	35.00
Other Advances	73.82	60.60
<b>Total</b>	<b>2269.32</b>	<b>1922.92</b>

### 2.13 EQUITY SHARE CAPITAL

(Rs. in Lakhs)

Particulars	2022	2021
<b>Authorised:</b>		
Equity Shares, Rs. 10/- par value 2,50,00,000 (2021 : 2,50,00,000) Equity Shares	2500.00	2500.00
<b>Issued, Subscribed and Paid-Up:</b>		
Equity Shares, Rs. 10/- par value 1,21,43,996 (2021 : 1,21,38,375) Equity Shares fully paid-up	1214.40	1213.84
	<b>1214.40</b>	<b>1213.84</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.

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

Name	As at 31st March, 2022		As at 31st March, 2021	
	Number of Shares held	% of Shareholding	Number of Shares held	% of Shareholding
Mahindra & Mahindra Limited (M&M)	4216792	34.72%	4216792	34.74%
Kirloskar Industries Limited (KIL)	2114349	17.41%	2114349	17.42%
DSP Small Cap Fund	799266	6.58%	792716	6.53%

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

Description	As at 31st March, 2022		As at 31st March, 2021	
	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	12138375	1213.84	12132181	1213.22
Movement in equity during the year				
Add : Equity shares issued in pursuance to Employee Stock Option Plan	5621	0.56	6194	0.62
<b>Number of equity shares at the closing</b>	<b>12143996</b>	<b>1214.40</b>	<b>12138375</b>	<b>1213.84</b>

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) Disclosure of Shareholding of Promoters :**

**Disclosure of Shareholding of Promoters as at 31st March 2022 :**

Promoter Name	As at 31st March, 2022		As at 31st March, 2021		% Change during the year
	Number of Shares held	% of Shareholding	Number of Shares held	% of Shareholding	
Mahindra & Mahindra Limited (M&M)	4216792	34.72%	4216792	34.74%	-
Kirloskar Industries Limited (KIL)	2114349	17.41%	2114349	17.42%	-

**Disclosure of Shareholding of Promoters as at 31st March 2021 :**

Promoter Name	As at 31st March, 2021		As at 31st March, 2020		% Change during the year
	Number of Shares held	% of Shareholding	Number of Shares held	% of Shareholding	
Mahindra & Mahindra Limited (M&M)	4216792	34.74%	4216792	34.76%	-
Kirloskar Industries Limited (KIL)	2114349	17.42%	2114349	17.43%	-

**(iv) 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. Under the first cycle (Dec. 2015 - Dec. 2019), options granted were vested in four instalments on the expiry of 18 months, 30 months, 42 months and 54 months respectively. Options granted effective January, 2020 & onwards are vested in 3 instalments on the expiry of 12 months, 24 months and 36 months. These 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 grant of 633 Equity Shares at face value to the eligible employees.

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

	No. of shares	
Particulars	2022	2021
Options Outstanding at the beginning	8065	13345
Options Granted during the year	633	914
Options Forfeited/Lapsed during the year	(156)	-
Options Exercised during the year	(5621)	(6194)
Options Outstanding at the end	2921	8065

## SWARAJ ENGINES LIMITED

### Information in respect of options outstanding as at 31st March, 2022

Exercise Price	No. of Options	Weighted Average Remaining Life for vesting
Rs. 10	2921	11 Months

### The fair value of options granted during the year, calculated using the Black-Scholes Option Pricing model with the following assumptions :

Grant date	1st Dec. 2021
Vesting Period	12 – 36 Months
Share price in market at the time of option grant (Rs.)	1661.60
Exercise price (Rs.)	10.00
Expected volatility (%)	30.14
Expected life of the option (years)	4.51
Expected dividends (%)	4.15
Risk-free interest rate (%)	5.51
Weighted average fair value as on grant date (Rs.)	1371.16

### 2.14 LONG-TERM PROVISIONS

(Rs. in Lakhs)

Particulars	2022	2021
<b>Provision for Employee Benefits (Refer Note 1.8)</b>		
– Provision for Leave Encashment	514.20	518.16
<b>Others</b>		
– Provision for Warranty (Refer Note 2.38)	42.63	50.63
<b>Total</b>	<b>556.83</b>	<b>568.79</b>

### 2.15 INCOME TAXES

(Refer Note 1.11)

#### (a) Deferred Tax

(Rs. in Lakhs)

Particulars	2022	2021
<b>Deferred Tax Liabilities</b>		
– On Property, Plant & Equipment	173.16	252.32
– On Financial Assets carried at Fair Value through Profit and Loss	2.25	2.36
<b>Deferred Tax Assets</b>		
– On Employee benefits	166.73	196.19
<b>Deferred Tax Liabilities / (Assets)</b>	<b>8.68</b>	<b>58.49</b>

**(b) Income Tax recognised in Profit and Loss**

(Rs. in Lakhs)

Particulars	2022	2021
Current Tax	3788.71	3595.00
Deferred Tax	(49.81)	(401.27)
<b>Total Income Tax expense</b>	<b>3738.90</b>	<b>3193.73</b>

**(c) Reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarised below :**

(Rs. in Lakhs)

Particulars	2022	2021
Profit before tax	14686.33	12448.19
Income tax expense calculated at 25.17 % (2021: 25.17 % incl. Sur & Cess)	3696.55	3133.21
Income not considered for tax purposes	(3.48)	(31.41)
Effect of estimated non deductible expenses	54.10	63.43
Others (including permanent differences & reversals)	(8.27)	28.50
<b>Income Tax expense recognised in profit and loss</b>	<b>3738.90</b>	<b>3193.73</b>

**2.16 TRADE PAYABLES**

(Rs. in Lakhs)

Particulars	2022	2021
Trade payable - Micro, Small and Medium enterprises (Refer Note 2.37)	2784.47	3031.81
Trade payable - Other than Micro, Small and Medium enterprises	9999.03	12267.51
Accruals	1025.88	1086.73
<b>Total</b>	<b>13809.38</b>	<b>16386.05</b>

Ageing for Trade Payables outstanding as at 31st March 2022 is as follows :-

(Rs. in Lakhs)

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Micro, Small and Medium enterprises	2783.06	1.41	–	–	–	2784.47
Others	8276.59	1716.46	3.52	1.34	1.11	9999.02
<b>Total</b>	<b>11059.65</b>	<b>1717.87</b>	<b>3.52</b>	<b>1.34</b>	<b>1.11</b>	<b>12783.49</b>
Accruals						1025.88
						13809.37

## SWARAJ ENGINES LIMITED

Ageing of Trade Payables as at 31st March 2021 is as follows :-

(Rs. in Lakhs)

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Micro, Small and Medium enterprises	2981.23	50.58	–	–	–	3031.81
Others	9870.54	2386.10	1.65	4.47	4.75	12267.51
Total	12851.77	2436.68	1.65	4.47	4.75	15299.32
Accruals						1086.73
						16386.05

Relationship with struck off companies

(Rs. in Lakhs)

Name of Struck off Company	Nature of transactions	Transactions during the year ended March 31, 2022	Balance outstanding at the end of the year as at March 31, 2022	Relationship with the Struck off company, if any, to be disclosed
Oriental Engineering Works Pvt. Ltd.	Payable	Nil	Nil	Vendor

(Rs. in Lakhs)

Name of Struck off Company	Nature of transactions	Transactions during the year ended March 31, 2021	Balance outstanding at the end of the year as at March 31, 2021	Relationship with the Struck off company, if any, to be disclosed
Oriental Engineering Works Pvt. Ltd.	Payable	1.49	Nil	Vendor

### 2.17 OTHER FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	2022	2021
<b>Current Liabilities at Carrying Value</b>		
Capital Purchases	309.17	131.10
Deposits & Retention Money	23.76	20.59
Unpaid / Unclaimed Dividend*	159.19	175.51
Others	38.73	31.76
Total	530.85	358.96

\* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2022.

**2.18 SHORT TERM PROVISIONS**

(Rs. in Lakhs)

Particulars	2022	2021
Provision for Employee Benefits (Refer Note 1.8)		
– Provision for Gratuity (Refer Note 2.30)	172.28	37.39
– Provision for Leave Encashment	148.28	73.87
<b>Others</b>		
– Provision for Warranty (Refer Note 2.38)	181.94	174.45
<b>Total</b>	<b>502.50</b>	<b>285.71</b>

**2.19 OTHER CURRENT LIABILITIES**

(Rs. in Lakhs)

Particulars	2022	2021
Advances received from customers	5.04	3.22
Statutory dues	159.62	119.38
<b>Total</b>	<b>164.66</b>	<b>122.60</b>

**2.20 REVENUE FROM OPERATIONS**

(Refer Note 2.35)

(Rs. in Lakhs)

Particulars	2022	2021
Revenue from sale of products	113286.75	98340.41
Revenue from rendering of services	0.61	0.42
Other operating revenue	527.91	316.33
<b>Total</b>	<b>113815.27</b>	<b>98657.16</b>

**2.21 OTHER INCOME**

(Rs. in Lakhs)

Particulars	2022	2021
Interest Income	787.90	766.36
Rental income from Investment property	16.27	15.46
Profit/ (Loss) on Sale of Financial Instruments	131.52	70.96
Fair Value Gain / (Loss) on Investments carried at fair value through profit or loss	8.95	9.37
Profit / (Loss) on disposal of Property, Plant and Equipment	19.44	(1.55)
Miscellaneous Income/ (Expense)	1.46	(1.25)
<b>Total</b>	<b>965.54</b>	<b>859.35</b>

**SWARAJ ENGINES LIMITED****2.22 COST OF MATERIALS CONSUMED**

(Rs. in Lakhs)

Particulars	2022	2021
Opening stock	3575.37	2306.10
Add: Purchases	89021.35	78707.20
	92596.72	81013.30
Less:		
Closing Stock	3446.24	3575.37
Total	89150.48	77437.93

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

(Rs. in Lakhs)

Particulars	2022	2021
<b>Inventories at the end of the year:</b>		
Finished Goods	1666.45	1478.20
Work-in-Progress	142.93	201.35
	1809.38	1679.55
<b>Inventories at the beginning of the year:</b>		
Finished Goods	1478.20	754.68
Work-in-Progress	201.35	56.38
	1679.55	811.06
<b>Net (Increase) / Decrease</b>	<b>(129.83)</b>	<b>(868.49)</b>

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

(Rs. in Lakhs)

Particulars	2022	2021
Salaries and Wages	3634.85	3509.56
Contribution to provident and other funds	240.75	244.24
Employee Stock Compensation	28.00	66.21
Staff welfare expenses	481.76	468.75
Total	4385.36	4288.76

**2.25 FINANCE COST**

(Rs. in Lakhs)

Particulars	2022	2021
Bank Charges	0.13	0.04
Interest Expense	7.51	0.25
Total	7.64	0.29

**2.26 OTHER EXPENSES**

(Rs. in Lakhs)

Particulars	2022	2021
Power, Fuel & Water Charges	542.92	546.02
Consumption of Stores & Spares	1332.67	1243.80
Hire & Service Charges	1156.12	849.03
Rates and Taxes	12.59	13.03
Insurance	53.01	48.10
Repairs and Maintenance		
– Buildings	74.47	56.21
– Machinery	428.77	346.46
– Others	37.24	16.98
Postage & Telephone	4.91	6.08
Printing & Stationery	6.93	7.52
Travelling & Conveyance Expenses	22.34	11.15
Auditors' Remuneration		
– Statutory Auditor's		
Audit Fee	9.00	9.00
Tax Audit Fee	2.00	2.00
Other Services	6.75	6.75
Expenses Reimbursed	–	0.01
– Cost Auditor		
Audit Fee	1.20	1.20
CSR Expenses (Refer Note 2.39)	234.64	233.02
Research & Development Expenses	356.50	326.72
Other Marketing Expenses	104.75	104.80
Miscellaneous Expenses	483.83	405.03
<b>Total</b>	<b>4870.64</b>	<b>4232.91</b>

**2.27 EARNING PER SHARE** (Refer Note 1.16)

(Rs. in Lakhs)

Particulars	2022	2021
Profit for the year	10947.43	9254.46
Profit for the year for diluted earning per share	10947.43	9254.46
Weighted average number of Ordinary Equity Shares used in Computing basic earning per share	12140883	12134218
Effect of potential Ordinary Equity shares on employee stock options	5573	11526
Weighted average number of Ordinary Equity Shares used in Computing diluted earning per share	12146456	12145744
Basic earning per share (Rs.) (Face Value of Rs. 10 per share)	90.17	76.27
Diluted earning per share (Rs.)	90.13	76.20



**2.28 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	2022	2021
Equity Share Capital	1214.40	1213.84
Other Equity Reserves	29353.18	26843.29
<b>Total</b>	<b>30567.58</b>	<b>28057.13</b>

**Categories of Financial Assets and Financial Liabilities**
**As at 31st March, 2022**

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit or Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Non-Current Assets</b>					
Security Deposits-Unsecured	63.39	–	–	63.39	63.39
Fixed Deposits more than 12 months	3184.00	–	–	3184.00	3184.00
<b>Total Non-Current Financial Assets</b>	<b>3247.39</b>	<b>–</b>	<b>–</b>	<b>3247.39</b>	<b>3247.39</b>
<b>Current Assets</b>					
Investments	–	3620.47	–	3620.47	3620.47
Trade Receivables	10360.99	–	–	10360.99	10360.99
Cash and Cash Equivalents	577.21	–	–	577.21	577.21
Other Bank Balances	8517.19	–	–	8517.19	8517.19
Other Financial Assets	1246.07	–	–	1246.07	1246.07
<b>Total Current Financial Assets</b>	<b>20701.46</b>	<b>3620.47</b>	<b>–</b>	<b>24321.93</b>	<b>24321.93</b>
<b>Total Financial Assets</b>	<b>23948.85</b>	<b>3620.47</b>	<b>–</b>	<b>27569.32</b>	<b>27569.32</b>
<b>Current Liabilities</b>					
Trade Payables	13809.38	–	–	13809.38	13809.38
Other Financial Liabilities	530.85	–	–	530.85	530.85
<b>Total Financial Liabilities</b>	<b>14340.23</b>	<b>–</b>	<b>–</b>	<b>14340.23</b>	<b>14340.23</b>

**As at 31st March 2021**

(Rs. in Lakhs)

Particulars	Amortised Costs	Fair Value through Profit or Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Non-Current Assets</b>					
Security Deposits-Unsecured	51.69	–	–	51.69	51.69
Fixed Deposits more than 12 months	–	–	–	–	–
Total Non-Current Financial Assets	51.69	–	–	51.69	51.69
<b>Current Assets</b>					
Investments	–	3416.89	–	3416.89	3416.89
Trade Receivables	11338.01	–	–	11338.01	11338.01
Cash and Cash Equivalents	3778.87	–	–	3778.87	3778.87
Other Bank Balances	7966.51	–	–	7966.51	7966.51
Other Financial Assets	1342.17	–	–	1342.17	1342.17
Total Current Financial Assets	24425.56	3416.89	–	27842.45	27842.45
Total Financial Assets	24477.25	3416.89	–	27894.14	27894.14
<b>Current Liabilities</b>					
Trade Payables	16386.05	–	–	16386.05	16386.05
Other Financial Liabilities	358.96	–	–	358.96	358.96
Total Financial Liabilities	16745.01	–	–	16745.01	16745.01

**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 pertain 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, high rating financial institutions & debt based Mutual Funds. Ratings are monitored periodically for re-adjustment of Portfolio, if any required. Investment as on date of financial statement are as per latest available ratings.

**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 table specifies the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts 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 - 5 Years	5 Years and above
<b>31st March, 2022</b>				
Trade Payables	13809.38	—	—	—
Other Financial Liabilities	530.85	—	—	—
<b>Total</b>	<b>14340.23</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>31st March, 2021</b>				
Trade Payables	16386.05	—	—	—
Other Financial Liabilities	358.96	—	—	—
<b>Total</b>	<b>16745.01</b>	<b>—</b>	<b>—</b>	<b>—</b>

As at 31st March, 2022, the Company had a working capital of Rs. 17790.90 lakhs including cash and bank balance & bank deposits of Rs. 8935.21 lakhs and investment of Rs. 3620.47 lakhs and other corporate deposits of Rs. 1000 lakhs.

As at 31st March, 2021, the Company had a working capital of Rs. 18783.22 lakhs including cash and bank balance & bank deposits of Rs. 11569.87 lakhs and investment of Rs. 3416.89 lakhs and other corporate deposits of Rs. 1000 lakhs.

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:

Particulars	Rs. in Lakhs	
	2022	2021
<b>Secured Bank Overdraft facility</b>		
– Expiring within one year	350.00	350.00
– Expiring beyond one year	—	—
<b>Unsecured Working Capital facility</b>		
– Expiring within one year	2000.00	—
– Expiring beyond one year	—	—

## 2.29 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**

<b>a) Financial Instruments measured at Fair Value</b> (Rs. in Lakhs)					
Particulars	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2022	2021			
<b>Financial Assets</b>					
Investments in Mutual Fund	3620.47	3416.89	Level 1	As on Date NAV of the Unquoted Fund	–
<b>Total Financial Assets</b>	<b>3620.47</b>	<b>3416.89</b>			

**b) Financial Instrument measured at Amortised Cost**

<b>As at 31st March, 2022</b> (Rs. in Lakhs)					
Particulars	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
<b>Financial Assets</b>					
<b>Non-Current Assets</b>					
Security Deposits-Unsecured	63.39	63.39	–	63.39	–
Fixed Deposits more than 12 months	3184.00	3184.00	–	3184.00	–
<b>Total Non-Current Financial Assets</b>	<b>3247.39</b>	<b>3247.39</b>	<b>–</b>	<b>3247.39</b>	<b>–</b>
<b>Current Assets</b>					
Trade Receivables	10360.99	10360.99	–	10360.99	–
Cash and Cash Equivalents	577.21	577.21	–	577.21	–
Other Bank Balances	8517.19	8517.19	–	8517.19	–
Other Financial Assets	1246.07	1246.07	–	1246.07	–
<b>Total Current Financial Assets</b>	<b>20701.46</b>	<b>20701.46</b>	<b>–</b>	<b>20701.46</b>	<b>–</b>
<b>Total Financial Assets</b>	<b>23948.85</b>	<b>23948.85</b>	<b>–</b>	<b>23948.85</b>	<b>–</b>
<b>Financial Liabilities</b>					
Trade Payables	13809.38	13809.38	–	13809.38	–
Other Financial Liabilities	530.85	530.85	–	530.85	–
<b>Total Financial Liabilities</b>	<b>14340.23</b>	<b>14340.23</b>	<b>–</b>	<b>14340.23</b>	<b>–</b>

**As at 31st March, 2021**

(Rs. in Lakhs)

Particulars	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
<b>Financial Assets</b>					
<b>Non-Current Assets</b>					
Security Deposits-Unsecured	51.69	51.69	–	51.69	–
Fixed Deposits more than 12 months	–	–	–	–	–
<b>Total Non-Current Financial Assets</b>	<b>51.69</b>	<b>51.69</b>	<b>–</b>	<b>51.69</b>	<b>–</b>
<b>Current Assets</b>					
Trade Receivables	11338.01	11338.01	–	11338.01	–
Cash and Cash Equivalents	3778.87	3778.87	–	3778.87	–
Other Bank Balances	7966.51	7966.51	–	7966.51	–
Other Financial Assets	1342.17	1342.17	–	1342.17	–
<b>Total Current Financial Assets</b>	<b>24425.56</b>	<b>24425.56</b>	<b>–</b>	<b>24425.56</b>	<b>–</b>
<b>Total Financial Assets</b>	<b>24477.25</b>	<b>24477.25</b>	<b>–</b>	<b>24477.25</b>	<b>–</b>
<b>Financial Liabilities</b>					
Trade Payables	16386.05	16386.05	–	16386.05	–
Other Financial Liabilities	358.96	358.96	–	358.96	–
<b>Total Financial Liabilities</b>	<b>16745.01</b>	<b>16745.01</b>	<b>–</b>	<b>16745.01</b>	<b>–</b>

**2.30 Employee benefits**

(Refer Note 1.8)

**Defined benefit plans – as per Actuarial Valuation on 31st March, 2022**

(Rs. in Lakhs)

Particulars	Gratuity - Funded	
	2022	2021
<b>I. Expenses Recognised in the Statement of Profit &amp; Loss Account</b>		
1. Current Service Cost	62.85	56.02
2. Past Service Cost	–	–
3. Interest	72.54	70.73
4. Expected Return on plan assets	(71.41)	(67.30)
5. Total Expense	63.98	59.45
<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	1285.60	1118.70
2. Fair value of plan assets as at 31st March	1113.32	1081.31
3. Surplus/(Deficit)	(172.28)	(37.39)
<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	1118.70	1104.31
2. Expenses Recognised in Profit and Loss Account		
– Past Service Cost	–	–
– Current Service Cost	62.85	56.02
– Interest Expense/ (Income)	72.54	70.73
3. Recognised in Other Comprehensive Income		
<b>Re-measurement gains / (losses)</b>		
– Actuarial Gain/ (Loss) arising from:		
i. Demographic Assumptions	–	–
ii. Financial Assumptions	–	–
iii. Experience Adjustments	113.36	0.46
iv. Difference in present value of obligation	6.23	–
4. Benefit payments	(88.08)	(112.82)
5. Present value of defined benefit obligation at the end of the year	1285.60	1118.70
<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	1081.31	987.05
2. Expected return on plan assets	71.41	67.30
3. Recognised in Other Comprehensive Income		
<b>Re-measurement gains / (losses)</b>		
– Actual Return on plan assets in excess of the expected return	7.36	7.14
4. Contributions by employer (including benefit payments recoverable)	41.32	132.65
5. Benefit payments	(88.08)	(112.83)
6. Fair value of plan assets at the end of the year	1113.32	1081.31

(Rs. in Lakhs)

Particulars	Gratuity - Funded	
	2022	2021
<b>V. The Major categories of plan assets</b>		
– Funded with LIC	100.00%	100.00%
<b>VI. Actuarial assumptions</b>		
1. Discount rate	7.13%	6.75%
2. Expected Return	6.75%	6.75%
3. In Service Mortality	IAL 2012-14 Ultimate	IAL 2012-14 Ultimate
4. Turnover Rate	5.00%	5.00%
5. Salary Rise - Officers	9.00%	8.00%
6. Salary Rise - Workers	5.00%	5.00%
7. Remaining Working Life	14.51 Years	15.21 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	2022	0.50%	(31.98)	33.72
	2021	0.50%	(29.80)	31.43
Salary growth rate	2022	0.50%	33.62	(32.19)
	2021	0.50%	31.40	(30.05)

**2.31 Related Party Transactions**

Names of the Related Parties	Relationship
Mahindra & Mahindra Limited (M&M)	Associate Company
Mahindra Summit Agriscience Ltd. (MSAL)	Subsidiary of M&M
Mahindra Rural Housing Finance Ltd.(MRHFL)	
Mahindra & Mahindra Financial Services Ltd.(MMFSL)	
Mahindra Logistics Ltd (MLL)	
Mahindra Integrated Business Solutions Pvt. Ltd. (MIBS)	
Mahindra Chemical & Engineering Products Limited (MECPL) merged with M&M Ltd. w.e.f. 01-04-2021	
Shri M. S. Grewal (Whole Time Director & CEO)*	Key Management Personnel
* appointed whole time director w.e.f. 20.04.2021	

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

(Rs. in Lakhs)

Particulars	2022	2021
<b>i) Associates</b>		
a. Purchase of raw materials and components & others	29.74	57.41
M&M	22.96	42.88
MECPL (since merged with M&M Ltd.)	6.78	14.53
b. Sale of Goods (net of warranty & incentive)	134186.36	116573.85
M&M	134186.36	116573.85
c. Purchases of Fixed Assets	0.54	15.13
M&M	0.54	15.13
d. Receiving of services	974.46	778.03
M&M	856.49	739.49
MLL	25.80	–
MIBS	92.17	38.54
e. Rendering of services	77.50	85.77
M&M	76.08	84.42
MSAL	1.42	1.35
f. Dividend paid	2909.59	1686.72
M&M	2909.59	1686.72
g. Inter Corporate Deposit (ICD)	–	1000.00
MRHFL	–	1000.00
h. Interest Income	41.27	119.96
MRHFL	41.27	69.40
MMFSL	–	50.56
<b>Aggregate balances outstanding as at the year end</b>		
– Receivables	10359.56	11330.84
M&M	10359.36	11330.63
MSAL	0.20	0.21
– Payables	74.50	76.85
M&M	74.04	76.25
MIBS	0.46	0.60
– Investments (ICD)	–	1000.00
MRHFL	–	1000.00
– Accrued Interest Receivable	–	40.56
MRHFL	–	40.56
<b>ii) Key Management Personnel</b>		
a. Remuneration*	74.34	47.58
Shri M. S. Grewal	74.34	47.58
*excludes stock option from Associate Company - Mahindra & Mahindra Limited.		



**2.32 Contingent Liabilities and Commitments**

(Rs. in Lakhs)

Particulars	2022	2021
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt		
– Excise matters in dispute	224.85	134.19
– Sales Tax matters in dispute	93.62	90.83
– Income Tax matters in dispute*	72.35	35.11

**Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of taxes and advances and deposits)	851.64	1698.94
---	--------	---------

\*Assessment of Income Tax is complete upto Assessment Year 2018-19. There is no demand which is disputed in Appeal and not provided for. For earlier Assessment Years, Company have filed appeals / references which involve an estimated liability of Rs. 72.35 Lakhs (31.03.2021 - Rs. 35.11 Lakhs)

**2.33 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".

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

Class of goods	Unit of Qty.	2022	2021
<b>Production</b>			
Engines	Nos.	116869	114214
<b>Despatches</b>			
Engines	Nos.	116811	113269

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

(Rs. in Lakhs)

Class of goods	2022	2021
<b>Sale of Products</b>		
Engines	111143.92	96250.44
Engine Components	2.85	3.92
Spares	2139.98	2086.05
<b>Total</b>	<b>113286.75</b>	<b>98340.41</b>
<b>Other operating revenue</b>		
Scrap & Others	528.52	316.75
<b>Total</b>	<b>113815.27</b>	<b>98657.16</b>

**2.36 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.	1548	1158.85	1537	1269.93
		(647)	(459.09)	(1548)	(1158.85)
Engine Parts	–	–	319.35	–	396.52
	–	–	(295.59)	–	(319.35)

**2.37 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	2022	2021
(a) Dues remaining unpaid as at 31st March		
– Principal	1.41	50.58
– Interest on the above	–*	0.35
(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	753.18	–
– Interest paid in terms of Section 16 of the Act	7.16	–
(c) Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	–	3.36
(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	–	–

\*interest of Rs. 98/- only.

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

(Rs. in Lakhs)

Particulars	2022	2021
<b>Balance as at 1st April</b>	<b>225.08</b>	214.10
Add : Provision made during the year	89.86	99.41
Less : Utilisation during the year	88.91	89.68
Less : Unwinding of Discount and effect of changes in the discount rate	1.46	(1.25)
<b>Balance as at 31st March</b>	<b>224.57</b>	225.08
<b>Out of the above :-</b>		
Classified as Non-Current	42.63	50.63
Classified as Current	181.94	174.45
	<b>224.57</b>	225.08

**2.39 Corporate Social Responsibility Expenditure**

(Rs. in Lakhs)

Particulars	2022	2021
1. Amount required to be spent by the company during the year	229.97	228.79
2. Amount of expenditure incurred on :		
(i) Construction/acquisition of any asset	—	—
(ii) On purposes other than (i) above	234.64	233.02
3. Shortfall at the end of the year	—	—
4. Total Previous year's shortfall	—	—
5. Reason for shortfall	Not applicable	Not applicable
6. Nature of CSR Activities	Health, Education, Environment Sustainability, Skill Learning and other social welfare activities etc.	
	Health, Education, Environment Sustainability, Skill Learning and other social welfare activities etc.	
7. Details of related party transactions in relation to CSR expenditure as per relevant accounting standard.		

**2.40 Additional Regulatory Information**
**Ratios**

Ratio	Numerator	Denominator	2022	2021	Variance (%)
1. Current Ratio (in times)	Current Assets	Current Liabilities	2.19	2.10	4.30%
2. Debt-Equity Ratio (in times)	Total Debt	Total Equity	Not Applicable		
3. Debt service coverage Ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustment	Debt service = Interest and lease payments + Principal repayments	Not Applicable		
4. Return on Equity (%)	Net Profit after Taxes	Average Shareholder's Equity	37.35%	35.80%	1.50%
5. Inventory Turnover Ratio (times)	Revenue from operations	Average Inventory	18.39	19.99	(8.00%)
6. Trade receivables turnover ratio (times)	Revenue from operations	Average Trade Receivables	10.49	16.79	(37.50%)
7. Trade payables turnover ratio (times)	Purchases	Average trade payables	5.90	5.99	(1.50%)
8. Net capital turnover ratio (times)	Revenue from operations	Average working capital	6.22	6.16	1.10%
9. Net profit ratio (%)	Net Profit after Taxes	Revenue from operations	9.62%	9.38%	0.20%
10. Return on capital employed (%)	Profit before tax and finance costs	Capital employed = Tangible Net worth + Lease liabilities + Deferred tax liabilities	48.06%	44.28%	3.80%
11. Return on Investments (%) - Quoted Investments	Income generated from Investments	Time Weighted Average Investments	3.09%	3.58%	(0.50%)

There is no significant change (> 25%) in the above ratios over previous year except Trade receivables turnover ratio because of change in credit terms from FY 2021 which impacted the average for FY2021 as compared to FY2022.

#### **2.41 Dividends**

The Board of Directors, in their meeting held on 20th April, 2021, proposed a total dividend of Rs. 69/- per equity share (including Rs. 19/- per share as special dividend) and the same was approved by the shareholders at the Annual General Meeting held on 19th July, 2021, this has resulted in a cash outflow of Rs. 8375.48 lakhs during 2021-22.

The Board of Directors, in their meeting held on 27th April 2022, proposed a total dividend of Rs.80/- per equity share for the financial year ended on 31st March 2022, subject to the approval of shareholders at the Annual General Meeting and if approved, would result in a cash outflow of approximately Rs.9715.20 lakhs.

#### **2.42 Recent Accounting Pronouncements**

Standard issued but not yet effective

On 23rd March 2022, the Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standard) Rules, 2022 which will come into force from 1st April, 2022. In the rules, MCA has notified new standards and amendments to the existing standards. The Company is evaluating and assessing the impact of the amended rules on the Financial Statements.

**2.43** 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, 2022**

(Rs. in Lakhs)

Particulars	2022	2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Exceptional Items and Tax	14686.33	12448.19
Adjustments for:		
Depreciation and Amortisation	1810.19	1976.92
Employee Stock Compensation	23.47	60.47
Interest (Received) / Paid ( Net )	(780.26)	(766.07)
Return on Mutual Fund Investment (Net)	(131.52)	(70.96)
(Profit)/Loss on disposal of Property, Plant and Equipment	(19.44)	1.55
(Gain)/Loss on Investments carried at fair value through Profit and Loss	(8.95)	(9.37)
<b>Operating Profit Before Working Capital Changes</b>	<b>15579.82</b>	<b>13640.73</b>
<b>Movements in working capital:</b>		
(Increase)/Decrease in Trade and Other Receivables (Non-Current/Current)	841.93	(11073.07)
(Increase)/Decrease in Inventories	(35.87)	(2470.19)
(Decrease)/Increase in Trade and Other Payables (Non-Current/Current)	(2253.80)	6294.11
Cash generated from Operations	14132.08	6391.58
Income taxes paid	(3789.77)	(3591.45)
Net cash generated from Operating Activities	<u>10342.31</u>	<u>2800.13</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments Sales / (Purchase) - Net	(194.63)	7700.48
Bank Deposit (Placed) / Matured - Net	(3751.00)	(6391.00)
Other Corporate Deposits (Placed)/Matured - Net	—	4000.00
Interest received	787.90	766.36
Return on Mutual Fund Investment - Net	131.52	70.96
Purchase of Property, Plant and Equipment <sup>^</sup>	(2223.72)	(561.65)
Decrease in Earmarked Balances	16.32	19.69
Proceeds from disposal of Property, Plant and Equipment	90.07	21.91
Net cash (used in) / generated from Investing Activities	<u>(5143.54)</u>	<u>5626.75</u>
( <sup>^</sup> excludes Capital Advances)		

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Dividends paid to Shareholders of the Company	(8393.35)	(4872.56)
Equity Shares issued under ESOP	0.56	0.62
Interest and Finance Charges paid	(7.64)	(0.29)
Net cash used in Financing Activities	(8400.43)	(4872.23)
Net Increase / (Decrease) in Cash and Cash Equivalents	(3201.66)	3554.65
Cash and Cash Equivalents at the beginning of the year	3778.87	224.22
Cash and Cash equivalents at the end of the year	577.21	3778.87

**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

ANIRUDDHA JOSHI  
Partner  
Membership No. 040852

MAHESH GUPTA  
Chief Financial Officer

RAJESH K. KAPILA  
Company Secretary

S.A.S. Nagar (Mohali), 27th April, 2022

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

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD  
Chairman

M.S. GREWAL  
Whole Time Director &  
Chief Executive Officer

S.A.S. Nagar (Mohali), 27th April, 2022

## **INDEPENDENT AUDITORS' REPORT**

**To the Members of,  
Swaraj Engines Limited**

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

#### **Opinion**

We have audited the accompanying Financial Statements of **Swaraj Engines Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

#### **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 for 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. We have determined the matter described below to be the key audit matter to be communicated in our report:

#### **KAM on Related Party Transactions**

Key Audit Matter	<p>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.</p> <p>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.</p>
Principal Audit Procedures	<p>We performed following audit procedures relating to related party relationships and transactions.</p> <p>We inquired of management regarding:</p> <p>The identity of the Company's related parties, including changes from the prior period;</p> <p>The nature of the relationships between the Company and related parties; and the type and purpose of the transactions with related parties;</p> <p>Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework;</p>

	<p>Confirmations obtained from related parties for an outstanding balances as part of our audit procedures;</p> <p>Performed appropriate substantive audit procedures relating to identified related parties and related party transactions;</p> <p>Evaluate the terms of the related party transactions that these are consistent with management's explanations;</p> <p>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;</p> <p>Inquired that the Company has adopted a Related Party Transactions Policy approved by the Board and transactions are as per the policy.</p>
--	---

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

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 and the related annexures, but does not include the financial statements and our Auditors' 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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

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

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 auditors' 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 auditors' 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.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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 year and are therefore the key audit matters. We describe these matters in our auditors' 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, 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 including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows 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.
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - (iii) There was no delay in transferring the amounts to the Investor Education and Protection Fund by the Company;
  - (iv)
    - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement; and
  - (v) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

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

**ANIRUDDHA JOSHI**  
Partner  
Membership No. 040852  
UDIN : 22040852AHXMPS4508  
Mohali, April 27, 2022

**ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **Swaraj Engines Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company 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 Act, 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the criteria for internal financial control with reference to financial statements 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  
Firm Registration No. 105102W

**ANIRUDDHA JOSHI**

Partner  
Membership No. 040852  
UDIN : 22040852AHXMPS4508

Mohali, April 27, 2022

**Annexure B to the Independent Auditors' Report**

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

- (i) (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
(B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and investment property by which the property, plant and equipment and investment property are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment property. In accordance with the programme, the Company has not physically verified property, plant and equipment and investment property during the year.
- (c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment and investment property or intangible assets or both during the year.
- (e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) According to the information and explanations given to us, the inventory comprising of finished goods, raw materials, stores & spares, components, work-in-progress has been physically verified at reasonable intervals by the management during the year. Stock-in-transit as on March 31, 2022 has been verified by the management on subsequent receipt of the goods. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification between the physical inventory and the book records. We have relied on confirmations and representations from third parties in case of inventory lying in their locations, wherever applicable.
- (b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year.
- (iii) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act for the products of the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, specified by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory

dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of outstanding statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 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. 2008-09	92.37
		Commissioner (Appeal)	F.Y. 2015-16 to F.Y. 2017-18	84.03
Income Tax Act, 1961	Income Tax	Assessing Officer	A.Y. 2018-19	72.35
Punjab Value Added Tax Act, 2005	Sales Tax	Punjab VAT Tribunal	A.Y. 2012-13	50.59
		Dy. Excise & Taxation Commissioner (Appeal) Mohali	A.Y. 2013-14	30.77

- (viii) According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not obtained any loans or other borrowings. Accordingly, the reporting under Clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not been declared a wilful defaulter by any bank or financial institution or any other lender till the date of our audit report.
- (c) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not obtained term loan during the year. Accordingly, the reporting under Clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no short-term loan is obtained by the Company during the year. Accordingly, the reporting under Clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has no subsidiaries, associates or joint ventures. Accordingly, the reporting under Clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has no subsidiaries, associates or joint ventures. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.



- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the management.
- (b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the 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 has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit reports of the Company issued till date for the period under audit.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) and 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) According to the information and explanations given to us, in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.
- (b) According to the information and explanations given to us, in respect of ongoing projects, the Company has no unspent amount which needs to be transferred to a special account in compliance with sub-section (6) of Section 135 of the Act.

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

Chartered Accountants  
(Firm Registration No. – 105102W)

**ANIRUDDHA JOSHI**

Partner  
Membership No. 040852  
UDIN: 22040852AHXMPS4508  
Mohali, April 27, 2022







Women power gaining momentum at SEL



Connecting Rod Machining Line being fully operated by women team



Working shoulder to shoulder at the shopfloor