



ANNUAL REPORT

2013

Swaraj Automotives Limited

Swaraj Automotives Limited

Chief Financial Officer

M.N.KAUSHAL

Company Secretary

RAJESH KUMAR KAPILA

Auditors

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

Bankers

STATE BANK OF PATIALA
AXIS BANK LIMITED

Registered Office

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

Works

Nabha (Distt. Patiala)
Punjab-147 201

BOARD OF DIRECTORS

DR. PAWAN GOENKA
Chairman

A.K.MAHAJAN

G.RATHINAM

V.S.PARTHASARATHY

S.C.BHARGAVA

HARDEEP SINGH

RAJESH JEJURIKAR

SANJEEV GOYLE

ANNUAL GENERAL MEETING

on Tuesday, 30th July, 2013
at 4.30 P.M. at Swaraj Engines Limited,
Plot No. 2, Industrial Phase IX,
S.A.S. Nagar (Mohali)
Punjab 160 062

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of Swaraj Automotives Limited will be held on **Tuesday, the 30th day of July, 2013 at 4.30 P.M.** at Swaraj Engines Limited, Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab 160062 to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri G.Rathinam who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri V.S.Parthasarathy who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.K.Mahajan who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:

"RESOLVED that pursuant to section 224 of the Companies Act, 1956, M/s J.S.Chopra & Associates, Chartered Accountants (ICAI Registration No. 008849N), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS

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

"RESOLVED that Shri Rajesh Jejurikar, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 22nd April, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a Notice in writing from a Member under section 257 of the Act proposing his candidature for the office of Director of the Company, be appointed a Director of the Company, liable to retire by rotation."

NOTES

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. The Register of Members and Share Transfer Books of the Company will be closed from 13th July, 2013 to 19th July, 2013 (both days inclusive).
5. The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after 31st July, 2013 to those shareholders or their mandates :
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 12th July, 2013 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 12th July, 2013.
6. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.

Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be made available at the Meeting.

7. Pursuant to the provisions of section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for and upto the financial year ended 31st March, 2005 to the Investor Education and Protection Fund (IEPF).

All unclaimed dividends for the financial year ended 31st March, 2006 will become due for transfer to IEPF in October 2013. Members who have not encashed the dividend warrant(s) so far for the said period or any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof.

8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form 2B duly filled in to the Company. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
9. Payment of Dividend through ECS :
 - a) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.

- b) Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by 20th July, 2013 to the Company. Members located in places where ECS/NECS facility is not available may submit their bank details to enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
10. For receiving all shareholder communications faster, including annual reports, the shareholders are requested to kindly register/update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with the Company.
11. Members are requested to:
- Intimate to the Company changes, if any, in their registered addresses at an early date, in case of shares held in physical form.
 - Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc., at an early date, in case of shares are held in dematerialised form. The Company will not take cognizance of any such requests directly from shareholders.
 - Quote their folio numbers / Client ID / DP ID in all correspondence.
 - consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
12. Appointment / Re-appointment of Directors

S/Shri G.Rathinam, V.S.Parthasarathy, A.K.Mahajan and Rajesh Jejurikar do not hold any Equity Shares in the Company.

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

Regd.Office :
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab – 160 055
Email: kapila.rajesh@mahindraswaraj.com
Dated: 14th June, 2013

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)
Company Secretary

ANNEXURE TO NOTICE

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

Item No. 7

Shri Rajesh Jejurikar was appointed by the Board as an Additional Director with effect from 22nd April, 2013. He holds office upto the date of the forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. The Company has received a notice in writing from a Member under section 257 of the Companies Act, 1956 proposing the appointment of Shri Jejurikar as a Director of the Company.

Shri Jejurikar joined Mahindra & Mahindra Limited (M&M) in 2000 in its Automotive Division and in 2008, he was appointed Chief of Operations of the Automotive Sector and was subsequently named Chief Executive for Automotive Division. After a short stint in the media industry, Shri Jejurikar rejoined M&M in 2013 and is currently Chief Executive - Tractor & Farm Mechanisation. Prior to joining M&M, he had served at senior positions in the packaged goods industry and advertising.

Shri Jejurikar does not hold any shares in the Company.

The Board is of the view that Shri Jejurikar's knowledge and experience will be of immense value to the Company and, therefore, recommends his appointment to the Members in terms of Resolution set out in Item No. 7 of the Notice.

Apart from Shri Jejurikar, none of the other Directors is interested or concerned in this Item of business.

Regd. Office :
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
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Email: kapila.rajesh@mahindraswaraj.com
Dated: 14th June, 2013

BY ORDER OF THE BOARD

(RAJESH KUMAR KAPILA)
Company Secretary

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their 38th Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS :

	(Rs. in Crores)	
	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Net Revenue from Operations	74.94	70.31
Other Income	0.55	0.46
Total Revenue	75.49	70.77
Profit before Depreciation, Finance Charges and Tax	4.21	3.36
Finance Costs	0.02	0.28
Depreciation & Amortization Expense	0.89	0.87
Profit for the year	3.30	2.21
Prior period adjustments	(+) 0.08	(+) 0.13
Profit Before Tax	3.38	2.34
Tax Provision		
– Current	1.38	1.29
– Deferred	(0.30)	(0.54)
– Short tax provision of earlier years	0.02	0.05
Profit After Tax	2.28	1.54
Surplus - Opening Balance	2.91	2.71
Profit for the Year	2.28	1.54
Surplus available for appropriation	5.19	4.25
Appropriations:		
Proposed Dividend	0.72	0.72
Tax on Dividend	0.12	0.12
Transfer to General Reserve	0.50	0.50
Surplus - Closing Balance	3.85	2.91

REVIEW OF OPERATIONS

Members may kindly note that FY 2012-13 was a challenging year for the automobile and tractor industry as sluggish demand trends prevailed throughout the year. Against this industry scenario, your Company has posted a growth of 7% in its total net revenue of Rs.75.49 crores for fiscal 2013 as against the previous year's revenue of Rs.70.77 crores.

On the above revenues, profit before interest, depreciation and tax for the year under review stood at Rs.4.21 crores as against Rs.3.36 crores for the previous year - up by 25%. While profit before tax for the year under review moved up by 44% to reach Rs.3.38 crores against Rs.2.34 crores for the previous year, profit after tax

of Rs.2.28 crores against Rs.1.54 crores for the previous year witnessed growth of 48%. These post tax earnings translates into an Earning Per Share (EPS) of Rs.9.48 as against Rs.6.43 for the previous year.

With a view to widen its product range, your Company during the year has initiated steps for setting up of facilities for agriculture implements namely rice transplanter and rotavator. Production of these items would commence in FY 2013-14.

DIVIDEND

Your Directors have recommended a dividend of Rs.3.00 per Equity Share of face value of Rs.10.00 each for the financial year 2012-13, same as declared and paid in the previous year, payable to those Members whose names shall appear in the Register of Members as on Book Closure date. The dividend including dividend distribution tax, surcharge and education cess would absorb a sum of Rs.0.84 crore (Previous year Rs.0.84 crore).

FINANCE

Your Directors report that the fund position of the Company stayed comfortable throughout the financial year 2012-13. As a result, after meeting routine capital expenditure and working capital requirements to support the operations, net interest income for the year was Rs.0.48 crore against Rs.0.12 crore for the previous year.

INDUSTRIAL RELATIONS

Industrial relations were cordial throughout the year.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

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

CORPORATE SOCIAL RESPONSIBILITY

Keeping with the Company's core value of Good Corporate Citizenship, your Company is committed to display its social responsibility by taking various initiatives benefiting the society at large. These initiatives include plantation of trees, arranging medical awareness camps, awareness campaign on ill effects of tobacco, etc.

SUSTAINABILITY INITIATIVES

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

DIRECTORS

Consequent upon his resignation, Shri Bishwambhar Mishra ceased to be Director of the Company with effect from 1st April, 2013. Your Board has placed on record its deep appreciation of notable contributions of Shri Mishra as Director of the Company.

Shri Rajesh Jejurikar who was appointed as Additional Director of the Company at the Meeting of the Board of Directors of the Company held on 22nd April, 2013, holds office upto the date of the forthcoming Annual General Meeting.

The Company has received notice under section 257 of the Companies Act, 1956 from Member signifying his intention to propose Shri Rajesh Jejurikar as candidate for the office of Director.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of Annual Accounts, the applicable accounting standards have been followed;
- b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis.

AUDITORS

M/s J.S. Chopra & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have expressed their willingness to act as Auditors of the Company, if appointed and have further confirmed that the said appointment would be in conformity with the provisions of section 224(1B) of the Companies Act, 1956. The Members are requested to appoint Auditors and fix their remuneration.

COST AUDITORS

As per the Order of the Central Government and in pursuance of section 233B of the Companies Act, 1956, your Company's cost accounting records are subject to Cost Audit from FY 2012-13. Accordingly, in conformity with the directives of Central Government, the Board of Directors of the Company appointed M/s V.Kumar & Associates, Cost Accountants, as Cost Auditors of the Company for conducting the cost audit for the year ended 31st March, 2013. Subsequently, their appointment was also approved by the Central Government.

Further, pursuant to section 233B(2) of the Companies Act, 1956, the Board of Directors has appointed M/s Aggarwal Vimal & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year ending on 31st March, 2014. M/s Aggarwal Vimal & Associates have confirmed that their appointment, if approved, will be within the limits of section 224(1B) of the Companies Act, 1956 and have also certified that they are free from disqualification specified under section 233B(5) read with section 224 and sub section (3) or sub section (4) of the section 226 of the Companies Act, 1956.

The Board of Directors of the Company has also received a certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

DEPOSITS

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

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

PARTICULARS OF EMPLOYEES

In accordance with section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975, as amended, the Company had no employee who was in receipt of remuneration of not less than Rs.60,00,000 per annum and was employed throughout the year ended 31st March, 2013 or not less than Rs.5,00,000 per month and was employed for a part of the financial year 2012-13.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 22nd April, 2013

DR. PAWAN GOENKA
Chairman

ANNEXURE TO DIRECTORS' REPORT**(Year ended 31st March, 2013)****Particulars as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013****A. CONSERVATION OF ENERGY:**

(a) Energy Conservation measures taken:

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

1. Replacement of higher KVA welding sets with lower KVA welding sets in Welding Shop.
2. Optimal running of G.C.Furnace through better planning without compromising the productivity.
3. Synchronization of usage of heaters in Pre-treatment Section to avoid idle running.
4. Modification in PU Shop to use single conveyor in place of two different conveyors.

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

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

Total annual estimated savings - Rs.7.50 lacs

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

B. TECHNOLOGY ABSORPTION:**Research & Development:**

1. Areas in which Research & Development is carried out: Seats and seat mechanisms.
2. Benefits derived as a result of the above efforts: Improvement in the business.
3. Future plan of action : Continuous focus on seats & seat mechanisms.
4. Expenditure on R&D :

The Company spent revenue expenditure of Rs.2.38 lacs on Research & Development work during the year, which was 0.03% of the total turnover.

Technology absorption, adaptation and innovation:

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

No technology has been imported during the last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No. 2.30 of Notes on Accounts.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 22nd April, 2013

DR. PAWAN GOENKA
Chairman

BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in Lacs)

Particulars	Note	2013	2012
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	239.77	239.77
Reserves & Surplus	2.2	<u>2056.90</u>	<u>1913.63</u>
		2296.67	2153.40
Non-Current Liabilities			
Other Long-term Liabilities	2.3	15.05	18.75
Long-term Provisions	2.4	<u>265.58</u>	<u>237.95</u>
		280.63	256.70
Current Liabilities			
Trade Payables	2.5	1558.37	1528.11
Other Current Liabilities	2.6	167.51	123.34
Short-term Provisions	2.7	<u>229.73</u>	<u>220.78</u>
TOTAL		<u>4532.91</u>	<u>4282.33</u>
ASSETS			
Non-Current Assets			
Fixed Assets	2.8		
– Tangible Assets		961.51	952.53
– Intangible Assets		3.02	5.94
– Capital Work-in-progress		126.33	–
– Capital Spares		1.53	1.28
Deferred Tax Assets (Net)	2.9	67.57	37.73
Long-term Loans & Advances	2.10	<u>17.77</u>	<u>35.81</u>
		1177.73	1033.29
Current Assets			
Inventories	2.11	424.42	321.41
Trade Receivables	2.12	1699.74	1832.51
Cash & Cash Equivalents	2.13	902.92	826.09
Short-term Loans & Advances	2.14	<u>328.10</u>	<u>269.03</u>
TOTAL		<u>4532.91</u>	<u>4282.33</u>
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached.

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

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

FOR AND ON BEHALF OF THE BOARD

J.S. CHOPRA
Partner
Membership No. 087476

M.N. KAUSHAL
Chief Financial Officer

DR. PAWAN GOENKA
Chairman

RAJESH K. KAPILA
Company Secretary

SANJEEV GOYLE
Director

Chandigarh, 22nd April, 2013

Mumbai, 22nd April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013 (Rs. in Lacs)

Particulars	Note	2013	2012
Revenue from Operations (Gross)	2.15	8509.64	7789.47
Less : Excise Duty		<u>1015.65</u>	<u>758.01</u>
Net Revenue from Operations		7493.99	7031.46
Other Income	2.16	54.90	45.66
Total Revenue		<u>7548.89</u>	<u>7077.12</u>
Expenses			
Cost of Materials Consumed	2.17	5408.73	5087.64
Changes in Inventories of Finished Goods and Work-in-Progress	2.18	(46.65)	53.73
Employee Benefits Expense	2.19	1235.09	1099.00
Finance Costs	2.20	1.77	27.50
Depreciation & Amortization Expense	2.8	88.74	87.59
Other Expenses	2.21	531.86	<u>501.14</u>
Total Expenses		<u>7219.54</u>	<u>6856.60</u>
Profit for the year		329.35	220.52
Prior period adjustments		(+) 8.15	(+) 13.21
Profit Before Exceptional and Extraordinary items and Tax		337.50	233.73
Exceptional and Extraordinary items		–	–
Profit Before Tax		337.50	233.73
Tax Expense			
– Current Tax	138.29		129.06
– Deferred Tax (Net)	(29.83)		(54.48)
– Short Tax Provision of Earlier year	1.62	110.08	<u>4.88</u>
Profit After Tax		227.42	154.27
Earning per Equity Share	2.27		
Basic / Diluted Earning Per Share (Rs.)		9.48	6.43
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached.

For J. S. CHOPRA & ASSOCIATES
Chartered Accountants (FRN008849N)J.S. CHOPRA
Partner
Membership No. 087476M.N. KAUSHAL
Chief Financial OfficerRAJESH K. KAPILA
Company Secretary

Chandigarh, 22nd April, 2013

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

FOR AND ON BEHALF OF THE BOARD

DR. PAWAN GOENKA
ChairmanSANJEEV GOYLE
Director

Mumbai, 22nd April, 2013

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

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

1.2 USE OF ESTIMATES

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

1.3 REVENUE RECOGNITION

- i) Sales are recognised at the time of despatches to customers or their respective transporters for onward despatches to customers. Sales include excise duty, wherever applicable. Sales are recorded net of Trade Discounts, Rebates & Sales Tax. In respect of Toolings developed for the customers to be used for the production of components, sale is recognised on completion of such Toolings.
- ii) Incomes from services rendered are booked based on agreements / arrangements with the concerned parties.

1.4 PROVISIONS & CONTINGENT LIABILITIES

Provisions are recognised if reliably estimated, and when there is a present legal obligation resulting from past events, and it is probable that there will be an outflow of resources to settle the obligation.

Contingent Liabilities are not recognised but disclosed in the Notes.

1.5 FIXED ASSETS / DEPRECIATION

- i) Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on a Straight-Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for the fixed assets mentioned in para (ii) to (v) below. Cost is inclusive of Freight, Duties, Levies and any other directly attributable cost of bringing the assets to their working condition for intended use.
- ii) Depreciation on dies manufactured by the Company is charged @ 20%. Depreciation on vehicles (cars) is charged @ 25%.
- iii) Intangible Assets (Others than Software) are stated at cost less accumulated amortisation. These are amortised over a period of 6 years, which is the estimated useful life of the asset. Software expenditure capitalised during the year is amortised over 3 years from the date of its capitalization.
- iv) Capital spares are amortised in a systematic manner over the useful life of the assets to which it relates.
- v) Assets individually costing up to Rs.5000/- are depreciated at 100% in the year of purchase.
- vi) Capital Work in progress includes cost of assets not ready for intended use before the year end.

1.6 INVENTORIES

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

1.7 EMPLOYEE BENEFITS

Long-term and Short-term Employee Benefits

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

These include salaries and wages, bonus, gratuity and workmen / staff welfare etc.

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

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

1.8 RESEARCH & DEVELOPMENT

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

1.9 TAXATION

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

1.10 GRANTS-IN-AID

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

1.11 FOREIGN CURRENCY TRANSACTIONS

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

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013
2.1 SHARE CAPITAL
(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Authorised		
Equity Shares, Rs.10/- par value		
30,00,000 (2012 - 30,00,000) Equity Shares	300.00	300.00
Redeemable Cumulative Preference Shares, Rs.100/- par value		
50,000 (2012 - 50,000) Redeemable Cumulative Preference Shares	50.00	50.00
	350.00	350.00
Issued, Subscribed & Paid-up		
Equity Shares, Rs.10/- par value		
23,97,713 (2012 - 23,97,713) Equity Shares fully paid-up	239.77	239.77
	239.77	239.77

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

The Company declares and pays dividend in Indian Rupees. The Board of Directors, in their meeting held on 22nd April, 2013 proposed a dividend of Rs.3.00 per equity share. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2013 amounted to Rs.84.15 lacs including corporate dividend tax of Rs.12.22 lacs (2012 - Rs.83.60 lacs including corporate dividend tax of Rs.11.67 lacs).

Equity Shares held by Holding Company on 31-03-2013 :

– Name of Holding Company	Mahindra & Mahindra Limited
– Shares Held	17,06,925 (71.19%)

Equity Shareholders holding more than 5% shares :

Name	31.03.2013		31.03.2012	
	No. of Shares Held	% of Shareholding	No. of Shares Held	% of Shareholding
Mahindra & Mahindra Limited	17,06,925	71.19%	17,06,925	71.19%
CDC-PTL Holdings Limited	2,04,132	8.51%	2,04,132	8.51%

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

	31.03.2013		31.03.2012	
	No. of Shares	Share Capital (Rs. in Lacs)	No. of Shares	Share Capital (Rs. in Lacs)
Number of equity shares at the beginning	23,97,713	239.77	23,97,713	239.77
Movement in equity shares during the year	–	–	–	–
Number of equity shares at the closing	23,97,713	239.77	23,97,713	239.77

In the last 5 years, the Company has not :

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

2.2 RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at 31st March			
	2013		2012	
Investment Allowance Reserve - Opening Balance	–		40.93	
Less : Transfer to General Reserve	–	–	40.93	–
Capital Reserve – Opening Balance	1.38		1.38	
Less : Transfer to General Reserve	1.38	–	–	1.38
General Reserve - Opening Balance	1620.86		1529.93	
Add : Transferred from Capital Reserve	1.38		–	
Transferred from Investment Allowance Reserve	–		40.93	
Transferred from Surplus	50.00	1672.24	50.00	1620.86
Surplus - Opening Balance	291.39		270.72	
Add : Profit for the Year	227.42		154.27	
	518.81		424.99	
Less : Appropriations				
Proposed Dividend	71.93		71.93	
Tax on Proposed Dividend	12.22		11.67	
Transfer to General Reserve	50.00		50.00	
Surplus - Closing balance		384.66		291.39
		2056.90		1913.63

2.3 OTHER LONG TERM LIABILITIES

(Rs. in Lacs)

Particulars	As at 31st March			
	2013		2012	
Grants-in-Aid (Refer Note 1.10)				
Capital Grant				
Opening Balance	18.74		22.44	
Less : Depreciation	3.70	15.04	3.70	18.74
Deposits & Earnest Money		0.01		0.01
		15.05		18.75

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

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

2.4 LONG TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31st March			
	2013		2012	
Provision for Employee Benefits (Refer Note 1.7)				
– Provision for Gratuity (Refer Note 2.31)		189.18		173.70
– Provision for Leave Encashment		76.40		64.25
		265.58		237.95

2.5 TRADE PAYABLES
(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Trade Payables	1558.37	1528.11
	<u>1558.37</u>	<u>1528.11</u>

Based on the information available with the Company, the balance outstanding to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) is Rs.32.25 lacs (2012 – Rs.22.60 lacs). Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

2.6 OTHER CURRENT LIABILITIES
(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Grants-in-Aid (Refer Note 1.10 & 2.3)		
– Capital Grant	3.70	3.70
Deposits & Earnest Money	0.83	0.70
Advances from Customers	24.88	–
Unpaid / Unclaimed Dividend *	2.78	2.48
Other Liabilities		
– Salary & Other Employee Benefits Payable	70.64	67.70
– Expenses Payable	47.24	32.11
– Statutory Dues Payable	17.44	16.65
	<u>135.32</u>	<u>116.46</u>
	<u>167.51</u>	<u>123.34</u>

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2013.

2.7 SHORT-TERM PROVISIONS
(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Provision for Employee Benefits (Refer Note 1.7)		
– Provision for Gratuity (Refer Note 2.31)	72.28	54.79
– Provision for Leave Encashment	64.95	59.46
Others		
– Proposed Dividend	71.93	71.93
– Tax on Proposed Dividend	12.22	11.67
– Income Tax (net of provisions) (Refer Note 1.9)	8.35	22.93
	<u>92.50</u>	<u>106.53</u>
	<u>229.73</u>	<u>220.78</u>

2.8 FIXED ASSETS

(Rs. in Lacs)

(Refer Note 1.5)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as at 01.04.2012	Additions during the year	Sale/ Adjust- ments during the year	Cost as at 31.03.2013	As at 01.04.2012	Provided during the year	Disposal/ Adjust- ments during the year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
A) TANGIBLE ASSETS										
Land	451.81	-	-	451.81	-	-	-	-	451.81	451.81
Buildings	368.65	-	-	368.65	222.63	12.31	-	234.94	133.71	146.02
Plant & Machinery	855.46	73.12	(39.38)	889.20	609.26	46.56	(28.75)	627.07	262.13	246.20
Electrical Installations	113.93	3.18	-	117.11	88.24	3.78	-	92.02	25.09	25.69
Furniture & Fixtures	10.27	-	-	10.27	8.81	0.10	-	8.91	1.36	1.46
Office Equipments	123.79	11.71	(20.86)	114.64	81.90	12.02	(17.86)	76.06	38.58	41.89
Vehicles	118.48	20.74	-	139.22	79.02	11.37	-	90.39	48.83	39.46
TOTAL (A)	2042.39	108.75	(60.24)	2090.90	1089.86	86.14	(46.61)	1129.39	961.51	952.53
B) INTANGIBLE ASSETS										
Software *	25.84	0.58	-	26.42	19.90	2.60	0.90	23.40	3.02	5.94
TOTAL (B)	25.84	0.58	-	26.42	19.90	2.60	0.90	23.40	3.02	5.94
GRAND TOTAL (A+B)	2068.23	109.33	(60.24)	2117.32	1109.76	88.74	(45.71)	1152.79	964.53	958.47
Previous Year	2099.87	23.07	(54.71)	2068.23	1076.28	87.59	(54.11)	1109.76	958.47	1023.59
Capital Work-in-progress									126.33	-
Capital Spares									1.53	1.28

* Software depreciation / amortisation adjustment of Rs.0.90 lacs pertains to prior period.

Depreciation for the year on Motor vehicles, Air Conditioners and Coolers, Office Equipment and certain Plant & Machinery costing Rs.338.27 lacs (2012 - Rs. 189.26 lacs) has not been charged since 95% of its original cost has already been charged to depreciation.

SWARAJ AUTOMOTIVES LIMITED**2.9 DEFERRED TAX**

(Refe Note No. 1.9)

(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Defferred Tax Liabilities		
– Difference between book & tax depreciation	87.30	97.41
Deferred Tax Assets		
– Provision for Employee Cost	(133.91)	(118.01)
– Others	(20.96)	(17.13)
	(154.87)	(135.14)
Deferred Tax Liabilities / (Assets)	(67.57)	(37.73)

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

2.10 LONG-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Capital Advances *	–	19.26
Security Deposits		
– Considered Doubtful	1.94	1.94
Less : Provision for doubtful security deposits	1.94	–
– Others	17.03	16.55
	17.03	16.55
Prepaid Expenses	0.74	–
	17.77	35.81

* Include advance amounting to Rs.Nil (2012 - Rs. 2.65 lacs) to Holding Company (Refer Note 2.26).

2.11 INVENTORIES

(Refer Note 1.6)

(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Raw Materials & Components	268.06	211.04
Work-in-Progress	106.59	56.86
Finished Goods	19.83	22.91
Stores and Spares	21.23	21.93
Loose Tools	8.71	8.67
	424.42	321.41

Inventory as at 31st March, 2013 has been physically verified and certified by the Management.

2.12 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	As at 31st March			
	2013		2012	
Debts outstanding from the date they are due for payment				
Unsecured				
For more than six months				
– Considered Doubtful	62.06		50.26	
Less : Provision for doubtful debts	<u>62.06</u>	–	<u>50.26</u>	–
– Considered good		<u>156.28</u>		<u>114.19</u>
Unsecured				
For less than six months				
– Considered good *		<u>1543.46</u>		<u>1718.32</u>
		<u>1699.74</u>		<u>1832.51</u>

* Include dues from Holding Company & Associate Companies amounting to Rs. 327.54 lacs (2012 - Rs.377.61 lacs) (Refer Note 2.26).

Provision for doubtful debts - as at 31st March, 2013 :

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

2.13 CASH & CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	As at 31st March			
	2013		2012	
Cash on hand		0.88		0.09
Balances with Banks				
– In Current Accounts		347.91		320.56
Balance with Banks held as Margin Money and				
Deposit against Guarantees		30.03		24.77
Other Bank Balances				
– Deposit Account with more than 12 months maturities	254.85		41.00	
– Deposit Account with less than 12 months maturities	242.33		402.00	
– Interest Accrued on Fixed Deposits	<u>24.14</u>	521.32	<u>35.19</u>	478.19
Unpaid/Unclaimed Dividend Accounts		<u>2.78</u>		<u>2.48</u>
		<u>902.92</u>		<u>826.09</u>

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

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

Cash and cash equivalents as of 31st March, 2013 include restricted cash and bank balances of Rs.32.81 lacs (2012 - Rs.27.25 lacs). The restrictions are primarily on account of cash and bank balances held as margin money and deposits against guarantees and unpaid / unclaimed dividends.

2.14 SHORT-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

(Rs. in Lacs)

Particulars	As at 31st March	
	2013	2012
Excise Duty Claims recoverable	4.89	3.66
Insurance Claim recoverable	1.80	1.21
Prepaid Expenses	4.44	2.26
Advances to Suppliers	11.25	18.02
Advances to Employees	2.09	3.26
Balance with Excise Authorities	24.12	24.89
Security Deposits	9.70	10.90
Value Added Tax Recoverable	<u>269.81</u>	<u>204.83</u>
	<u>328.10</u>	<u>269.03</u>

SWARAJ AUTOMOTIVES LIMITED**2.15 REVENUE FROM OPERATIONS****(Rs. in Lacs)**

Particulars	Year ended 31st March	
	2013	2012
Sale of Products (Refer Note 2.29 A)	8418.69	7714.18
Other Operating Revenues		
– Sale of Scrap	90.95	69.18
– Job Charges	–	6.11
	<u>8509.64</u>	<u>7789.47</u>

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

Particulars	Year ended 31st March	
	2013	2012
Interest Income	49.42	39.69
Profit on Sale of Fixed Assets	–	1.83
Miscellaneous Income	5.48	4.14
	<u>54.90</u>	<u>45.66</u>

2.17 COST OF MATERIALS CONSUMED

(Refer Note 2.29 B)

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2013	2012
Opening Stock	219.71	261.53
Add : Purchases	5323.46	4945.91
Job Charges	142.33	99.91
	<u>5465.79</u>	<u>5045.82</u>
	5685.50	5307.35
Less : Closing Stock	276.77	219.71
	<u>5408.73</u>	<u>5087.64</u>

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

Particulars	Year ended 31st March	
	2013	2012
Opening Stock	79.77	133.50
Less : Closing Stock	126.42	79.77
	<u>(46.65)</u>	<u>53.73</u>

2.19 EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2013	2012
Salaries & Wages	967.82	836.34
Contribution to Provident & Other Funds	60.75	59.10
Gratuity & Superannuation (Refer Note 1.7)	75.51	96.89
Workmen & Staff Welfare	131.01	106.67
	<u>1235.09</u>	<u>1099.00</u>

2.20 FINANCE COSTS

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2013	2012
Interest on Overdraft	0.01	–
Bank Charges	1.62	1.67
Cash Discount (Net)	–	25.47
Other Interest Cost	0.14	0.36
	<u>1.77</u>	<u>27.50</u>

2.21 OTHER EXPENSES

(Rs. in Lacs)

Particulars	Year ended 31st March	
	2013	2012
Power, Fuel & Water Charges	143.20	119.03
Consumption of Stores & Spares	52.90	42.34
Rent	10.59	8.95
Rates and Taxes	4.81	1.11
Insurance	3.16	2.40
Repairs and Maintenance		
– Buildings	1.54	3.48
– Machinery	15.13	12.51
– Others	20.10	18.45
Postage & Telephone	3.99	3.43
Printing & Stationery	9.04	9.21
Legal and Professional Charges	4.24	9.52
Advertisement	5.80	5.92
Freight Outward	169.66	169.10
Sales Promotion Expenses	6.31	9.11
Travelling & Conveyance Expenses	43.09	33.14
Provision for Doubtful Debts	11.82	37.40
Provision for Doubtful Security Deposits	–	1.94
Auditors' Remuneration		
– Statutory Audit Fees	0.90	0.90
– Other Services	0.77	1.22
– Reimbursement of Expenses	0.47	0.44
Tax Auditors' Fees	0.20	0.20
Cost Auditors' Fees	0.30	–
Directors' Sitting Fees	0.60	0.80
Design & Development Expenses	0.24	0.13
Warranty Claims	0.45	0.40
Loss on Fixed Assets Written Off	13.63	–
Miscellaneous Expenses	8.92	10.01
	<u>531.86</u>	<u>501.14</u>

2.22 The Company is having Nil outstanding as on 31st March, 2013 (2012 - Nil) against Cash Credit limit from State Bank of Patiala, secured by pari-passu first charge over stocks in trade, stores, spares and book debts and additional charge over the fixed assets of the Company.

2.23 CONTINGENT LIABILITIES & COMMITMENTS

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

Contingent Liabilities **(Rs. in Lacs)**

Particulars	As at 31st March	
	2013	2012

Claims against the Company, not acknowledged as debts.

i) Telephone & Telex (Disputed Amount)	1.47	1.47
ii) Employees / Workers dispute	8.00	8.00
iii) Excise / Service Tax demand (pending in appeal)	30.63	20.55
Counter guarantees to bank	18.69	14.77

Commitments **(Rs. in Lacs)**

Particulars	As at 31st March	
	2013	2012

i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	15.75	23.79
ii) Other commitments (net of advances)	-	8.35
	15.75	32.14

2.24 CURRENT ASSETS

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

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

2.26 In accordance with Accounting Standard -18, the related party disclosures for the year ended 31st March, 2013 are as follows :

i) Holding Company	Mahindra & Mahindra Limited (w.e.f. 3rd February, 2012)
ii) Associate Companies	Mahindra & Mahindra Limited* Swaraj Engines Limited
iii) Key Management Personnel	Shri Sanjeev Goyle

iv) Transactions with related parties :	(Rs. in Lacs)	
	Holding Company	Associate Companies
a) Sale of finished goods	2564.37 (373.36)	420.39 (2463.28)
Mahindra & Mahindra Limited	2564.37 (373.36)	– (2077.46)
Swaraj Engines Limited	– (–)	420.39 (385.82)
b) Purchase of fixed assets	11.67 (–)	– (0.42)
Mahindra & Mahindra Limited	11.67 (–)	– (–)
Swaraj Engines Limited	– (–)	– (0.42)
c) Reimbursement in respect of services received	98.31 (14.76)	8.87 (82.73)
Mahindra & Mahindra Limited	98.31 (14.76)	– (75.55)
Swaraj Engines Limited	– (–)	8.87 (7.18)
d) Inter-Corporate Deposit paid	– (–)	– (–)
e) Interest paid	– (–)	– (–)
f) Dividend Paid	51.21 (–)	31.79 (31.79)
Mahindra & Mahindra Limited	51.21 (–)	31.79 (31.79)
Aggregate balances outstanding as at the year end		
– Receivables	252.52 (300.84)	75.02 (76.77)
– Advances Recoverable	– (2.65)	– (–)

Previous year's figures are given in brackets.

* Consequent to acquisition of 647,382 equity shares of Rs.10/- each (27%) by Mahindra & Mahindra Limited through Voluntary Open Offer, the Company became a subsidiary of Mahindra & Mahindra Limited with effect from 3rd February, 2012. Accordingly, transactions for Mahindra & Mahindra Limited as Associate Company for FY 2011-12 are from 1st April, 2011 to 2nd February, 2012.

2.27 EARNING PER SHARE (EPS)

Particulars	Year ended 31st March	
	2013	2012
Profit attributable to equity shareholder (Rs. in lacs)	227.42	154.27
Basic/Weighted average number of equity shares	23,97,713	23,97,713
Basic / Diluted Earning Per Share (Face Value Rs.10/- per share)	Rs.9.48	Rs.6.43

2.28 Miscellaneous income under Other Income includes a sum of Rs.3.70 lacs (2012 - Rs.3.70 lacs) being the depreciation on Plant & Machinery received as Capital Grant in aid which is adjusted against the grant received.

2.29 Information with regard to Production, Sales & Stocks, as certified by the management.

A. Production, Sales & Stock of Finished Goods

Particulars	Unit	Year ended 31st March	
		2013	2012
i) Seats for Light Commercial Vehicles			
Opening stock	Sets	92	0
Production during the year	"	9,148	8,127
Sales	"	9,231	8,035
Closing stock	"	9	92
ii) Seats Others			
Opening stock	Nos.	617	0
Production during the year	"	1,09,810	1,17,694
Sales	"	1,10,035	1,17,077
Closing stock	"	392	617
iii) Seat Components			
Opening stock	Nos.	1,541	4,198
Production during the year	"	23,83,525	19,38,556
Sales	"	23,80,240	19,41,213
Closing stock	"	4,826	1,541
iv) Sales of Products (including Excise Duty)		2013	2012
		(Rs. in Lacs)	(Rs. in Lacs)
Seat Components		4535.36	3846.52
Seats of Light Commercial Vehicles		656.94	895.00
Tools, Dies & Fine Blanking Components		182.32	57.40
Exhaust Brake & Cover Service Hole		146.37	168.08
Tractor Parts		2884.17	2717.21
Combine Parts		13.53	29.97
		8418.69	7714.18

B (a) Consumption of Raw Materials & Components

Particulars	Unit	Year ended 31st March			
		2013		2012	
		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
PU Foam Material	MT	170.58	263.00	205.37	274.49
CRCA Sheet & Steel Sheet	MT	1883.41	1062.26	1318.88	700.33
Paints & Chemicals	MT	97.79	144.90	87.74	131.03
Trim Comp., Frames & Silencer etc.	Nos.	6.80	525.49	9.08	591.96
	(in lacs)				
Stopper, B. Plates, Arm Plate, H Plate	"	58.32	700.50	54.77	740.48
Guide Block, Sect-disc Lever etc.	"	59.00	543.09	38.34	280.24
Upper Rail, Lower Rail, Pawl Lock etc.	"	24.18	515.40	13.75	245.73
Tractor Seat Parts	–		998.02		1134.76
Packing Materials	–		78.70		76.24
Job Work Charges	–		142.33		99.91
Others	–		435.04		812.47
			<u>5,408.73</u>		<u>5,087.64</u>

Notes:

- It is not possible to furnish quantitative information of all the components in view of large number of items varied in size and nature.
- Quantities and values of all items in Analysis of Raw Materials consumed represent the issues from stores made during the year. The figure of others is a balancing figure, based on total consumption shown in Note 2.17 and includes adjustments for excess / shortage found on physical verification.

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

Particulars	Year ended 31st March			
	2013		2012	
	%age	Rs. in Lacs	%age	Rs. in Lacs
a) Raw material & Components				
i) Imported	–	–	0.11	5.55
ii) Indigenous	100.00	5,408.73	99.89	5,082.09
	<u>100.00</u>	<u>5,408.73</u>	<u>100.00</u>	<u>5,087.64</u>
b) Stores & Spares				
i) Imported	5.75	3.04	–	–
ii) Indigenous	94.25	49.86	100.00	42.34
	<u>100.00</u>	<u>52.90</u>	<u>100.00</u>	<u>42.34</u>

2.30 Value of Import on CIF Basis

Particulars	Year ended 31st March	
	2013	2012
	(Rs. in Lacs)	(Rs. in Lacs)
Raw Materials & Components	2.42	5.55
Stores & Spares	2.30	–
	<u>4.72</u>	<u>5.55</u>

2.31 Employee Defined Benefits:

Defined benefit plans - as per Actuarial Valuation

	2013	2012
	(Rs. in Lacs)	(Rs. in Lacs)
Gratuity Plan		
I. Expenses Recognised in the Statement of Profit & Loss Account		
1. Current Service Cost	19.65	18.07
2. Interest	31.73	28.01
3. Expected Return on plan assets	(16.81)	(16.18)
4. Actuarial (Gain) / Loss	35.40	62.26
5. Total Expense	69.97	92.16
II. Net Asset / (Liability) recognised in the Balance Sheet		
1. Present value of Defined Benefit Obligation	454.61	416.41
2. Fair Value of plan assets	193.14	187.91
3. Funded Status [Surplus / (Deficit)]	(261.47)	(228.49)
4. Net Asset / (Liability)	(261.47)	(228.49)
III. Change in the obligation during the year		
1. Present value of Defined Benefit Obligation as at beginning of the year	416.41	342.95
2. Current service cost	19.65	18.07
3. Interest Cost	31.73	28.01
4. Benefit payments	(49.37)	(34.46)
5. Actuarial (Gain) / Loss	36.19	61.83
6. Present value of Defined benefit Obligation as at end of the year	454.61	416.41
IV. Change in the Fair Value of Assets		
1. Fair Value of plan assets at the beginning of the year	187.91	181.43
2. Expected return on plan assets	16.81	16.18
3. Contribution by employer	37.00	25.19
4. Actual benefits paid	(49.37)	(34.46)
5. Actuarial (Gain) / Loss on Plan assets	(0.79)	(0.42)
6. Fair value of plan assets at the end of the year	193.14	187.91
7. Actual return on plan assets	17.60	15.75
V. The major categories of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
1. Imputed Rate	8.10%	8.60%
2. Expected rate of return on plan assets	9.25%	9.15%
3. In-service Mortality	IAL 2006-08 Ultimate	LIC 1994-96 Ultimate
4. Turnover Rate	5.00%	5.00%
5. Salary Rise - Officers/workers	10% / 7.5%	10% / 8%
6. Remaining Working life	11.20 Yrs	10.97 Yrs

2.32 Capital Reserve, relating to period upto 31st March, 1994 amounting to Rs.1.38 lacs (2012 - Rs.1.38 lacs) has been transferred to General Reserve in current year.

2.33 Prior period adjustments includes income / expenses pertaining to earlier years amounting to Rs.8.15 lacs (2012 - Rs.13.21 lacs).

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Rs. in Lacs)

	2013		2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary Items	337.50			233.73
Adjustments for :				
Depreciation	88.74		87.59	
Interest Paid	0.14		0.36	
Provision for Earned Leave & Gratuity	50.61		82.52	
Provision for Doubtful Debts & Advances	11.80		39.34	
Interest Income	(49.42)		(39.69)	
Profit on Sale of Assets	–		(1.83)	
Adjustment in fixed assets	14.53		–	
Capital grant-in-aid	<u>(3.70)</u>	<u>112.70</u>	<u>(3.70)</u>	<u>164.59</u>
Operating Profit before Working Capital Changes	450.20			398.32
Adjustments for:				
Trade Receivables	120.97		55.33	
Inventories	(103.01)		92.11	
Loans & Advances	(41.03)		18.45	
Trade Payables	<u>74.42</u>	<u>51.35</u>	<u>50.97</u>	<u>216.86</u>
Cash Generated From Operations	501.55			615.18
Direct taxes refund/(paid)	(154.49)			(119.08)
Net Cash From Operating Activities	<u>347.06</u>			<u>496.10</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(235.91)		(22.17)	
Sale of Fixed Assets	–		2.43	
Interest received	49.42	(186.49)	39.69	19.95
Net Cash Used in Investing Activities	<u>(186.49)</u>			<u>19.95</u>

	2013	2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Corporate Loans	-	-
Dividend paid	(83.60)	(83.60)
Interest Paid	(0.14)	(0.36)
Net Cash Used in Financing Activities	(83.74)	(83.96)
Net Increase/(Decrease) in Cash & Cash Equivalents	76.83	432.09
Opening Cash & Cash Equivalents (#1)	826.09	394.00
Closing Cash & Cash Equivalents (#2)	902.92	826.09
#1 Cash & Bank Balances	826.09	394.00
Cash Credit Account	-	-
Opening Cash & Cash Equivalents	826.09	394.00
#2 Cash & Bank Balances	902.92	826.09
Cash Credit Account	-	-
Closing Cash & Cash Equivalents	902.92	826.09

Notes:

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

As per our report of even date attached.

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

FOR AND ON BEHALF OF THE BOARD

J.S. CHOPRA
Partner
Membership No. 087476

M.N. KAUSHAL
Chief Financial Officer

DR. PAWAN GOENKA
Chairman

RAJESH K. KAPILA
Company Secretary

SANJEEV GOYLE
Director

Chandigarh, 22nd April, 2013

Mumbai, 22nd April, 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SWARAJ AUTOMOTIVES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Swaraj Automotives Limited ('the Company') which comprise the Balance Sheet as at 31 March 2013, the statement of Profit and Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the Directors as on 31st March 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For J.S. CHOPRA & ASSOCIATES
Chartered Accountants
(Firm Registration Number : 008849N)

JAGDEEP S. CHOPRA, FCA
Partner
Membership No. 087476

Place : Chandigarh
Dated : 22nd April, 2013

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Swaraj Automotives Limited ('the Company') for the year ended 31 March 2013. We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us, the management has a policy of physical verification of fixed assets in a phased manner. Some of these fixed assets have been physically verified by the management during the current year and the discrepancies noticed on comparison between book records and physical inventory were not material and have been properly dealt with in the books of accounts. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. (a) The inventories have been physically verified by the management during the year and at the year end. In our view, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the records of inventories, we are of the opinion that the Company has maintained proper records of inventories. According to the information and explanations given to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records, and these have been properly dealt with in the books of accounts.
3. According to the information and explanation given to us, the Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control system.
5. We have been informed that the Company has not made any transactions that need to be entered in to the register in pursuance of Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of business of the Company.
8. We have broadly review the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

9. In respect of statutory dues:

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

According to information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding for a period of more than six months as at 31 March, 2013 from the date they became payable.

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

S.No.	Name of the Statute	Nature of the dues	Amount of Tax Liability (Rs. Lacs)	Period to which the amount relates	Forum where dispute is Pending
1.	Central Excise	Excise Duty	0.34	2005-06	Appellate Tribunal
2.	Central Excise	Excise Duty	4.89	2005-06 to April 2008	Appellate Tribunal
3.	Central Excise	Excise Duty	7.01	2005-06	Commissioner (Appeals)
4.	Central Excise & Service Tax	Service Tax on Canteen & Horticulture Services	3.00	2008-09 to October 2009	Appellate Tribunal
5.	Central Excise & Service Tax	Excise duty on Depot handling Charges	15.39	2008-09 to October 2009	Excise - Chandigarh
	Total		30.63		

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

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

For J.S. CHOPRA & ASSOCIATES
Chartered Accountants
(Firm Registration Number : 008849N)

JAGDEEP S. CHOPRA, FCA
Partner
Membership No. 087476

Place : Chandigarh
Dated : 22nd April, 2013

SWARAJ AUTOMOTIVES LIMITED

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

38th Annual General Meeting - 30th July, 2013

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

NAME OF THE SHAREHOLDER/PROXY
ADDRESS

Folio No.

DP ID*

No. of Shares held :

Client ID*

I hereby record my presence at the 38th ANNUAL GENERAL MEETING of the Company on Tuesday, the 30th July, 2013 at 4.30 P.M. at Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab-160 062.

*To be used for shares held in
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY

PROXY

SWARAJ AUTOMOTIVES LIMITED

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

Folio No. DP ID* Client ID*

I/We
of being a member/members
of SWARAJ AUTOMOTIVES LIMITED hereby appoint
of
for failing him
of

as my/our proxy to vote for me/us on my/our behalf at the 38th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 30th July, 2013 at 4.30 P.M. and at any adjournment thereof.

Signed this day of 2013.

*To be used for shares held in
electronic form

Signature



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