



ANNUAL REPORT 2015

SWARAJ ENGINES LIMITED

Swaraj Engines Limited

Company Secretary

M.S. GREWAL

Auditors

M/S DAVINDER S. JAAJ & CO.
Chartered Accountants

Bankers

CANARA BANK
HDFC BANK LIMITED
AXIS BANK LIMITED

Registered Office

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

Works

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

Website

www.swarajenterprise.com

BOARD OF DIRECTORS

SUDHIR MANKAD
Chairman

DR. PAWAN GOENKA

DR. T.N.KAPOOR

R.R.DESHPANDE

VIJAY VARMA

RAJAN WADHERA

S.DURGASHANKAR

DILEEP C. CHOKSI

NEERA SAGGI

M.N.KAUSHAL
Whole-time Director

ANNUAL GENERAL MEETING

on Tuesday, 28th July, 2015
at 2:00 P.M. at Swaraj Engines Limited
Plot No. 2, Industrial Phase IX
S.A.S. Nagar (Mohali)
Punjab 160 062

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

Fiscal Year →	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Engines Sold (Nos.)	17631	17702	16408	28539	39143	47413	55239	57377	74062	64595
Total Revenue (Net)^	128.18	129.32	125.54	208.34	286.62	363.45	452.64	486.11	614.75	543.31
PBIDT	25.81	26.58	23.36	32.04	53.75	63.08	73.43	78.56	97.11	78.33
Finance Charges (Net)	0.14	(0.45)	(3.27)	(4.87)	(5.80)	(5.73)	(8.10)	(8.10)	(10.97)	(12.69)
Depreciation	4.26	4.40	4.59	4.69	4.84	4.46	4.26	7.16	9.12	13.20
Profit Before Exceptional Items	21.41	22.63	22.04	32.22	54.71	64.35	77.27	79.50	98.96	77.82
Exceptional Items [Expenses / (Income)]	-	-	-	-	-	-	-	-	1.15	-
Profit Before Tax	21.41	22.63	22.04	32.22	54.71	64.35	77.27	79.50	97.81	77.82
Income Tax	7.42	7.77	7.68	10.95	17.36	20.44	24.45	24.10	30.81	25.98
Profit After Tax	13.99	14.86	14.36	21.27	37.35	43.91	52.82	55.40	67.00	51.84
Dividend %	75*	Nil	50	50	80	100	130	330 #	350#	330#
Dividend Payout	9.31	Nil	6.21	6.21	9.94	12.42	16.15	40.99	43.47	40.99
Equity Share Capital	12.42*	12.42	12.42	12.42	12.42	12.42	12.42	12.42	12.42	12.42
Net Worth	61.01	75.87	82.96	96.97	122.74	152.22	186.28	193.73	209.88	212.07
Capital Employed	67.29	81.41	88.04	100.84	125.42	154.14	189.48	200.06	216.82	218.39
Market Capitalisation	183.20	176.36	265.78	118.05	360.36	532.93	498.10	490.58	859.20	1003.83
PBIDT/Total Revenue %	20.1	20.6	18.6	15.4	18.8	17.4	16.2	16.2	15.8	14.4
Return on Net Worth %	22.9	19.6	17.3	21.9	30.4	28.9	28.4	28.6	31.9	24.4
Earning Per Share (Rs.)	11.3*	12.0	11.6	17.1	30.1	35.4	42.5	44.6	53.9	41.7
Book Value Per Share (Rs.)	49.1*	61.1	66.8	78.1	98.8	122.6	150.0	156.0	169.0	170.8

*On Post Bonus (2:1) Equity

#Include Special Dividend of 200% in 2013, 2014 and 180% in 2015

^ Total Revenue (Net) from 2012 onwards exclude interest income

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of Swaraj Engines Limited will be held on **Tuesday**, the **28th day of July, 2015** at **2.00 P.M.** at the Works of the Company at Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab - 160 062 to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2015 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 Dr. Pawan Goenka (DIN 00254502) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.R.Deshpande (DIN 00007439) who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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 an Ordinary Resolution:

"RESOLVED that pursuant to Section 139 of the Companies Act, 2013, M/s Davinder S. Jaaj & Co., Chartered Accountants (ICAI Registration No. 000969N), 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

6. **To consider and, if thought fit, to pass, with or without modification(s), the following as a Special Resolution:**

"RESOLVED that pursuant to the provisions of sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government, if necessary, 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 revise the remuneration of Shri M.N. Kaushal (DIN 02881972), Whole Time Director (herein after referred to as "the appointee") with effect from 1st October, 2014 as detailed below:

Salary

Rs. 1,95,227 per month in the scale of Rs. 1,95,227 to Rs. 2,50,000 per month with the authority accorded to the Board of Directors of the Company (hereinafter referred to as 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) to revise the salary payable to the appointee within the above mentioned scale of salary.

Performance Linked Bonus

A performance linked bonus in the range of Rs. 9,78,750/- to Rs. 19,57,500/- per annum, to be paid annually, with the authority to the Board to fix the same based on certain performance criteria to be laid down from time to time.

Perquisites

In addition to the salary and performance linked bonus payable, he shall also be entitled to perquisites as below:

- Benefits which would include company leased accommodation or house rent allowance in lieu thereof, use of Company car with driver, leave travel assistance for self and family, supplementary allowance and other perquisites, benefits and amenities in accordance with the Rules of the Company not exceeding amount of Rs. 43,16,447 per annum.
- Company contribution to Provident Fund.

- Benefits which are over and above salary include club membership fees, accrual and encashment of leaves, telephone and other communication facilities at residence, medical and personal accident insurance and other benefits, amenities and facilities as per the policy / rules of the Company.

Provided that the remuneration payable to the appointee (including the salary, performance linked bonus, perquisites, benefits and amenities) does not exceed the limits laid down in section 197 of the Act including any statutory modifications or re-enactment 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 for a period not exceeding 3 (three) years from 1st October, 2014 by way of salary, perquisites and other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED that pursuant to Clause 49(VII)(E) of the Listing Agreement with the Stock Exchanges (including any amendment, modification or re-enactment thereof), consent of the members of the Company be and is hereby accorded to the following related party transactions, entered into or to be entered into with respect to sale, purchase, service or supply of goods or materials, availing or rendering of services, leasing of property of any kind, selling or otherwise disposing off or buying property of any kind or any other transaction which will be in ordinary course of business and at arm's length (Transactions), with effect from 1st April, 2015, and every year thereafter, upto the maximum value of transactions per annum as appended in the table below:

S.No.	Name of related party	Relationship	Maximum value of Transactions per annum (Rs. in Crores)*
1	Mahindra & Mahindra Limited	Associate	1200

*Expected maximum annual value of transactions over the next three to four years

FURTHER RESOLVED that the Board of Directors of the Company, which includes any Committee thereof and/or any individual(s) authorized by the Board be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to the above resolution."

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

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s V. Kumar & Associates, Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016, be paid a remuneration of Rs. 70,000/- (Rupees seventy thousand only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and rules framed thereunder (including Companies (Share Capital and Debenture) Rules, 2014) and other applicable provisions if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment of the Act for the time being in force and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the provisions of the Securities and Exchange

Board of India (Share Based Employee Benefits) Regulations, 2014 including any modifications thereof or supplements thereto ("the SEBI SBEB Regulations") and the Listing Agreement entered into with the Stock Exchange(s) where the securities of the Company are listed or other relevant authority, from time to time and subject to such other legislations, consents, permissions, sanctions and approvals as may be necessary and subject to granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee), consent of the Shareholders be and is hereby accorded to the Employee Stock Option Scheme - 2015 ("the Scheme") the salient features of which are detailed in the Explanatory Statement to this Notice and to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the permanent employment of the Company (hereinafter referred to as "Employee" or "Employees"), under the Scheme, such number of equity shares and/or equity linked instruments (including Options/Warrants/Restricted Stock Units) ("Options") not exceeding 0.25% of the Paid-up Equity Share Capital of the Company as on 31st March, 2015 i.e. not exceeding 31,000 equity shares of Rs. 10 each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time), in one or more tranches, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the Scheme, the SEBI SBEB Regulations and other provisions of the law as may be prevailing at that time.

FURTHER RESOLVED that the new equity shares to be issued and allotted in the manner aforesaid shall rank paripassu in all respects with the then existing equity shares of the Company.

FURTHER RESOLVED that the Company shall conform to the accounting policies prescribed with regard to the Stock Options from time to time under the SEBI SBEB Regulations.

FURTHER RESOLVED that for the purpose of creating, offering, issuing, allotting and listing of the Securities and/or for the purpose of complying with any guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time, provided such variations, modifications, alterations or revisions are not detrimental to the interests of the Employees.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorised to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company."

NOTES

1. Explanatory statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
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 Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Share Transfer Agent Limited having their office at F-65, First Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020.
5. The Register of Members and Share Transfer Books of the Company will be closed from 11th July, 2015 to 17th July, 2015 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, would be paid / despatched on or after 29th July, 2015 to those shareholders or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 10th July, 2015 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/its Registrar and Share Transfer Agent on or before 10th July, 2015.
7. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.

8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be compiled and made available at the Meeting.
9. 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, 2007 to the Investor Education and Protection Fund (IEPF). The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 31st July, 2014 (date of last Annual General Meeting) on the website of the Company (www.swarajenterprise.com). Members who have not encashed the dividend warrant(s) so far for 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.
10. The Securities and Exchange Board of India (SEBI) has mandated 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.
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH13 duly filled in to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
12. 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 17th July, 2015, to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited. 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.
13. 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 Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited.
14. Members are requested to:
 - Intimate to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form.
 - Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in dematerialised form. The Company will not take cognizance of any such requests directly from 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.

15. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The shareholders may cast their vote using an electronic voting system from a place other than the venue of the meeting ("Remote e-voting").

The instructions for remote e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Open email and open attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Open the internet browser by typing the URL: <https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder - Login
 - (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - (vi) Password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vii) Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.
 - (viii) Select "EVEN" (E-Voting Event Number) of Swaraj Engines Limited. Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ajaykcs@gmail.com with a copy marked to evoting@nsdl.co.in
- B. For the members whose email IDs are not registered with the Company/Depository Participants(s):
- (i) Initial password alongwith physical copy of the Notice of AGM is being sent separately in the permitted mode.
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. 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 Downloads Section of www.evoting.nsdl.com
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The remote e-voting period commences on 24th July, 2015 (9:00 am) and ends on 27th July, 2015 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 21st July, 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast the vote again. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

- V. The facility for voting through ballot will also be made available at the AGM and shareholders attending the AGM who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM.
- VI. 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 21st July, 2015.
- VII. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 21st July, 2015, may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or Registrar and Share Transfer Agent of the Company.

If the shareholder is already registered with NSDL for remote e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.

- VIII. 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 e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- IX. The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- X. As per Clause 35A of the Listing Agreement, the results of e-voting are to be communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.swarajenterprise.com and on the website of NSDL.
- XI. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 28th July, 2015.

16. Appointment /Re-appointment of Directors

Dr. Pawan Goenka and Shri R.R.Deshpande shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. Pawan Goenka and Shri R.R.Deshpande do not hold any Equity Shares in the Company.

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

In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed / re-appointed, members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

Regd. Office :
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab - 160 055
Email: grewal.maninder@mahindraswaraj.com
Dated: 25th June, 2015
CIN: L50210PB1985PLC006473

BY ORDER OF THE BOARD

(M.S.GREWAL)
Company Secretary

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the items of the Special Business.

Item No. 6

Shri M.N. Kaushal was appointed as Whole-time Director of the Company with effect from 1st April, 2012 for a period of 5 years. Shri Kaushal besides Whole-time Director was also looking after the Finance & Accounts function of Tractor and Farm Mechanization business of Mahindra & Mahindra Limited and Rs. 1.0 lac per month was being charged to the Company for his services as Whole-time Director. However, with effect from 1st October, 2014, he has been spending full time in Swaraj Engines Limited. Therefore, need has arisen to revise his remuneration. Accordingly, the Board, on the recommendation of the Nomination and Remuneration Committee, has in its meeting held on 20th October, 2014, subject to the approval of members, revised the remuneration payable to Shri M.N. Kaushal, Whole-time Director, with effect from 1st October, 2014.

Terms of remuneration of Shri M.N. Kaushal are set out in the Special Resolution under Item No. 6 of the Notice.

The Board recommends the Special Resolution set out in Item No. 6 of the Notice for approval of the members.

Except Shri M.N. Kaushal, 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 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, 2015

Particulars	(Rs. in Crores)
Turnover & Other Income	556.01
Net profit as per Statement of Profit & Loss (After Tax)	51.84
Profit as computed under Section 198 of the Act	78.78
Net Worth	212.07

(5) Foreign investments or collaborations, if any

Nil

II. Information about the appointee

(1) Background details

Shri M.N. Kaushal

Shri M.N. Kaushal joined the Company's Board in December, 2009 and has been appointed as Whole-time Director for a period of 5 years with effect from 1st April, 2012.

Shri Kaushal is a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Having joined the erstwhile Punjab Tractors (since merged with Mahindra & Mahindra Limited) in 1981, his last assignment in M&M was Sr. Vice President - Finance of Farm Division of Mahindra & Mahindra Ltd. and has made significant contributions in business planning, cost control and management & judicious allocation of financial resources.

(2) Past remuneration during the financial year ended 31st March, 2015

Remuneration of Rs. 1,00,000/- per month till 30th September, 2014 in the scale of Rs. 1,00,000/- to Rs. 1,25,000/- per month.

(3) Recognition or awards

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

(4) Job Profile and his suitability

Shri M.N. Kaushal, Whole-time Director, is responsible for operations and the affairs of Company. Taking into consideration his qualifications and expertise in relevant fields, he is best suited for the responsibilities currently assigned to him by the Board of Directors.

(5) Remuneration proposed

As set out in Item No. 6 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 Shri M.N. Kaushal, 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, Shri M.N. Kaushal 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 of Rs. 51.84 crores for the year ended 31st March, 2015.

(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. The Company posted an operating profit of Rs. 74.71 crores for the year ended 31st March, 2015.

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, 2015 in the Corporate Governance Report Section under the Heading "Remuneration to Directors".

Item No. 7

Clause 49(VII)(E) of the Listing Agreement provides that all material transactions that a company enters into with its Related Parties have to be approved by the shareholders of the company by passing a special resolution. Clause 49(VII)(C) defines a material related party transaction as a transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Mahindra & Mahindra Limited (M&M) is a related party of the Company. The Company has transactions with M&M for sale, purchase, service or supply of goods or materials, availing or rendering of services, leasing of property, selling or otherwise disposing off or buying property of any kind or such transactions which are in the Ordinary Course of business and at Arm's Length (Transactions). Considering the aggregate of the transactions which the Company has with M&M, the value of such transactions exceeds the threshold of material related party transaction as provided under Clause 49 of the Listing Agreement (i.e. the aggregate value of such transactions exceeds ten percent of the annual consolidated turnover of the Company as per its last audited financial statements). Therefore, your Directors recommend the Special Resolution proposed as set out at Item No. 7 of this Notice for your approval.

The particulars of the contracts/arrangements/transactions are as under:

1. Name of the related party: Mahindra & Mahindra Limited
2. Name of the Director or Key Managerial Personnel who is related: None of the Directors and/or Key Managerial Personnel of the Company and/or their respective relatives are in any way concerned or interested in the aforesaid Special Resolution save and except to the extent of their directorship / shareholding, if any, in any of the entities mentioned in the resolution.
3. Nature of relationship: Swaraj Engines Limited is an associate company of Mahindra & Mahindra Limited.
4. Nature, material terms of the contracts/arrangements/transactions: Sale, purchase, service or supply of goods or materials, availing or rendering of services, leasing of property, selling or otherwise disposing off or buying property of any kind or such transactions on arm's length basis.
5. Monetary Value: Maximum value of Rs. 1200 crores per annum
6. Any other information relevant or important for the members to take a decision on the proposed resolution: None.

Pursuant to Clause 49(VII)(E) of the Listing Agreement, the related parties have to abstain from voting on the special resolution that is being proposed for the consideration of the shareholders. No shareholder of the Company being a related party or having any interest in the Special Resolution as set out at Item No. 7 of the Notice shall be entitled to vote on this Special Resolution.

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. 7 of the Notice save and except to the extent of their directorship / shareholding, if any, in any of the entities mentioned in the resolution .

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

Item No. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s V. Kumar & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 and the Board, subject to the ratification by the members, approved the remuneration of Rs. 70,000/- (Rupees seventy thousand only) plus applicable taxes and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost

Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016.

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. 8 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

Item No. 9

Stock Options represent a reward system based on performance. It help companies to attract, retain and motivate the best available talent. Stock Options also provide a Company with an opportunity to optimise its personnel costs. This also provides an opportunity to employees to participate in the growth of the Company, besides creating long term wealth in their hands.

Keeping in line with the above, "Swaraj Engines Limited Employees Stock Option Scheme - 2015" ('the Scheme') has been formulated in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI SBEB Regulations') issued by SEBI and other applicable laws. The Scheme has been approved by the Nomination and Remuneration Committee and by the Board of Directors at their Meeting held on 25th June, 2015.

The Scheme will be operated and administered under the superintendence of the Company's Nomination and Remuneration Committee, which is a Committee of the Board of Directors, the majority of whose Members are Independent Directors. The Nomination and Remuneration Committee will formulate the detailed terms and conditions of the Scheme including:

- Number of options to be granted to any Employee, and in the aggregate;
- Terms on which the options will vest;
- The conditions under which options vested in Employees may lapse in case of termination of Employees for misconduct;
- The exercise period within which an Employee should exercise the options, and lapsing of options on failure to exercise the options within the exercise period;
- The specified time period within which the Employee shall exercise the vested options in the event of termination or resignation of the Employee;
- The right of an Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
- The grant, vesting and exercise of options in case of Employees who are on long leave; and
- Any other related or incidental matters.

Brief Description of the Scheme is given as under:

- a) The total number of options to be granted

The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 31,000 equity shares of Rs. 10 each, which represents 0.25% of the Paid-up equity share capital of the Company as on 31st March, 2015 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).

- b) Identification of classes of employees entitled to participate in the Scheme;

Persons who are employees as defined in the SEBI SBEB Regulations for the time being in force and as may be decided by the Nomination and Remuneration Committee from time to time.

The class of Employees eligible for participating in the Scheme shall be determined on the basis of the grade, length of service, performance, and such other parameters as may be decided by the Nomination and Remuneration Committee from time to time.

The options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

- c) Requirements of vesting and period of vesting

Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as may be stipulated by the Nomination and Remuneration Committee.

- d) Maximum period within which the options shall be vested

The maximum vesting period may extend up to five years from the date of grant of options, unless otherwise decided by the Nomination and Remuneration Committee.

- e) Exercise price or pricing formula

Exercise Price means the price at which the Employee is entitled to acquire the equity shares pursuant to the options granted and vested in him/her under the Scheme.

The Exercise Price per equity share shall be equal to or not less than the face value of the shares in accordance with the recommendations of the Nomination and Remuneration Committee at the time of grant of options.

- f) Exercise period and process of exercise

The exercise period may commence from the date of vesting and will expire not later than five years from the date of vesting, or such other period as may be decided by the Nomination and Remuneration Committee from time to time.

The options will be exercisable by the Employees by a written application to the Company or any other entity which may be set up for this purpose to exercise the options, in such manner, and on execution of such documents, as may be prescribed by the Nomination and Remuneration Committee from time to time.

The options will lapse, if not exercised within the specified exercise period. The options may also lapse, under certain circumstances even before the expiry of the specified exercise period.

- g) Appraisal Process for determining the eligibility of Employees to the Scheme.

The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee.

- h) Maximum number of options to be issued per Employee and in the aggregate

The maximum number of options to be granted per Employee will not exceed 10,000 equity shares of Rs. 10 each. The aggregate of all such grants shall not exceed 31,000 equity shares of Rs. 10 each, representing 0.25% of the Paid-up equity share capital of the Company as on 31st March, 2015 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).

- i) Whether the scheme is to be implemented and administered directly by the Company or through a trust

The Scheme will be implemented directly by the Company under the guidance of the Nomination and Remuneration Committee of the Board.

- j) Whether scheme involves new issue of shares by the Company or Secondary acquisition by the trust

The Scheme will involve only new issue of shares by the Company

- k) Disclosure and accounting policies

The Company shall conform to the accounting policies specified by Securities & Exchange Board of India as per the SEBI SBEB Regulations, amended from time to time.

- l) Method of Valuation

The Company follows the intrinsic value method for computing the compensation cost, if any, for the options granted. The difference between the employee compensation cost so calculated and employee compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share would be disclosed in the Directors' Report.

- m) Other terms

The Board or Nomination and Remuneration Committee shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the Regulations and Guidelines as prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the Employees.

The Securities may be allotted directly to the Employees in accordance with the Scheme.

As the Scheme would entail further shares to be offered to persons other than existing Members of the Company, consent of the Members is sought pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per the requirement of Clause 6 of the SEBI SBEB Regulations.

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. 9 of the Notice save and except to the extent of their entitlements, if any, under the Scheme.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the members.

Regd. Office :
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab - 160 055
Email: grewal.maninder@mahindraswaraj.com
Dated: 25th June, 2015
CIN: L50210PB1985PLC006473

BY ORDER OF THE BOARD

(M.S.GREWAL)
Company Secretary

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors present their 29th Annual Report together with Audited Accounts for the financial year ended 31st March, 2015.

FINANCIAL RESULTS :

	Year Ended	(Rs. in Crores)
	31st March, 2015	Year Ended
		31st March, 2014
Net Operating Revenue	539.70	608.28
Profit before Other Income, Depreciation, Finance Charges, Exceptional items and Tax	74.72	90.63
Other Income	16.31	17.49
Profit before Depreciation, Finance Charges, Exceptional items and Tax	91.03	108.12
Finance Costs	0.01	0.04
Depreciation	13.20	9.12
Profit before exceptional items & tax	77.82	98.96
Exceptional Items [Expenses / (Income)]	—	1.15
Profit Before Tax	77.82	97.81
Tax Provision		
- Current	26.44	30.20
- Deferred	(0.46)	0.61
Profit After Tax	51.84	67.00
Surplus - Opening Balance after adjustment for carrying value of Assets	36.99	28.15
Surplus available for Appropriation :	88.83	95.15
Appropriations :		
Proposed Dividend	40.99	43.47
Tax on Proposed Dividend	8.34	7.38
Transfer to General Reserve	—	7.00
Surplus - Closing Balance	39.50	37.30

DIVIDEND

Your Directors are pleased to recommend an equity dividend of Rs. 15.00 per share of the face value of Rs. 10 each for the financial year ended 31st March, 2015. In addition, continuing with its Investor friendly approach and keeping in view the Company's surplus cash position, the Board, over and above the said normal dividend, has also recommended a special dividend of Rs. 18.00 per share, taking the total dividend to Rs. 33.00 per share for the financial year 2014-15, as against Rs. 35.00 per share, including special dividend of Rs. 20.00 per share, declared and paid for previous year. This dividend would be payable to those members whose names shall appear in the Register of Members as on Book Closure date. The total equity dividend outgo for the financial year 2014-15, including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 49.33 crores (previous year Rs. 50.85 crores).

REVIEW OF OPERATIONS

During the financial year 2014-15, your Company's engines sale stood at 64,595 units as against 74,062 units sold during the previous year. As your Company is supplying engines for the fitment in tractors, the business of your Company has been directly impacted by the significant drop witnessed in the domestic tractor industry during the second half of the fiscal 2015.

As a result of lower engines off takes, the net operating revenue for the year under review restricted to Rs. 539.70 crores as compared to last year's Rs. 608.28 crores. While due focus on cost front has helped to restrict the overall costs but lower absorption of fixed expenses due to drop in volume coupled with higher depreciation and CSR expenses mandated by the provisions of the Companies Act, 2013, the profit before tax stood at Rs. 77.82 crores (previous year Rs. 97.81 crores). Profit After Tax of Rs. 51.84 crores (previous year Rs. 67.00 crores) translates into an Earning Per Share of Rs. 41.74 (previous year Rs. 53.95).

Taking note of the overall slowdown in tractor industry and its current scenario, your Company, by following a prudent approach, has decided to go little slow towards capacity enhancement project to increase the annual capacity to 1,05,000 units announced

in January 2014, which is now expected to complete by end of second quarter of current fiscal instead of initial plan of first quarter of financial year 2015-16.

SHARE CAPITAL

The Company has neither issued any shares with differential voting rights nor granted stock options or sweat equity during the year under review. The Issued and Paid-up Share Capital of the Company remained unchanged during the year and stood at Rs.12.42 crores at the end of the financial year 2014-15.

FINANCE

The fund position of the Company remained comfortable throughout the year under review and after meeting the capital expenditure and working capital requirements to support operations, the Company has generated an income of Rs. 16.14 crores (previous year Rs. 17.43 crores) on surplus funds.

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 investment pursuant to Section 186 of the Companies Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

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 Clause 49 of the Listing Agreement forms part of the Annual Report.

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year under review except for minor IR issue with Diploma Engineer Trainees. While the matter was fully resolved, there was no loss of production due to the same.

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. Showing its commitment to improve the well-being of its employees, Medical Check-ups, both curative and preventive have been organized regularly, including educating the employees on Industrial Hygiene at the work place. The Company's plant is certified under OHSAS 18001:2007 and EMS ISO 14001:2004.

CORPORATE SOCIAL RESPONSIBILITY

Keeping with Company's core value of Good Corporate Citizenship, your Company is committed to display its social responsibility by taking various initiatives which would benefit the society at large. These initiatives includes contribution towards girl education, tree plantation at various locations, organizing medical 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 has constituted Corporate Social Responsibility (CSR) Committee comprises Shri Sudhir Mankad (Chairman) and S/Shri Vijay Varma, Rajan Wadhera and M.N.Kaushal as other members. The Annual Report on CSR activities is annexed herewith as "Annexure A".

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.

DIRECTORS

Consequent to their resignations, Shri G.P.Gupta, Chairman of the Board of Directors of the Company and Shri S.C.Bhargava ceased to be the Directors of the Company after the conclusion of the last Annual General Meeting of the Company held on 31st July, 2014. The Directors placed on record their gratitude for the notable contributions made by Shri Gupta and Shri Bhargava during their association with the Company. In view of the resignation of Shri Gupta, the Directors have appointed Shri Sudhir Mankad as the Chairman of the Board of Directors of the Company.

As shared in the last year's Directors' Report, consequent upon their resignations, Shri Rajesh Jejurikar and Shri V.S.Parthasarathy ceased to be Directors of the Company with effect from 28th April, 2014 and 29th April, 2014 respectively and Shri Rajan Wadhwa and Shri S.Durgashankar joined the Company's Board with effect from 29th April, 2014 and 18th June, 2014 respectively. Further, Members also approved the appointments of Shri Sudhir Mankad, Dr. T.N.Kapoor, Shri Dileep C. Choksi and Smt. Neera Saggi as Independent Directors under the Companies Act, 2013 for a period of 5 years, not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

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

The Whole-time Director is not receiving any commission from the Company. The Company has no holding / subsidiary company.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a system has been put in place to carry out 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.

DIRECTORS' MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, four Meetings of Board and 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.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors in terms of Section 134(3)(c) of the Companies Act, 2013 state that:

- a) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any;
- b) in the selection of the accounting policies, consulted the Statutory Auditors and applied them consistently and made judgment 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, 2015 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, 2013 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;
- e) internal financial controls to be followed by the Company have been laid down, which are adequate and operating effectively;
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee comprises Shri Dileep C. Choksi (Chairman) and Dr. T.N.Kapoor, Shri S.Durgashankar and Smt. Neera Saggi as other members. All the recommendations made by the Audit Committee were accepted by the Board.

KEY MANAGERIAL PERSONNEL

Shri M.N.Kaushal, Whole Time Director, Shri M.S.Grewal, Company Secretary and Shri Rajinder Arora, Chief Financial Officer of the Company are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013. While Shri Kaushal and Shri Grewal were already in the office before the commencement of the Companies Act, 2013, the Board appointed Shri Rajinder Arora as Chief Financial Officer with effect from 29th April, 2014.

RISK MANAGEMENT

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company is having Risk Management framework covering identification, evaluation and control measures to mitigate the identified business risks.

INTERNAL FINANCIAL CONTROL SYSTEMS

The Company has laid down adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no material weakness in their operating effectiveness was observed.

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.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year 2014-15 were in the ordinary course of the business and were on arm's length basis. There were no materially significant related party transactions made by the Company which may have a potential conflict of the interest with its Promoters, Directors, Key Managerial Personnel or other persons. 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 regular intervals. The policy on materiality of and dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company and the link for the same is (<http://www.swarajenterprise.com/NCC.asp>).

AUDITORS

M/s Davinder S. Jaaj & Company, Chartered Accountants, Statutory Auditors of the Company, hold office till 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, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. The Members are requested to appoint Auditors and fix their remuneration.

The Audit Report issued by the Auditors of the Company forms part of the Annual Report and does not contain any qualification, reservation or adverse remark.

COST AUDITORS

Pursuant to Section 148(3) of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors on the recommendation of Audit Committee has appointed M/s V.Kumar & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year ending on 31st March, 2016. M/s V.Kumar & Associates have confirmed that their appointment, if approved, will be within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from disqualification specified under Section 141(3) of the Companies Act, 2013.

The Cost Audit Report for the financial year 2013-14 was filed within the due date on 25th September, 2014.

SECRETARIAL AUDIT

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., a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure B". The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DEPOSITS

The Company has not accepted deposits 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 which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

CURRENT YEAR

In view of the unseasonal rains and lower crop prices, tractor sales during the first half of the fiscal 2016 is expected to remain moderate. However, prediction of normal monsoon and positive signs in infrastructure sector could improve the overall market scenario and lead to growth in the tractor industry in the second half of the year. In this background, it is expected that the engine business of your Company will also move in tandem with the tractor industry.

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 C".

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT9 is annexed herewith as "Annexure D".

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 27th April, 2015

SUDHIR MANKAD
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

Swaraj Engines Ltd. (SEL) is manufacturing engines for fitment into "Swaraj" tractors being manufactured by Mahindra & Mahindra Ltd. (M&M) at its Swaraj Division. SEL is also supplying hi-tech engine components to SML Isuzu Ltd., for assembly of commercial vehicle engines.

Since start of commercial operations in 1989-90, SEL has supplied around 6,56,000 engines for fitment into "Swaraj" tractors.

FINANCIAL ANALYSIS (2014-15)

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

(A) Statement of Profit & Loss

Income:

Total revenue for the year was Rs.556.01crores (previous year Rs. 625.77 crores) with the following breakdown:

	(Rs. in Crores)	
	<u>2014-15</u>	<u>2013-14</u>
Engines	525.44	589.81
Engine components	1.99	4.97
Spares etc.	12.27	13.50
Net Revenue from Operations	539.70	608.28
Other Income - Mainly Interest & Dividend	16.31	17.49
Total Revenue	556.01	625.77

While tractor industry was almost flat in the first half, it de-grew sharply in second half of FY 2014-15. Accordingly, in line with the demand, engine supplies during the year were 64,595 engines (previous year 74,062 engines).

Comfortable fund position throughout the year resulted into a total income of Rs 16.14 crores (previous year Rs. 17.43 crores) on surplus funds. Other miscellaneous income for the year stood at Rs. 0.17 crore (previous year Rs. 0.06 crore).

Expenditure:

- Material Cost**

In view of the overall stability in the commodity prices supported by continued cost reduction initiatives, material cost as a percentage of net revenue from operations at 75.8% remained marginally lower than last year's 76.0%.

- Personnel Cost**

Increase in Personnel cost from Rs. 27.69 crores to Rs. 30.83 crores was primarily due to annual increments and full year impact of new 4 year wage agreement with regular workmen settled in FY 2013-14.

- Other Expenses**

Other expenses, consisting of manufacturing, consumption of stores & spares, administrative & marketing expenses, in absolute terms were lower than last year but in terms of percentage of net revenue from operations remained at last year's level primarily due to lower absorption of fixed expenses in view of drop in engines sale volume.

- Depreciation**

Depreciation for the year at Rs.13.20 crores was higher as compared to last year's Rs. 9.12 crores mainly due to additional depreciation impact of Rs.3.22 crores on account of revision in the estimated useful economic life of the assets as prescribed by Schedule II of Companies Act 2013.

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Reflecting the above and due to subdued volumes, Profit Before Tax reached Rs. 77.82 crores (previous year Rs. 97.81 crores). After providing for corporate tax, Profit After Tax for the current year was Rs.51.84 crores (previous year Rs.67.00 crores).

B) Balance Sheet

Equity & Reserves

Company's net worth on 31st March, 2015 stood at Rs. 212.07 crores comprising of an Equity component of Rs. 12.42 crores and Reserves & Surplus of Rs. 199.65 crores - a book value of Rs.171 per share (previous year Rs. 169 per share). Out of the total equity of Rs. 12.42 crores, some 83% (Rs.10.35 crores) represents two Bonus Issues made in 1997 (1:1) and 2005 (2:1).

Fixed Assets

Gross Block and Net Block of fixed assets on 31st March, 2015 stood at Rs. 163.40 crores (previous year Rs.152.92 crores) and Rs. 83.85 crores (previous year Rs. 84.07 crores) respectively. Additions during the year were primarily towards plant & machinery. Capital work in progress / capital spares at the year-end stood at Rs.4.78 crores (previous year Rs. 1.73 crores).

Inventories

With continued focus on raw material and finished stock, total year-end Inventories came down to Rs.33.14 crores against previous year's Rs.46.40 crores.

Trade Receivables

Year-end Trade Receivables of Rs.6.87 crores (previous year Rs.7.85 crores) in terms of number of days at 4.6 days of operating revenue remained almost at last year's level.

Trade Payables

Year-end Trade Payables stood at Rs.48.18 crores (previous year Rs. 59.22 crores).

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 proprietary, accuracy and speed. These aspects are regularly reviewed during internal audit and statutory audits. The Company has also laid down adequate internal financial controls. 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.

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.

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 competence level of the employees, systematic and structured training is provided at different levels, including training on leadership development, communication effectiveness and team working. This has made a significant contribution to Company's business.

Industrial relations were cordial throughout the year under review except for minor IR issue with Diploma Engineer Trainees. While the matter was fully resolved, there was no loss of production due to the same.

Regular employee strength as on 31st March, 2015 stood at 470 (31st March, 2014- 489).

INDUSTRY STRUCTURE AND DEVELOPMENTS

Since the Company's principal business is to supply 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 is one of the largest markets in the world in terms of sales volume despite having the low level of tractor penetration level compared to the world standards. Further, the penetration levels are also not uniform throughout the country and vary at state level. The domestic tractor market is traditionally segmented by horsepower - the low horsepower 20 HP - 30 HP segment, the mid segment of 30 HP - 40 HP and the higher segment of above 40 HP. Most of the major players cater to all the three segments. However, their relative strengths and market positions differ from segment to segment. The medium and higher HP segments are the most popular and fastest growing segments in the country. Further, to increase the tractor penetration in the lower segment of the market and to provide cost effective product, some of the industry players have also taken keen interest in below 20 HP category tractors.

The domestic tractor industry after registering a good growth of 20% during fiscal 2014 somehow lost its growth momentum during fiscal 2015. Subdued market conditions hit the tractor industry during FY 2014-15. While in the first half, it barely managed to sustain last year's volume, in the second half it witnessed a sharp decline of around 25% over same period of last year. Consequently, the year ended with overall degrowth of 13%. Lower crop output / yield, unseasonal rains and weak crop prices etc. had negatively impacted farm income and sentiments during the year. In addition, non-agri demand for tractors also remained sluggish during the year due to slow pick-up in infrastructure related activities.

OUTLOOK AND OPPORTUNITIES

On the basis of current market trends, it is expected that the domestic tractor industry may register moderate growth in near term, however having regard to current penetration level, government's continuous thrust towards rural development, agri-mechanization, generating rural employment opportunities through various schemes, scarcity of farm labour especially during the sowing season, shortened replacement cycle, healthy credit availability, expected higher momentum of infrastructural projects etc. would be the positive drivers for tractor industry in long term. In view of the optimistic industry outlook for the Company's prime customer, SEL's business prospects appear to remain positive.

THREATS, RISKS & CONCERNS

As a supplier to M&M & SML Isuzu, SEL would be directly affected by factors impacting tractor industry and commercial vehicle industry. These would include issues like the rain-dependent nature of our agriculture, Government policy on procurement, credit availability, auto regulations, commodity price trends 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

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 by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below.

I Board of Directors

The Composition of the Board is in accordance with Clause 49 of the Listing Agreement, as amended from time to time. The Company has a Non-Executive Chairman and the number of Independent Directors is 1/3rd of the total number of Directors. The number of Non-Executive Directors is more than one half of the total number of Directors. The Non-Executive Directors bring wide range of experience and independent judgement to the Board's deliberations and decisions. Shri M.N.Kaushal is the Whole-time Director of the Company.

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

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

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

A. Composition of the Board

The Company's Board of Directors currently comprises 10 members. While five members are Non Independent Non-Executive Directors, the Whole-time Director is the Executive Director of the Company and remaining four (including the Chairman of the Board) are Independent Directors.

The information on Composition of the Board, number of Board Meetings, attendance of Directors at Board Meetings / Annual General Meeting, Directorships and Committee positions held in Public companies is given below:

Name of Director	Category	Financial Year 2014-15		Attendance at the last AGM	Total No. of Directorships [^] in public companies [#]	Committee ⁺ Position held in public companies [#]	
		Board Meetings held [*]	Board Meetings attended			Chairman	Member
Non-Executive							
Shri Sudhir Mankad, Chairman	Independent	4	4	Yes	10	2	4
Dr. Pawan Goenka	Non Independent	4	4	Yes	6	-	-
Dr. T.N.Kapoor	Independent	4	4	Yes	4	3	4

Name of Director	Category	Financial Year 2014-15		Attendance at the last AGM	Total No. of Directorships^ in public companies#	Committee+ Position held in public companies#	
		Board Meetings held*	Board Meetings attended			Chairman	Member
Shri R.R.Deshpande	Non Independent	4	4	Yes	3	-	1
Shri Vijay Varma	Non Independent	4	4	Yes	2	-	-
Shri Rajan Wadhera (appointed w.e.f. 29.04.2014)	Non Independent	4	3	Yes	2	-	1
Shri S.Durgashankar (appointed w.e.f. 18.06.2014)	Non Independent	3	2	No	4	2	3
Shri Dileep C. Choksi (appointed w.e.f. 18.06.2014)	Independent	3	2	No	9	5	5
Smt. Neera Saggi (appointed w.e.f. 01.10.2014)	Independent	2	2	N.A.	10	-	9
Shri G.P.Gupta, (ceased w.e.f. 31.07.2014)	Independent	2	1	No	N.A.	N.A.	N.A.
Shri S.C.Bhargava (ceased w.e.f. 31.07.2014)	Independent	2	2	Yes	N.A.	N.A.	N.A.
Executive							
Shri M.N.Kaushal, Whole-time Director	Non Independent	4	4	Yes	1	-	1

* Indicates the Board meetings held during the tenure of Director(s).

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

^ Excludes Alternate Directorships but includes Additional Directorships and Directorship in Swaraj Engines Ltd.

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

- 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 Clause 49), across all the companies in which he is a Director.
- 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.

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, adoption of quarterly/half-yearly/annual results, significant labour issues, and Minutes of Meetings of the Audit and other Committees of the Board.

During the financial year 2014-15, 4 Board Meetings were held on 29th April, 2014, 31st July, 2014, 20th October, 2014 and 29th January, 2015. The gap between two Meetings did not exceed four months.

The 28th Annual General Meeting (AGM) was held on 31st July, 2014.

C. Directors Profile

The brief profile of the Company's Board of Directors is given below:

Shri Sudhir Mankad

Shri Sudhir Mankad joined the Company's Board in July 2012.

Shri Mankad belongs to Indian Administrative Services (IAS). He holds Masters' degree in History from University of Delhi. He has served in various capacities both in Government of India and the State of Gujarat. His last assignment was as Chief Secretary, Govt. of Gujarat. He has served as a Chairman / Director on Board of several cement, power, fertilizer, and finance companies. He had also worked on the Finance Committee of Central Universities and had been associated with several educational institutions and NGOs.

Shri Mankad is also a Chairman of Bhavnagar Energy Co. Limited and Gujarat International Finance Tec-city Co. Limited and Director of Deepak Nitrite Limited, Gruh Finance Limited, Mahindra Intertrade Limited, National Securities Depository Limited, IL&FS Skills Development Corp. Limited, Navin Fluorine International Limited and IL&FS Education & Technology Services Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Deepak Nitrite Limited	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member Chairman Chairman
2.	Gruh Finance Limited	Nomination and Remuneration Committee Corporate Social Responsibility Committee Stakeholders Relationship Committee	Member Member Member
3.	Mahindra Intertrade Limited	Audit Committee Corporate Social Responsibility Committee Nomination and Remuneration Committee	Chairman Member Member
4.	National Securities Depository Limited	Audit Committee Corporate Social Responsibility Committee Nomination and Remuneration Committee	Member Member Member
5.	IL&FS Skills Development Corp. Limited	Audit Committee Nomination and Remuneration Committee	Chairman Member
6.	Navin Fluorine International Limited	Corporate Social Responsibility Committee	Member
7.	IL&FS Education & Technology Services Limited	Audit Committee Nomination and Remuneration Committee	Member Member
8.	Swaraj Engines Limited	Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member Chairman

Shri Mankad does not hold any share in the Company.

Dr. Pawan Goenka

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

Dr. Goenka is a Mechanical Engineer from I.I.T. Kanpur. Post his Engineering degree, he earned his Ph.D from Cornell University, U.S.A. He is also a graduate of the Harvard Business School Advanced Management Program. Dr. Goenka is currently the Executive Director and Group President (Auto and Farm Sector) of Mahindra and Mahindra Limited (M&M). Having joined M&M in 1993, in April 2003 he was appointed COO of Automotive Sector, in September 2005 he became President, and in April 2010 he assumed responsibility for both the Automotive and Farm Equipment Sectors. He was appointed to the post of Executive Director of Mahindra & Mahindra Ltd. in 2013. Prior to joining M&M, he served with General Motors R&D Centre at Detroit, U.S.A. He is an internationally acknowledged scientist-manager with several citations to his credit. He is a fellow of SAE International and the Indian National Academy of Engineers. In 2014, he was appointed Chairman of the Board of Governors at the Indian Institute of Technology (IIT), Madras.

Dr. Goenka is also the Chairman of Mahindra Vehicle Manufacturers Limited, SsangYong Motor Company Limited, Mahindra & Mahindra South Africa (Pty) Limited, Mahindra USA Inc., Mahindra Racing U.K. Limited, Peugeot Motorcycles SAS, and Mahindra Reva Electric Vehicles Pvt. Limited and Director of Mahindra First Choice Wheels Limited, Mahindra Two Wheelers Limited, Mumbai Mantra Media Limited, Mahindra Yueda (Yancheng) Tractor Co. Limited and Sylvan Realty Pvt. Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Mahindra & Mahindra Limited	Corporate Social Responsibility Committee	Member
2.	Mahindra Vehicle Manufacturers Limited	CSR Committee Nomination and Remuneration Committee	Member Member
3.	SsangYong Motor Company Limited	Management Committee	Chairman
4.	Swaraj Engines Limited	Nomination and Remuneration Committee	Member
5.	Mahindra Reva Electric Vehicles Private Limited	Nomination and Remuneration Committee	Member

Dr. T.N.Kapoor

Dr. T.N.Kapoor has been a Director of the Company since 1998.

Dr. Kapoor possesses a Master's degree in Commerce, a Bachelor's degree in Law and a Doctorate in Philosophy. He is an eminent Educationist and has been Professor and Dean, Faculty of Business Management & Commerce in Panjab University. He is a Management Advisor and is associated with several Public Limited Companies. He is also a Director of Omax Autos Limited, Sterling Tools Limited and KDDL Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Omax Autos Limited	Stakeholders Relationship Committee	Chairman
		Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
		Executive Committee	Chairman
2.	Sterling Tools Limited	Audit Committee	Member
		Stakeholders Relationship Committee	Chairman
		Nomination and Remuneration Committee	Member
3.	KDDL Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Chairman
4.	Swaraj Engines Limited	Audit Committee	Member
		Stakeholders Relationship Committee	Chairman
		Nomination and Remuneration Committee	Chairman

Dr. Kapoor does not hold any share in the Company.

Shri R.R.Deshpande

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

Shri Deshpande, a Mechanical Engineer, is currently Executive Director, Kirloskar Oil Engines Limited (KOEL). He is working with Kirloskar Group since 1977 and has vast experience in Projects, Production and Material Services.

Shri Deshpande is also on the Board of Kothrud Power Equipment Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Kirloskar Oil Engines Limited	Share Transfer cum Shareholders / Investors Grievance Committee	Member

Shri Deshpande does not hold any shares in the Company.

Shri Vijay Varma

Shri Vijay Varma has been a Director of the Company since January 2009.

Shri Varma, a Bachelor of Mechanical Engineering, joined Kirloskar Oil Engines Ltd. (KOEL) in 1973 and has held key positions in Marketing & Sales related functions. He was also instrumental in setting up KOEL's owned Power Plant in the State of Karnataka. Having a vast experience, he retired as President of Kirloskar Proprietary Ltd.

Shri Vijay Varma is also a director of Kothrud Power Equipment Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Swaraj Engines Limited	Corporate Social Responsibility Committee	Member

Shri Varma does not hold any shares in the Company.

Shri Rajan Wadhera

Shri Rajan Wadhera joined the Company's Board with effect from 29th April, 2014.

Shri Rajan Wadhera possesses Bachelor of Technology and Master of Technology degrees from IIT, Mumbai and participated in the Advanced Management Program at the Wharton Business School, USA. He is currently President and Chief Executive - Truck & Power Train Division and Head - Mahindra Research Valley (MRV) and Member of Group Executive Board of Mahindra & Mahindra Limited (M&M). He has wide and diverse experience in various facets of automotive as well as farm equipment sector like Research & Development, Technology Incubation, Sourcing, Manufacturing, Program Management, Vendor Management and New Parts Development. He has also enriched Mahindra's corporate culture with cultural transformation initiatives to help it to focus on delivering customer satisfaction. Before joining M&M, he was the Head of Operations of Eicher group's trucks, tractors, and motorcycles business.

Shri Wadhera is also Director of Mahindra Trucks and Buses Limited, Mahindra Heavy Engines Pvt. Limited, Mahindra North America Technical Centre and Mahindra Graphic Research Design.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Mahindra Trucks & Buses Limited	Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
2.	Swaraj Engines Limited	Stakeholders Relationship Committee	Member
		Corporate Social Responsibility Committee	Member
3.	Mahindra Heavy Engines Pvt. Limited	Nomination and Remuneration Committee	Member
		Borrowing Committee	Member

Shri Wadhera does not hold any share in the Company.

Shri S.Durgashankar

Shri S.Durgashankar joined the Company's Board with effect from 18th June, 2014.

Shri S. Durgashankar, a Chartered Accountant, is currently President - Group Merger & Acquisitions (M&A), Corporate Accounts and Group Secretarial and Member of the Group Executive Board at Mahindra & Mahindra Ltd. (M&M). During his overall work experience of 30+ years, he has handled a wide spectrum of Corporate Finance assignments at senior levels. At M&M, he was instrumental in setting up the M&A division and has a rich M&A experience, having facilitated many domestic & international M&A transactions for the Mahindra Group. He was earlier Corporate Treasurer and Head of Treasury & Investor Relations at M&M. Prior to his current assignment, he was CFO of Mahindra Satyam.

Shri Durgashankar is also the Chairman of Mahindra Integrated Business Solutions Pvt. Limited and Director of EPC Industries Limited, Mahindra Trucks & Buses Limited, Swaraj Automotives Limited, Mahindra Heavy Engines Pvt. Limited, Mahindra HZPC Pvt. Limited (formerly Mahindra Investments (International) Pvt. Limited) and Mahindra Namaste Pvt. Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	EPC Industries Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
2.	Mahindra Trucks & Buses Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman
3.	Swaraj Automotives Limited	Stakeholders Relationship Committee	Member
4.	Swaraj Engines Limited	Audit Committee	Member
5.	Mahindra Heavy Engines Pvt. Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman

Shri Durgashankar does not hold any share in the Company.

Shri Dileep C. Choksi

Shri Dileep C. Choksi joined the Company's Board with effect from 18th June, 2014.

Shri Dileep C. Choksi, a Chartered Accountant by profession, has over 36 years of experience having qualified as a Lawyer and a Cost Accountant. He was the former Joint Managing Partner of Deloitte in India before setting up of C.C.Chokshi Advisors Pvt. Ltd. His areas of specialization include tax planning and structuring for domestic and international clients, including expatriates, finalizing collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-up, turnaround and change management strategies and analyzing tax impact of various instruments.

Shri Choksi is also a Director of ICICI Bank Limited, ICICI Lombard General Insurance Co. Limited, ICICI Home Finance Co. Limited, Lupin Limited, Hexaware Technologies Limited, AIA Engineering Limited, Arvind Limited, Tata Housing Development Co. Limited, Mafatlal Cipherspace Pvt. Limited and Incube Ventures Pvt. Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	ICICI Bank Limited	Audit Committee Fraud Monitoring Committee Risk Committee	Alternate Chairman Member Member
2.	ICICI Lombard General Insurance Co. Limited	Audit Committee Nomination and Remuneration Committee	Chairman Member
3.	ICICI Home Finance Co. Limited	Audit & Risk Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Chairman Chairman Member
4.	Lupin Limited	Audit Committee	Member
5.	Hexaware Technologies Limited	Audit, Governance & Compliance Committee Stakeholders Relationship Committee Special Committee for Internal Automation Banking, Investments, Operations & Forex Committee	Chairman Member Member Member
6.	Arvind Limited	Audit Committee Stakeholders Relationship Committee Nomination and Remuneration Committee	Chairman Member Member
7.	Tata Housing Development Co. Limited	Audit Committee Nomination and remuneration Committee	Member Member
8.	Swaraj Engines Limited	Audit Committee	Chairman

Shri Choksi does not hold any share in the Company.

Smt. Neera Saggi

Smt. Neera Saggi joined Company's Board with effect from 1st October, 2014.

Smt. Neera Saggi, Masters in English Literature and an MBA, joined the Indian Administrative Service in 1980 and before taking a voluntary retirement in 2008, she served in various capacities both in Government of India and State of West Bengal. Besides other assignments, she was District Magistrate and Collector, Hooghly, West Bengal, Deputy Chairperson of the Jawaharlal Nehru Port Trust, Secretary to Governor of West Bengal, CMD of Hindustan Diamond

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Company Pvt. Limited and Development Commissioner of Special Economic Zones, Ministry of Commerce, Govt. of India. Smt. Saggi's last assignment was Chief Executive of L&T Seawoods Pvt. Ltd.

Smt. Saggi is also a Director of SICOM Limited, Swaraj Automotives Limited, Tata Projects Limited, TRF Limited, Tata Consulting Engineers Limited, RPG Life Sciences Limited, IL&FS Financial Services Limited, Tata Realty and Infrastructure Limited, Maithon Limited and Mahindra Heavy Engines Pvt. Limited.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	SICOM Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
2.	Swaraj Automotives Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Chairperson
3.	Tata Projects Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Chairperson
		Corporate Social Responsibility Committee	Member
4.	TRF Limited	Audit Committee	Member
		Corporate Social Responsibility Committee	Member
5.	Tata Consulting Engineers Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
6.	Tata Realty and Infrastructure Limited	Audit Committee	Member
7.	Maithon Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
8.	Swaraj Engines Limited	Audit Committee	Member
9.	Mahindra Heavy Engines Pvt. Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member

Smt. Saggi does not hold any share in the Company.

Shri M.N.Kaushal

Shri M.N.Kaushal has joined the Company's Board in December, 2009 and has been appointed as Whole-time Director for a period of 5 years with effect from 1st April, 2012.

Shri Kaushal is a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Having joined the erstwhile Punjab Tractors (since merged with Mahindra & Mahindra Limited) in 1981, his last assignment in M&M was Sr. Vice President - Finance of Farm Division of Mahindra & Mahindra Ltd. and has made significant contributions in business planning, cost control and management & judicious allocation of financial resources.

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

S.No.	Name of the Company	Name of Committee	Position Held
1.	Swaraj Engines Limited	Stakeholders Relationship Committee	Member
		Corporate Social Responsibility Committee	Member

Shri Kaushal holds 1307 shares in the Company.

D. 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). All Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Whole-time Director to this effect is enclosed at the end of this Report.

E. CEO / CFO Certification

As required under Clause 49 IX of the Listing Agreement with Stock Exchanges, the Whole-time Director and the DGM-Finance of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2015.

F. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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.

II 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.
- ii) **Removal of Directors**
- If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder 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. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.
- The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit. The NRC will accord due consideration for the expertise and other criteria required for the successor.
- The Board may also decide not to fill the vacancy caused at its discretion.

b) Policy for Remuneration to Directors

- i) **Non-Executive Director including Independent Directors:**
- The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and Variable, 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 and Clause 49 of the Listing Agreement with Stock Exchanges and such other factors as the NRC may consider 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 / Executive Director(s):**
- The remuneration to Whole Time / 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.

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. In its meeting held on 20th October, 2014, the Board has revised the existing sitting fees from Rs.20,000 per meeting to the following:

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

From the financial year 2011-12, the Board had also approved the payment of commission to Directors who are neither in the Whole-time employment of the Company nor the Whole-time Director, Managing Director, Executive Director(s)

and such of the remainder as may not desire to participate, upto one per cent per annum of the net profits of the Company distributed in such proportions as the Board of Directors may decide from time to time, subject to a limit of one quarter per cent of the net profits of the financial year for each such Director.

The details of Directors' remuneration for 2014-15 is as follows:

Independent Non-Executive Directors

(Rs. in lacs)

Name of the Directors who were in receipt of sitting fees / commission during FY 2014-15	Sitting Fees for Board and Committee Meetings paid during FY 2014-15	Commission payable for FY 2014-15*	Total
Shri Sudhir Mankad	2.20	5.00	7.20
Dr. T.N.Kapoor	3.20	5.00	8.20
Shri R.R.Deshpande	1.10	5.00	6.10
Shri Vijay Varma	1.60	5.00	6.60
Shri. Dileep C. Choksi	1.20	3.93	5.13
Smt. Neera Saggi	1.20	2.50	3.70
Shri G.P.Gupta	0.40	1.67	2.07
Shri S.C.Bhargava	0.80	1.67	2.47

*Note: Commission payable is in proportion to the association of each Director with the Company during the year.

Executive - Whole-time Director

(Rs. in lacs)

Name of Director	Salary (Basic and Allowances)	Commission	Contribution to Provident Fund	Other Perquisite	Stock Option	Total	Service Contract (Tenure)
Shri M.N.Kaushal (Whole-time Director)	36.79	Nil	1.40	Nil	Nil	38.19	1st April, 2012 to 31st March, 2017

Note:

- Till 30th September, 2014, Shri M.N.Kaushal was drawing a consolidated remuneration of Rs.1.0 lac per month.
- Above excludes stock options from Associate Company – Mahindra & Mahindra Limited.

III Risk Management

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

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

IV Committees of the Board

A. Audit Committee

The Audit Committee was reconstituted during the year and currently comprising the following Non-Executive Directors:

- Shri Dileep C. Choksi, Chairman
- Dr. T.N.Kapoor
- Shri S. Durgashankar
- Smt. Neera Saggi

SWARAJ ENGINES LIMITED

During the year, consequent to their resignations from the Directorship of the Company, S/Shri G.P.Gupta, S.C.Bhargava and V.S.Parthasarathy ceased to be the Members of Audit Committee.

All the Members 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 Agreements. 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 Clause 49 III D of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 III C of the Listing Agreement. The meetings of the Audit Committee are also attended by the Whole-time Director, the Statutory Auditors, the Internal Auditor and the Company Secretary besides other senior functionaries of the Company as and when required.

The Company Secretary acts as the Secretary to the Committee.

Shri G.P.Gupta, the then Chairman of the Audit Committee, could not attend the last Annual General Meeting held on 31st July, 2014 due to health reasons.

During the financial year under review, 4 meetings of Audit Committee of the Board were held on 29th April, 2014, 31st July, 2014, 20th October, 2014 and 29th January, 2015. The gap between the two meetings did not exceed four months.

Attendance record of the Members of the Audit Committee for FY 2014-15 is as under :

Name of the Member Director	No. of Meetings Held*	No. of Meetings Attended
Shri Dileep C. Choksi (co-opted w.e.f. 31.07.2014)	2	2
Dr. T.N.Kapoor	4	4
Shri S. Durgashankar (co-opted w.e.f. 31.07.2014)	2	2
Smt. Neera Saggi (co-opted w.e.f. 01.10.2014)	2	2
Shri G.P.Gupta (ceased w.e.f. 31.07.2014)	2	1
Shri S.C.Bhargava (ceased w.e.f. 31.07.2014)	2	2

* Indicates the Audit Committee meetings held during the tenure of Director(s).

B. Stakeholders Relationship Committee

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board has changed the nomenclature of existing Shareholder / Investor Relations Committee to Stakeholders Relationship Committee. The Stakeholders Relationship Committee of the Company functions under the Chairmanship of Dr. T.N.Kapoor, Independent Non-Executive Director and presently comprises following Directors:

- Dr. T.N.Kapoor, Chairman
- Shri Rajan Wadhera
- Shri M.N.Kaushal

Consequent upon his resignation from the Directorship of the Company, Shri Rajesh Jejurikar ceased to be a Member of the Committee w.e.f. 28th April, 2014.

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

The Committee meets at periodic intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review status of investors' grievances and the functioning of the Share Department / Registrar & Share Transfer Agents in order to render effective and quality services to investors.

During the financial year under review, 3 meetings of Stakeholders Relationship Committee were held on 29th April, 2014, 31st July, 2014 and 20th October, 2014.

Attendance record of the members of the Stakeholders Relationship Committee for FY 2014-15 is as under:

Name of the Member Director	No. of Meetings Held*	No. of Meetings Attended
Dr. T.N.Kapoor	3	3
Shri Rajan Wadhwa (co-opted w.e.f. 29.04.2014)	2	2
Shri M.N.Kaushal	3	3

* Indicates the Stakeholders Relationship Committee meetings held during the tenure of Director(s).

The Company had received 137 enquiries/complaints from the shareholders and all of them have been attended / resolved.

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

C. Nomination and Remuneration Committee

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board has changed the nomenclature of existing Remuneration cum Compensation Committee to Nomination and Remuneration Committee and also aligned its terms with the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement which 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 commission payable, if any, to the Directors within the prescribed limits and as approved by the shareholders of the Company; to decide on the stock options to be granted, if any, to the eligible employees, directors including non-executive directors; and to attend to such other matters and functions as may be prescribed from time to time.

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

- Dr. T.N.Kapoor, Chairman
- Shri Sudhir Mankad
- Dr. Pawan Goenka

During the year, consequent upon being appointed as Chairman of the Board of Directors of the Company, Shri Sudhir Mankad who was Chairman of this Committee stepped down as Chairman of the Committee but continues to be a Member of the Committee and Dr. T.N.Kapoor, an Independent Director was appointed as Chairman of the Committee.

During the financial year, 3 meetings of Nomination and Remuneration Committee of the Board were held on 29th April, 2014, 16th June, 2014 and 20th October, 2014.

Attendance record of the Members of the Nomination and Remuneration Committee for FY 2014-15 is as under:

Name of the Member Director	No. of Meetings Held	No. of Meetings Attended
Dr. T.N.Kapoor	3	3
Shri Sudhir Mankad	3	3
Dr. Pawan Goenka	3	2

D. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013 ("the Act"), the Board, has constituted Corporate Social Responsibility (CSR) Committee of the Board. The Committee currently comprises the following four Directors with Non-Executive Independent Director as its Chairman:

- Shri Sudhir Mankad, Chairman
- Shri Vijay Varma
- Shri Rajan Wadhwa
- Shri M.N.Kaushal

Consequent upon his resignation from the Directorship of the Company, Shri Rajesh Jejurikar ceased to be a Member of the Committee w.e.f. 28th April, 2014.

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, 2 meetings of Corporate Social Responsibility Committee of the Board were held on 16th April, 2014 and 31st March, 2015.

Attendance record of the Members of the Corporate Social Responsibility Committee for FY 2014-15 is as under:

Name of the Member Director	No. of Meetings Held*	No. of Meetings Attended
Shri Sudhir Mankad	2	2
Shri Vijay Varma	2	2
Shri Rajan Wadhwa (co-opted w.e.f. 29.04.2014)	1	1
Shri Rajesh Jejurikar (ceased w.e.f. 28.04.2014)	1	1
Shri M.N.Kaushal	2	2

* Indicates the CSR Committee meetings held during the tenure of Director(s).

V Disclosures

A. Disclosure of transactions with Related Parties

During FY 2014-15, 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 2.26 of the Annual Accounts. The policy for related party transactions approved by the Board of Directors of the Company is available at Company's website www.swarajenterprise.com

B. Disclosure of Accounting Treatment in preparation of Financial Statements

In preparation of the financial statements, the Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006. The significant accounting policies which are consistently applied are set out under Note 1 of the Annual Accounts.

C. Code for prevention of Insider Trading Practices

In compliance with SEBI's Regulations on prevention of insider trading, the Company has laid down a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

D. Whistle Blower Policy

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

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

VI Shareholder Information

1. 29th Annual General Meeting

Date : 28th July, 2015
 Time : 2.00 P.M.
 Venue : Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX,
 S.A.S.Nagar (Mohali), Punjab - 160 062

2. Financial Calendar (tentative)

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

Calendar for the Board Meetings to be held to review / approve the financial results of the Company for FY 2015-16 is given below:

- | | |
|---|-----------------------------|
| • Quarter ending 30th June, 2015 | Last week of July, 2015 |
| • Half year ending 30th September, 2015 | Third week of October, 2015 |
| • Quarter ending 31st December, 2015 | Last week of January, 2016 |
| • Year ending 31st March, 2016 | May, 2016 |

Note: The above schedules are indicative.

SWARAJ ENGINES LIMITED

3. Registered Office

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

4. Date of Book Closure

11th July, 2015 to 17th July, 2015 (both days inclusive)

5. Dividend Payment

Will be paid/dispatched between 29th July, 2015 to 5th August, 2015.

6. Listing on Stock Exchanges & Stock Code

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

Listing Fee for FY 2015-16 for both these stock exchanges has been paid.

7. CIN : L50210PB1985PLC006473

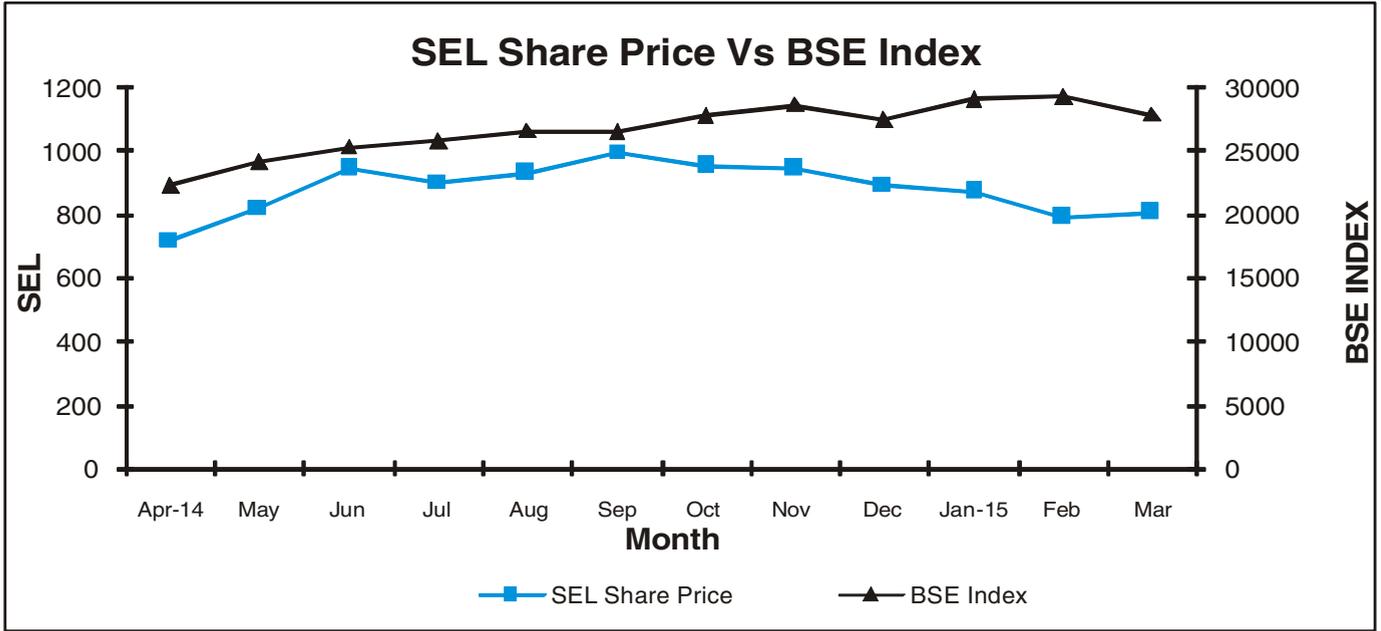
8. Stock Price Data

Monthly (April 2014 - March 2015) High - Low Quotations of shares traded at Bombay Stock Exchange & National Stock Exchange are as under:

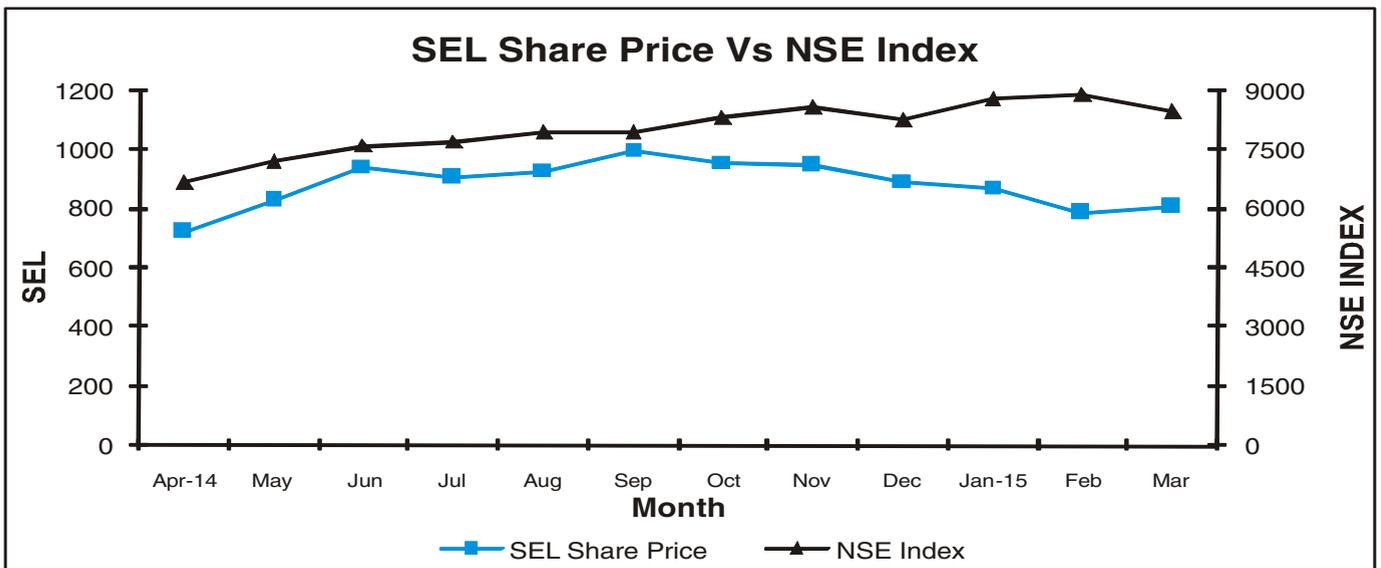
Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2014	772.80	665.00	735.00	667.00
May 2014	844.00	728.15	849.00	729.95
June 2014	980.00	800.00	988.00	831.60
July 2014	999.00	860.00	990.00	852.40
August 2014	965.05	868.00	970.00	863.55
September 2014	1080.00	911.00	1072.95	924.00
October 2014	1016.55	925.10	1018.50	926.45
November 2014	990.00	920.10	990.05	932.15
December 2014	970.00	875.00	965.00	874.95
January 2015	999.00	865.00	999.00	860.00
February 2015	875.00	780.25	870.00	779.75
March 2015	828.00	767.00	835.00	767.05

9. Stock Price Performance

SEL Share Price performance relative to BSE Sensitive Index



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



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

10. Registrar and Transfer Agents

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

Tel No. : 011 - 41406149

Fax No. : 011 - 41709881

Email address : helpdeskdelhi@mcsregistrars.com

Contact Person: Shri Priya Darshan Waila

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

11. Transfer System for physical shares

Share transfers are being registered & returned within the stipulated timeline from the date of receipt, if the documents are valid in all respects.

Total number of shares transferred during 2014-15 was 2400 (Previous Year 5850).

As per Clause 5A of the Listing Agreement, three reminders were sent to respective Shareholders for the shares issued in physical form, which remain unclaimed. These shares were transferred into one folio in the name of "Unclaimed Suspense Account". Against the opening balance of 5350 shares (21 folios), no claim was made during the year.

12. Shareholding Pattern as on 31st March, 2015

Category of Shareholders	No. of Shareholders	No. of Shares held	% of Holding
1 Promoters	2	62,86,417	50.62
2 Mutual Funds / UTI	18	11,27,688	9.08
3 Financial Institutions / Banks	2	11,900	0.10
4 Foreign Institutional Investors	17	8,49,436	6.84
5 Bodies Corporate - Indian	400	5,18,857	4.18
6 NRIs	344	1,38,442	1.11
7 Indian Public	11,575	34,86,480	28.07
8 OCB	1	600	0.00
Total	12,359	1,24,19,820	100.00

13. Distribution Pattern of Shareholding as on 31st March, 2015

No. of Equity Shares held	No. of Shareholders		No. of Shares held	
	Numbers	% Total	Numbers	% Total
1 - 500	10,941	88.53	9,62,104	7.75
501 - 1000	891	7.21	6,12,898	4.94
1001 - 5000	432	3.49	9,26,894	7.46
5001 - 10000	49	0.40	3,49,367	2.81
10001 - 50000	26	0.21	6,58,498	5.30
50001 & above	20	0.16	89,10,059	71.74
Total	12,359	100.00	1,24,19,820	100.00

14. Dematerialisation of Shares

The trading in Equity Shares of Swaraj Engines Limited is permitted only in dematerialised form. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the trading. As on 31st March, 2015, 98.5% of the equity capital is held in electronic form.

International Securities Identification Number (ISIN): INE277A01016

(with NSDL and CDSL)

15. Outstanding GDR's / ADR's / Warrants / Convertible Instruments

Not Applicable.

16. Plant Location

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

17. Address for correspondence

Registrar and Share Transfer Agent
M/s MCS Share Transfer Agent Limited
Unit: Swaraj Engines Ltd.
F-65, 1st Floor,
Okhla Industrial Area, Phase - I
New Delhi - 110 020
Email: helpdeskdelhi@mcsregistrars.com

Phone : 011 - 41406149

Fax : 011 - 41709881

Compliance Officer & Company Secretary

Shri M.S.Grewal, Company Secretary
Registered Office:
Swaraj Engines Ltd.
Phase-IV, Industrial Area
S.A.S.Nagar (Mohali), Punjab - 160 055.
Email:
grewal.maninder@mahindraswaraj.com or
selinvestor@swarajenterprise.com

Phone : 0172- 2271620-27

Fax : 0172- 2272731

18. Website Address

www.swarajenterprise.com

VII Other Disclosures

1. Details of General Meetings and Special Resolutions passed

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

Year	Date	Time	Special Resolution Passed
2012	31st July, 2012	2.00 P.M.	1. Appointment of Shri M.N.Kaushal as Whole-time Director of the Company for a period of 5 years effective 1st April, 2012. 2. Payment of Commission upto one per cent of the net profits of the Company to the 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 for a period of five years with effect from 1st April, 2011. 3. Amendments in the Articles of Association of the Company by inserting new Articles to enable the Shareholders and Directors of the Company to participate in General Meeting and Board Meeting respectively through electronic mode and service of documents on Members through electronic mode.
2013	30th July, 2013	2.30 P.M.	-
2014	31st July, 2014	2.30 P.M.	-

The above meetings were held at Swaraj Engines Ltd, Plot No 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab. No Extra-ordinary General Meeting was held during the past three years.

There was no matter which required to be passed through postal ballot during the year and the Company does not propose any special resolution to be conducted through postal ballot.

2. 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.

3. Means of Communication

- a) In compliance with the requirements of Listing Agreement, the Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges immediately after they are taken on record by the Board. These financial results are published in the leading financial / national / regional newspapers (Business Standard and Punjabi Tribune) and are also displayed on the website of the Company www.swarajenterprise.com;
- b) The official news releases are displayed on the Company's website www.swarajenterprise.com;
- c) During the year ended 31st March, 2015, no presentations were made to institutional investors or analysts.

4. Management Discussion and Analysis Report

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

5. Compliance with Mandatory requirements

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

6. Adoption of the non-mandatory requirements

i) Audit Qualifications

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

ii) Separate Posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Whole-time Director.

iii) Internal Auditor

The internal auditor reports directly to the Audit Committee.

The Company has not adopted the other non-mandatory requirements as specified in Annexure XIII of Clause 49 during the year.

Mumbai, 27th April, 2015

**DECLARATION BY THE WHOLE-TIME DIRECTOR UNDER
CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members of Swaraj Engines Limited

I, M.N.Kaushal, Whole-time Director 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, 2015.

Mumbai, 27th April, 2015

M.N.Kaushal
Whole-time Director

Auditor's Certificate on Compliance with the Conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To

The Members of Swaraj Engines Limited

We have examined the compliance of conditions of Corporate Governance by Swaraj Engines Limited ("the Company"), for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further 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.

Mumbai, 27th April, 2015

For DAVINDER S. JAAJ & CO.
Chartered Accountants
(FRN – 000969N)

SUMEET SINGH DHIR
Partner
Membership No. 094370

ANNEXURE A TO DIRECTORS' REPORT**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES****1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

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

a) CSR Philosophy

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

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

b) Objective of the CSR Policy

The objective of this policy is to -

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

c) CSR Thrust Areas

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

The Company's commitment to CSR will be manifested by investing resources in any of the following areas -

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation & making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women & orphans; setting up old age homes, day care centres, and such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air & water;
5. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries; promotion & development of traditional arts & handicrafts;
6. Measures for the benefit of armed forces veterans, war widows & their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports & Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the company. The CSR Policy is available at Company's following Web-link : <http://www.swarajenterprise.com/NCC.asp>

2. Composition of the CSR Committee:

The CSR Committee presently comprises the following Directors:

1. Shri. Sudhir Mankad, Chairman (Independent Director)
2. Shri. Vijay Varma (Non-Independent Director)
3. Shri. Rajan Wadhera (Non-Independent Director)
4. Shri. M.N.Kaushal (Whole-time Director)

3. **Average net profit of the Company for last three financial years** : Rs. 8486 Lacs
4. **Prescribed CSR Expenditure (two per cent of the amount mentioned in item 3 above)** : Rs. 170 Lacs
5. **Details of the CSR spend for the financial year:**
 - a. Total amount to be spent for the financial year: Rs. 170 Lacs
 - b. Amount unspent, if any: Not applicable
 - c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Projects / Activities	Sector	Locations	Amount Outlay (Budget) Project or Programs wise	Amount spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing Agency
			State(s)	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
1.	Girl Education (Project Nanhi Kali)	Promoting Education	Andhra Pradesh, Chattisgarh, Delhi, Haryana, Madhya Pradesh, Maharashtra, Karnataka, Tamil Nadu and Rajasthan	75.0	75.0	75.0	K.C.Mahindra Education Trust and Naandi Foundation
2.	Health Camps	Healthcare	Punjab	2.5	2.5	2.5	Direct
3.	Planting of Saplings	Environment Sustainability	Punjab	0.8	0.8	0.8	Direct
4.	Provision for identified projects inter-alia towards providing clean drinking water at schools, community toilets and sanitation through waste management in two nearby villages adopted under the Company's Swachh Bharat Integrated Sanitation Programme	Environment and Healthcare	Punjab	89.7	89.7	89.7	Direct
5.	Other initiatives	Awareness Campaigns towards health & environment etc.	Punjab, Chandigarh	2.0	2.0	2.0	Direct
		Total		170.0	170.0		

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

M.N.Kaushal
Whole-time Director
27th April, 2015

Sudhir Mankad
Chairman

ANNEXURE B TO DIRECTORS' REPORT**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

[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 SWARAJ ENGINES LIMITED'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, 2015 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, 2015 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, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the company has not issued any securities during the financial year under review.
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- Not applicable as the company has not granted any options to its employees during the financial year under review.
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable as the company has not issued any debt securities during the financial year under review.
 - f) 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.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
 - h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities 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.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India - Not notified, hence not applicable to the company during the audit period.
- b) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited;

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

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
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 decision is 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 and taken on record by the board of directors in their meeting(s), I am of an opinion that:

1. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
2. Based on the examination of the relevant documents and records on test check basis the company has Complied with the following laws specifically applicable to the company:
 - a) The Static and Mobile Pressure Vessels Rules, 1981
 - b) The Gas Cylinder Rules, 1981, Amended 2004
 - c) The Batteries (M&H) Rules, 2001

I further report that during the audit period, there were no instances of

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

AJAY K. ARORA
A. ARORA & COMPANY

Place : Chandigarh
Date : 23.04.2015

FCS No. 2191
C P No.: 993

ANNEXURE C TO DIRECTORS' REPORT

Particulars as per the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2015

A. CONSERVATION OF ENERGY:

(a) Steps taken for conservation of energy:

Though 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 and implementation of Energy Management Systems.

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

- Implementation of Power safe mode in CNC Machines to control idle running of various motors and drives.
- Effective control of the capacitor bank helped in achieving the power factor unity in March-15.
- Automated timer installed on washing machines to prevent idle running of Heaters.
- Optimum utilisation of compressors to reduce the wastage of energy and drive to control and plug the air leakages.
- Introduced LED Lighting Fixtures in place of Sodium Vapor Lamps for street lighting application.
- Effective utilisation and control of wastage of consumables such as water based emulsions, hydraulic and lubricating oils.

(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. 8.0 lacs on various energy conservation projects.

Above initiatives besides being energy efficient are also environment friendly.

Overall annualized savings for the year - Rs. 25.0 lacs.

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

1. Areas in which Research & Development is carried out:

- Development of new 54 HP engine which is currently in start of production.
- Development of 60 HP engine which is currently under testing.
- Development of 65 HP engine which is currently under testing.
- Development of Two Cylinder Genset Engine which is under feasibility testing.

Benefits derived as a result of the above efforts:

- Expansion of product range

2. Future Plan of Action:

- Improvement in 40 – 50 HP Engines
- Focussed efforts on material cost reduction

3. Expenditure on R&D: The Company spent revenue expenditure of Rs. 1.66 crores on Research & Development work during the year, which was 0.3% of the total turnover.

Technology absorption:

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

While no technology has been imported during the last 3 years, the Company has gone for high technology imported machines which helped to enhance the overall productivity and reduction in rework / rejection.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No. 2.34 of Notes on Accounts in the annual report.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 27th April, 2015

SUDHIR MANKAD
Chairman

ANNEXURE D TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

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

FORM NO. MGT - 9

I. Registration and Other Details

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

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Mahindra & Mahindra Limited	L65990MH1945PLC004558	Associate	33.22	2(6)

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

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2014)				No. of shares held at the end of the year (as on 31-03-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	6286417	-	6286417	50.62	6286417	-	6286417	50.62	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	6286417	-	6286417	50.62	6286417	-	6286417	50.62	-
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	6286417	-	6286417	50.62	6286417	-	6286417	50.62	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Fund	1276738	-	1276738	10.28	1127688	-	1127688	9.08	-1.20
b) Banks / FI	1901	300	2201	0.02	11600	300	11900	0.10	0.08
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	314205	-	314205	2.53	849436	-	849436	6.84	4.31
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	1592844	300	1593144	12.83	1988724	300	1989024	16.01	3.19

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2014)				No. of shares held at the end of the year (as on 31-03-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	538821	1803	540624	4.35	518254	603	518857	4.18	-0.17
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.1 lakh	2364931	165700	2530631	20.38	2338783	152810	2491593	20.06	-0.32
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	1259935	80100	1340035	10.79	893725	33000	926725	7.46	-3.33
c) Others (specify)									
i) Trusts & Foundations	2354	-	2354	0.02	68162	-	68162	0.55	0.53
ii) NRIs/OCBs	126615	-	126615	1.02	139042	-	139042	1.12	0.10
Sub-Total (B)(2):	4292656	247603	4540259	36.56	3957966	186413	4144379	33.37	-3.19
Total Public Shareholding (B)=(B)(1)+(B)(2)	5885500	247903	6133403	49.38	5946690	186713	6133403	49.38	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	12171917	247903	12419820	100.00	12233107	186713	12419820	100.00	-

(ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (as on 01-04-2014)			Shareholding at the end of the year (as on 31-03-2015)			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
Mahindra & Mahindra Ltd.	4126417	33.22	-	4126417	33.22	-	-
Kirloskar Industries Ltd.	2160000	17.39	-	2160000	17.39	-	-
Total	6286417	50.62	-	6286417	50.62	-	-

(iii) Change in Promoters Shareholding

	Shareholding at the beginning of the year (as on 01-04-2014)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	6286417	50.62	6286417	50.62
Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
At the end of the year	6286417	50.62	6286417	50.62

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

Name of Shareholder	Shareholding at the beginning of the year (as on 01-04-2014)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of Shares	% of total shares of the Company	Increase/ (Decrease)	Date/ Reason*	No. of Shares	% of total shares of the Company
1. Pinebridge Investments Asia Limited A/C Pinebridge Investments GF Mauritius Ltd.	83988	0.68	21912 45748 131000 36000 22000 50000	18-04-2014 02-05-2014 01-08-2014 15-08-2014 05-12-2014 20-02-2015	390648	3.15
2. DSP Blackrock Micro Cap Fund	–	–	26763 7065 51686 7000 23000 24060 32443 6925 8715 39868 10472	09-05-2014 06-06-2014 18-07-2014 25-07-2014 01-08-2014 08-08-2014 15-08-2014 22-08-2014 12-09-2014 19-09-2014 06-02-2015	237997	1.92
3. Franklin India Smaller Companies Fund	111210	0.90	10000 80000	09-05-2014 01-08-2014	201210	1.62

Name of Shareholder	Shareholding at the beginning of the year (as on 01-04-2014)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of Shares	% of total shares of the Company	Increase/ (Decrease)	Date/ Reason*	No. of Shares	% of total shares of the Company
4. ReetaKeyur Parikh	208000	1.67	(1500) (500) (5000) (1000) (6000) (9217) (2723) (5560)	09-05-2014 16-05-2014 23-05-2014 30-05-2014 06-06-2014 13-06-2014 20-06-2014 27-06-2014	176500	1.42
5. National Westminster Bank Plc-As Trustee Of The Jupiter India Fund	176099	1.42	–	–	176099	1.42
6. VikramChinubhai Shah	176000	1.42	–	–	176000	1.42
7. Ocean Dial Gateway To India Mauritius Limited	45000	0.36	70000 35000 850 376 8774	01-08-2014 14-11-2014 28-11-2014 05-12-2014 12-12-2014	160000	1.29
8. SBI Magnum Midcap Fund	159423	1.28	–	–	159423	1.28
9. HDFC Small & Midcap Fund	–	–	67048 10000 4900 5025 2102 25925 800 14200 20000	08-08-2014 22-08-2014 29-08-2014 05-09-2014 12-09-2014 19-09-2014 31-10-2014 05-12-2014 16-01-2015	150000	1.21
10. Keyur H Parikh	132500	1.07	(697) (466) (10083) (754) (442)	09-05-2014 16-05-2014 23-05-2014 30-05-2014 12-12-2014	120058	0.97

* Reason for Change in Shareholding is Transfer.

Note: Top ten shareholders of the Company as on 31st March, 2015 has been considered for the above disclosure.

(v) Shareholding of Directors and Key Managerial Personnel

Name of Director and KMP	Shareholding at the beginning of the year (as on 01-04-2014)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of Shares	% of total shares of the Company	Increase/ (Decrease)	Date/ Reason	No. of Shares	% of total shares of the Company
Directors						
1. Sh. M.N.Kaushal, Whole-time Director	1307	0.01	–	–	1307	0.01
KMPs						
1. Sh. Rajinder Arora, CFO	350	0.003	–	–	350	0.003

V. Indebtedness

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

VI. Remuneration of Directors and Key Managerial Personnel
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in lacs)

S. No.	Particulars of Remuneration	Sh. M.N. Kaushal Whole-time Director	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	35.89	35.89
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.20	0.20
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2	Stock Option*	–	–
3	Sweat Equity	–	–
4	Commission		
	- as % of profit	–	–
	- others	–	–
5	Others	–	–
	Total (A)	36.09	36.09

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

B. Remuneration to other Directors:

1. Independent Directors

(Rs. in lacs)

Particulars of Remuneration	Name of Directors						Total Amount
	Sh. Sudhir Mankad	Dr. T.N. Kapoor	Sh. Dileep C. Choksi (Appointed w.e.f. 18-06-2014)	Smt. Neera Saggi (Appointed w.e.f. 01-10-2014)	Sh. G.P. Gupta (Ceased to be Director w.e.f. 31-07-2014)	Sh. S.C. Bhargava (Ceased to be Director w.e.f. 31-07-2014)	
- Fee for attending Board/ Committee Meetings	2.20	3.20	1.20	1.20	0.40	0.80	9.00
- Commission	5.00	5.00	3.93	2.50	1.67	1.67	19.77
- Others	-	-	-	-	-	-	-
Total (B)(1)	7.20	8.20	5.13	3.70	2.07	2.47	28.77

2. Other Non-Executive Directors

(Rs. in lacs)

Particulars of Remuneration	Name of Directors		Total Amount
	Sh. R.R.Deshpande	Sh. Vijay Varma	
- Fee for attending Board/Committee Meetings	1.10	1.60	2.70
- Commission	5.00	5.00	10.00
- Others	-	-	-
Total (B)(2)	6.10	6.60	12.70
Total (B)= (B)(1)+ (B)(2)			41.47

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

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

(Rs. in lacs)

S. No.	Particulars of Remuneration	Sh. M.S. Grewal Company Secretary	Sh. Rajinder Arora CFO	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	33.13	19.37	52.50
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	1.20	0.76	1.96
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option*	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others	-	-	-
5	Others	-	-	-
	Total (C)	34.33	20.13	54.46

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

VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2015.

SWARAJ ENGINES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

(Rs. in lacs)

Particulars	Note	2015		2014	
EQUITY & LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	1241.98		1241.98	
Reserves and Surplus	2.2	<u>19965.43</u>	21207.41	<u>19745.58</u>	20987.56
Non-Current Liabilities					
Deferred Tax Liabilities (Net)	2.3	631.53		694.10	
Long-Term Provisions	2.4	<u>217.36</u>	848.89	<u>178.38</u>	872.48
Current Liabilities					
Trade Payables	2.5	4817.61		5922.40	
Other Current Liabilities	2.6	482.68		379.40	
Short-Term Provisions	2.7	<u>5176.91</u>	10477.20	<u>5249.62</u>	11551.42
Total			<u>32533.50</u>		<u>33411.46</u>
ASSETS					
Non-Current Assets					
Fixed Assets	2.8				
– Tangible Assets		8376.88		8394.37	
– Intangible Assets		8.03		12.05	
– Capital Work-in-Progress/Capital Spares		478.27		173.24	
Long Term Loans & Advances	2.9	<u>580.32</u>	9443.50	<u>377.34</u>	8957.00
Current Assets					
Current Investments	2.10	4203.85		7218.92	
Inventories	2.11	3314.15		4640.68	
Trade Receivables	2.12	686.76		784.73	
Cash & Bank Balances	2.13	13985.68		10488.51	
Other Current Assets	2.14	555.91		464.81	
Short-Term Loans & Advances	2.15	<u>343.65</u>	23090.00	<u>856.81</u>	24454.46
Total			<u>32533.50</u>		<u>33411.46</u>
Significant Accounting Policies	1				
Notes on Accounts	2				

As per our report of even date attached.

For DAVINDER S. JAAJ & CO.
Chartered Accountants (FRN000969N)

SUMEET SINGH DHIR
Partner
Membership No. 094370

M.S. GREWAL
Company Secretary

RAJINDER ARORA
DGM - Finance

Mumbai, 27th April, 2015

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

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD
Chairman

M.N. KAUSHAL
Whole-time Director

Mumbai, 27th April, 2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs. in lacs)

Particulars	Note	2015	2014
Revenue from Operations	2.16	59751.08	68199.69
Less : Excise Duty		5781.48	7371.96
Net Revenue from Operations		53969.60	60827.73
Other Income	2.17	1631.55	1748.67
Total Revenue		55601.15	62576.40
EXPENSES			
Cost of Raw Materials Consumed	2.18	40476.05	46569.03
Change in Inventories of Finished Goods and Work in Progress	2.19	432.15	(342.57)
Employee Benefit Expenses	2.20	3082.94	2768.68
Finance Costs	2.21	1.28	4.12
Depreciation	2.8	1319.92	911.58
Other Expenses	2.22	2507.05	2768.82
Total Expenses		47819.39	52679.66
Profit Before Exceptional and Extraordinary items and Tax		7781.76	9896.74
Exceptional Items [Expenses/(Income)]	2.23	—	115.59
Profit Before Extraordinary Items and Tax		7781.76	9781.15
Extraordinary Items		—	—
Profit Before Tax		7781.76	9781.15
Tax Expense			
– Current Tax		2644.00	3020.00
– Deferred Tax (Net)		(46.40)	60.75
Profit After Tax		5184.16	6700.40
Earning per Equity Share	2.28		
Basic / Diluted Earning Per Share (Rs.)		41.74	53.95
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached.

For DAVINDER S. JAAJ & CO.
Chartered Accountants (FRN000969N)

SUMEET SINGH DHIR
Partner
Membership No. 094370

M.S. GREWAL
Company Secretary

RAJINDER ARORA
DGM - Finance

Mumbai, 27th April, 2015

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

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD
Chairman

M.N. KAUSHAL
Whole-time Director

Mumbai, 27th April, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention

These accounts are prepared under the historical cost convention and on the basis of going concern. All expenses and income to the extent considered payable and receivable respectively, unless stated otherwise, have been accounted for on mercantile basis.

1.2 Fixed Assets and Depreciation

- i) All fixed assets are carried at cost of construction or acquisition less depreciation. All expenses including financing costs on borrowed funds upto the date the asset is ready for use and attributable to the construction or acquisition of fixed assets are capitalised.

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.

- ii) Depreciation on all the fixed assets 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 (iii) below.
- iii) In the following cases, Lower useful life is considered than those prescribed in Schedule II of the Companies Act, 2013.

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

- iv) Assets individually costing up to Rs.5000/- are depreciated in the year of purchase.
- v) Capital spares are amortized in a systematic manner over the remaining useful life of the asset to which it relates.

1.3 Investments

Non Current / Long-Term Investments are valued at cost. However, when there is a decline, other than temporary, in the value of a Non Current/Long term investments, the carrying amount is reduced to recognise the decline.

Current Investments are valued at lower of cost or fair market value, wherever applicable. The classification of investments into Current or Non Current is based on the holding period remaining as on the Balance Sheet date.

1.4 Inventories

Inventories are valued at cost (excluding cenvat credit) or net realizable value, whichever is lower. Cost of inventories includes appropriate portion of allocable overheads, wherever applicable, and is ascertained on monthly weighted average basis. Finished Goods includes Excise Duty payable.

Excise Duty payable on finished goods is charged to Profit and Loss Account.

1.5 Foreign currency transactions

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of year is recognized as income or expense, as the case may be.

1.6 Employee Benefits

Company's contributions paid/payable during the year to ESIC 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.

1.7 Revenue Recognition

Sales are recognized at the time of dispatches to customers and include excise duty.

Dividends are accounted for as and when right to receive is established.

1.8 Intangibles Assets:

Intangible assets are carried at cost and amortized on Straight line method

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 over a period not exceeding four years, commencing from the year in which the expenditure is incurred.

1.9 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 recognized, subject to consideration of prudence, on timing difference, 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.

1.10 Product Warranty

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 reviewed and revisions are made as required.

1.11 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.

1.12 Accounting policies not specifically referred above are consistent with generally accepted accounting practices.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015
2.1 SHARE CAPITAL

(Rs. in lacs)

Particulars	2015	2014
Authorised		
Equity Share, Rs. 10/- par value		
2,50,00,000 (2014 – 2,50,00,000) Equity Shares	<u>2500.00</u>	<u>2500.00</u>
	<u>2500.00</u>	<u>2500.00</u>
Issued, Subscribed & Paid-Up		
Equity Share, Rs. 10/- par value		
1,24,19,820 (2014 – 1,24,19,820) Equity Shares fully paid-up	<u>1241.98</u>	<u>1241.98</u>
	<u>1241.98</u>	<u>1241.98</u>

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 27th April, 2015 proposed a dividend of Rs. 33.00 per equity share (including Rs 18.00 per share as special dividend). 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, 2015 amounted to Rs. 4932.91 lacs (2014 - Rs.5085.70 lacs) including corporate dividend tax of Rs. 834.37 lacs (2014 - Rs.738.76 lacs)

Equity Shareholders holding more than 5% shares :

Name	31.03.2015		31.03.2014	
	No. of Shares Held	% of Shareholding	No. of Shares Held	% of Shareholding
Mahindra & Mahindra Limited (M&M)	41,26,417	33.22%	41,26,417	33.22%
Kirloskar Industries Limited (KIL)	21,60,000	17.39%	21,60,000	17.39%

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

Description	31.03.2015		31.03.2014	
	No. of Shares	Share Capital (Rs. in lacs)	No. of Shares	Share Capital (Rs. in lacs)
Number of equity shares at the beginning	1,24,19,820	1241.98	1,24,19,820	1241.98
Movement in equity during the year	-	-	-	-
Number of equity shares at the closing	1,24,19,820	1241.98	1,24,19,820	1241.98

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,
- bought back its shares.

2.2 RESERVES AND SURPLUS

(Rs. in lacs)

Particulars	2015		2014	
Capital Reserve – Brought Forward		18.71		18.71
General Reserve – Opening Balance	15996.76		15296.76	
Add : Transferred from Surplus	<u>–</u>	15996.76	<u>700.00</u>	15996.76
Surplus – Opening Balance	3730.11		2815.41	
Less : Adjustment for carrying value of Assets (Refer Note 2.39)	<u>31.40</u>		<u>–</u>	
	3698.71		2815.41	
Add : Profit for the Year	5184.16		6700.40	
	8882.87		9515.81	
Less : Appropriations				
Proposed Dividend	4098.54		4346.94	
Tax on Proposed Dividend	834.37		738.76	
Transfer to General Reserve	<u>–</u>	3949.96	<u>700.00</u>	3730.11
		19965.43		19745.58

2.3 DEFERRED TAX

(Refer Note 1.9)

(Rs. in lacs)

Particulars	2015		2014	
Deferred Tax Liabilities				
– On Depreciation (Refer Note 2.39)		724.10		762.24
Deferred Tax Assets				
– On Expenses		<u>92.57</u>		<u>68.14</u>
Deferred Tax Liabilities / (Assets)		<u>631.53</u>		<u>694.10</u>

2.4 LONG-TERM PROVISIONS

(Rs. in lacs)

Particulars	2015		2014	
Provisions for Employee Benefits (Refer Note 1.6)				
– Provision for Leave Encashment		192.02		145.31
Others				
– Provision for Warranty (Refer Note 2.38)		<u>25.34</u>		<u>33.07</u>
		217.36		178.38

2.5 TRADE PAYABLES

(Rs. in lacs)

Particulars	2015	2014
Trade Payables – Micro and Small Enterprises (Refer Note 2.36)	854.92	1228.55
Trade Payables – Other than Micro and Small Enterprises	3442.25	4330.42
Accruals	520.44	363.43
	<u>4817.61</u>	<u>5922.40</u>

2.6 OTHER CURRENT LIABILITIES

(Rs. in lacs)

Particulars	2015	2014
Payables		
– Statutory Dues	163.48	168.44
– Capital Purchases	158.71	101.10
– Advances from Customers	1.55	0.84
– Others	41.58	23.53
Deposits & Retention Money	18.25	20.01
Unpaid / Unclaimed Dividend*	99.11	65.48
	<u>482.68</u>	<u>379.40</u>

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2015.

2.7 SHORT TERM PROVISIONS

(Rs. in lacs)

Particulars	2015	2014
Provisions for Employee Benefits (Refer Note 1.6)		
– Provision for Gratuity (Refer Note 2.37)	97.60	44.93
– Provision for Leave Encashment	<u>59.82</u>	<u>34.66</u>
Others		
– Proposed Dividend	4098.54	4346.94
– Tax on Proposed Dividend	834.37	738.76
– Provision for Warranty (Refer Note 2.38)	<u>86.58</u>	<u>84.33</u>
	<u>5019.49</u>	<u>5170.03</u>
	<u>5176.91</u>	<u>5249.62</u>

2.8 FIXED ASSETS

(Refer Note 1.2 & 2.39)

(Rs. in lacs)

DESCRIPTION	GROSS BLOCK				As at 01.04.2014	Adjustment in Opening Balance*	DEPRECIATION			NET BLOCK	
	Cost as at 01.04.2014	Additions during the year	Sale/ Adjustments during the year	Cost as at 31.03.2015			Provided during the year	Disposal/ Adjustments during the year	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
TANGIBLE ASSETS											
Land	50.68	-	-	50.68	-	-	-	-	-	50.68	50.68
Buildings	1307.11	71.50	-	1378.61	452.34	-	36.92	-	489.26	889.35	854.77
Plant & Machinery	13214.92	1266.03	310.38	14170.57	6075.63	46.50	1227.21	295.09	7054.25	7116.32	7139.29
Electrical Installations	436.52	-	-	436.52	168.83	0.25	24.88	-	193.96	242.56	267.69
Furniture & Fixtures	82.28	9.47	3.34	88.41	68.42	0.06	4.42	3.22	69.68	18.73	13.86
Office Equipments	114.60	14.41	0.40	128.61	57.39	0.76	19.31	0.38	77.08	51.53	57.21
Vehicles	20.28	-	-	20.28	9.41	-	3.16	-	12.57	7.71	10.87
TOTAL (A)	15226.39	1361.41	314.12	16273.68	6832.02	47.57	1315.90	298.69	7896.80	8376.88	8394.37
INTANGIBLE ASSETS											
Software	65.96	-	-	65.96	53.91	-	4.02	-	57.93	8.03	12.05
TOTAL (B)	65.96	-	-	65.96	53.91	-	4.02	-	57.93	8.03	12.05
GRAND TOTAL (A+B)	15292.35	1361.41	314.12	16339.64	6885.93	47.57	1319.92	298.69	7954.73	8384.91	8406.42
Capital Work in Progress										475.94	170.96
Capital Spares										2.33	2.28
										478.27	173.24
Previous Year	14154.47	1252.61	114.73	15292.35	6082.23	-	911.58	107.88	6885.93		

*inline with the Schedule II of the Companies Act 2013, adjustment is made to the carrying value of Assets having NIL revised remaining useful life as on April 1,2014.

2.9 LONG-TERM LOANS & ADVANCES

(Rs. in lacs)

Particulars	2015	2014
Capital Advances - Considered Good		
Secured	71.78	19.06
Unsecured	145.93	73.60
Security Deposits- Considered Good		
Unsecured	29.43	29.43
Others – Loans & advances – Unsecured – Considered Good		
Income Tax (Net of Provisions)	151.30	69.99
Others	181.88	185.26
	<u>580.32</u>	<u>377.34</u>

2.10 CURRENT INVESTMENTS

(Rs. in lacs)

Particulars	Face Value		2015		2014	
	Per Unit (Rs.)	Number	Rs. Lacs	Number	Rs. Lacs	
Current Investments - Non Trade (Unquoted) (At cost, unless otherwise specified)						
Investments in Mutual Funds						
HDFC Cash Management Fund- Savings Plan - Daily Dividend Reinvestment	10	–	–	8174875	869.51	
HDFC Liquid Fund - Dividend - Daily Reinvest	10	3077566	313.86	–	–	
Kotak FMP Series 138 - Growth-Regular Plan	10	–	–	2000000	200.00	
Birla Sun Life Cash Plus - Daily Dividend - Regular Plan - Reinvestment	100	595988	597.15	1826148	1829.71	
Birla Sun Life Floating Rate Fund Short Term Plan - Daily Dividend - Reinvestment	100	207919	207.96	–	–	
DWS Insta Cash Plus Fund - Daily Dividend - Reinvestment	100	314103	315.06	–	–	
ICICI Prudential Liquid - Regular Plan - Daily Dividend - Reinvestment	100	–	–	1281234	1281.60	
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend Reinvestment	100	1030077	1031.40	–	–	
Kotak Liquid Scheme Plan A - Daily Dividend - (Regular Plan)	1000	142166	1738.42	39527	483.34	
SBI Premier Liquid Fund - Regular Plan - Daily Dividend	1000	–	–	152926	1534.24	
TATA Money Market Fund Plan A - Daily Dividend	1000	–	–	101898	1020.52	
Aggregate amount of unquoted investments			<u>4203.85</u>		<u>7218.92</u>	

2.11 INVENTORIES

(Refer Note 1.4)

(Rs. in lacs)

Particulars	2015	2014
Raw Materials & Components (including goods-in-transit Rs. 177.94 lacs (2014- Rs.275.56 lacs))	1845.91	2647.91
Work-in-Progress	333.71	335.15
Finished Goods	627.03	1057.74
Stores and Spares (including goods-in-transit Rs. 1.66 lacs (2014 - Rs. 3.96 lacs))	207.95	248.15
Loose Tools	299.55	351.73
	<u>3314.15</u>	<u>4640.68</u>

2.12 TRADE RECEIVABLES

(Unsecured-considered good unless otherwise stated)

(Refer Note No. 2.26)

(Rs. in lacs)

Particulars	2015	2014
Outstanding for more than six months from the date they are due for payment	—	—
Others	686.76	784.73
	<u>686.76</u>	<u>784.73</u>

2.13 CASH & BANK BALANCES

(Rs. in lacs)

Particulars	2015	2014
(A) Cash and Cash Equivalents		
Balances with Banks		
– On Current Accounts	60.45	121.63
– Deposit Account with original maturity upto 3 months	—	500.00
Cash on hand	3.12	1.40
	<u>63.57</u>	<u>623.03</u>
(B) Other Bank Balances		
– Balance with Banks held as Margin Money and Deposit against Gurarantees	1600.00	500.00
– Deposit Account with original maturity more than 3 months but upto 12 months	9528.00	9000.00
– Deposit Account with original maturity more than 12 months	2695.00	300.00
– Earmarked Balances with Banks	99.11	65.48
	<u>13922.11</u>	<u>9865.48</u>
	<u>13985.68</u>	<u>10488.51</u>

SWARAJ ENGINES LIMITED

2.14 OTHER CURRENT ASSETS

(Rs. in lacs)

Particulars	2015	2014
Interest Accrued on Deposits	555.91	464.81
	<u>555.91</u>	<u>464.81</u>

2.15 SHORT TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

(Rs. in lacs)

Particulars	2015	2014
Balance with Excise Authorities	13.34	53.63
Advances to Suppliers	3.37	8.60
Advances to Employees	27.28	16.10
Prepaid Expenses	23.71	21.95
Other Advances recoverable in cash or kind		
– CENVAT	201.34	443.29
– Value Added Tax	41.15	281.64
– Others	33.46	31.60
	<u>275.95</u>	<u>756.53</u>
	<u>343.65</u>	<u>856.81</u>

2.16 REVENUE FROM OPERATIONS

(Refer Note 2.30)

(Rs. in lacs)

Particulars	2015	2014
Sale of Products	59382.11	67734.54
Other Operating Revenue	368.97	465.15
Gross Revenue from Operations	59751.08	68199.69
Less : Excise Duty	5781.48	7371.96
Net Revenue from Operations	<u>53969.60</u>	<u>60827.73</u>

2.17 OTHER INCOME

(Rs. in lacs)

Particulars	2015	2014
Interest Income	1270.56	1101.33
Profit / (Loss) on disposal of Fixed Assets	9.55	(0.24)
Net Gain on Sale of Non Current/Long Term Investments	19.90	208.03
Net Gain on Sale of Current Investments	0.09	4.84
Dividend from Non-Current/Long Term Investments	42.06	6.41
Dividend from Current Investments	281.68	422.53
Miscellaneous Income	7.71	5.77
	<u>1631.55</u>	<u>1748.67</u>

2.18 COST OF RAW MATERIALS CONSUMED

(Refer Note 2.32)

(Rs. in lacs)

Particulars	2015	2014
Opening Stock	2372.34	2139.75
Add : Purchases	39827.63	46863.99
	<u>42199.97</u>	<u>49003.74</u>
Less :		
Closing Stock	1667.96	2372.34
Transferred to Other Jobs	<u>55.96</u>	<u>62.37</u>
	<u>40476.05</u>	<u>46569.03</u>

2.19 CHANGE IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

(Rs. in lacs)

Particulars	2015	2014
Opening Stock	1392.89	1050.32
Less : Closing Stock	960.74	1392.89
	<u>432.15</u>	<u>(342.57)</u>

2.20 EMPLOYEE BENEFIT EXPENSES

(Rs. in lacs)

Particulars	2015	2014
Salaries & Wages	2579.85	2348.10
Contribution to Provident & Other Funds (Refer Note 1.6)	223.22	152.60
Workmen & Staff Welfare	279.87	267.98
	<u>3082.94</u>	<u>2768.68</u>

2.21 FINANCE COSTS

(Rs. in lacs)

Particulars	2015	2014
Bank Charges	0.43	1.60
Other Interest Cost	0.87	1.17
Exchange Fluctuation Loss/(Gain)	(0.02)	1.35
	<u>1.28</u>	<u>4.12</u>

2.22 OTHER EXPENSES

(Rs. in lacs)

Particulars	2015	2014
Power, Fuel & Water Charges	450.91	502.09
Consumption of Stores & Spares	983.97	1176.38
Rates and Taxes	8.51	8.57
Insurance	20.25	22.08
Repairs and Maintenance		
– Buildings	12.50	18.52
– Machinery	288.37	244.48
– Others	11.83	17.72
Postage & Telephone	5.40	5.57
Printing & Stationery	13.57	14.19
Travelling & Conveyance Expenses	45.04	49.04
Auditors' Remuneration		
– Statutory Auditor's		
Audit Fee	2.75	2.25
Tax Audit Fee	0.50	0.38
Other Services	1.65	1.32
Expenses Reimbursed	0.54	0.57
– Cost Auditor's		
Audit Fee	–	0.55
Expenses Reimbursed	–	0.01
Research & Development Expenses	165.83	272.15
CSR Expenses	170.08	7.65
Other Marketing Expenses	118.12	133.62
Miscellaneous Expenses	207.23	291.68
	<u>2507.05</u>	<u>2768.82</u>

2.23 EXCEPTIONAL ITEMS

(Rs. in lacs)

Particulars	2015	2014
Fire Insurance Claim (Net)	–	(97.91)
Power Feeder Line Expense	–	213.50
	<u>–</u>	<u>115.59</u>

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

Particulars	2015 Rs. in lacs	2014 Rs. in lacs
Contingent Liabilities :		
Claim against the Company not acknowledged as debt		
– Excise matters in dispute	101.59	127.61
– Income Tax matters in dispute	228.39*	243.65
– Others	241.67**	241.67
Commitments :		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	2562.71	1139.23

* Assessment of Income Tax is complete upto assessment year 2012-13.No provision has been made in the Books of Accounts for the disputed demands of Rs. 43.07 lacs (31.03.2014 - Rs 58.33 lacs),where company is in appeal. For earlier Assessment Years, tax authorities have filed appeals / references which involve an estimated liability of Rs. 185.32 lacs (31.03.2014- Rs.185.32 lacs).

** Represents demand for enhanced compensation for land allotted to Company in 1988. Company is in appeal with Hon'ble Supreme Court of India. Pending appeal, Rs. 100.00 lacs was deposited with the court during the financial year 2008-09 and the same forms part of Long-Term Loans & Advances under Note 2.9.

2.25 While letters for confirmation of balance of sundry creditors, sundry debtors and material lying with vendors have been sent, only few responded. Rests are subject to confirmation.

2.26 Related party disclosures as required under Accounting Standard -18 are given below:

- a) Names of related parties and description of relationships having transactions during the year:
- i) Associate Company Mahindra & Mahindra Limited (M&M)
 - ii) Key Management Personnel Shri M.N. Kaushal (Whole-time Director)

b) Volume of Transactions with related parties

i) Associates	2015 Rs. in lacs	2014 Rs.in lacs
a. Purchase of raw materials and components M&M	522.32 522.32	56.62 56.62
b. Sale of finished goods (net of warranty) M&M	62576.79 62576.79	71139.66 71139.66
c. Receiving of services M&M	457.28 457.28	375.88 375.88
d. Rendering of services M&M	95.17 95.17	56.50 56.50
e. Dividend paid M&M	1444.25 1444.25	1361.72 1361.72
Aggregate balances outstanding as at the year end		
– Receivables M&M	565.33 565.33	671.22 671.22
– Payables M&M	5.06 5.06	– –

	2015 Rs. in lacs	2014 Rs. in lacs
ii) Key Management Personnel Remuneration*	38.19	13.48
Dividend	0.46	0.43

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

2.27 Segment Reporting

The Company's business activities relate to diesel engines, diesel engine components & spare parts and fall within a single primary business segment. As such, no separate segment reporting is required under Accounting Standard 17, issued by the Institute of Chartered Accountants of India.

2.28 Earnings per Share (EPS)

Earnings per share are calculated by dividing net profit for the year attributable to equity shareholders by number of equity shares outstanding during the year. The Company has not issued any potential equity shares, and accordingly, the basic earning per share and diluted earning per share are the same.

2.29 Particulars in respect of goods manufactured:

Class of Goods	Unit of Qty.	Production	
		2015 63,994	2014 74,786
Engines	Nos.		

2.30 Particulars in respect of Revenue from Operations (Gross):

Class of Goods	Unit of Qty.	Qty.	2015		2014	
			Rs. in lacs	Qty.	Rs. in lacs	Qty.
Sale of Products						
Engines	Nos.	64,595	58192.79	74,062	66133.84	
Engine Components	–	–	199.34	–	555.74	
Spares	–	–	989.98	–	1044.96	
Total			<u>59382.11</u>		<u>67734.54</u>	
Other operating revenue						
Scrap & Others	–		368.97		465.15	
Revenue from operations			<u>59751.08</u>		<u>68199.69</u>	

2.31 Particulars in respect of Finished Goods:

Class of Goods	Unit of Qty	Opening Balance		Closing Balance	
		Qty.	Rs. in lacs	Qty.	Rs. in lacs
Engines	Nos.	1422 (698)	1057.74 (534.06)	813* (1422)	627.03 (1057.74)
Engine Parts	–		– (10.55)		– –

*Excludes 5 engines consumed for R&D purposes and 3 engines dismantled during the year.

2.32 Analysis of Raw Materials consumed:

	2015	2014
Class of Goods	Rs. in lacs	Rs. in lacs
Crank Shaft Assy.	3466.28	4061.94
Crank Case Assy.	4458.64	5104.20
Flywheel	2030.67	2376.38
Fuel Pump Assy.	4447.08	5217.53
Others (including components)	26073.38	29808.98
	40476.05	46569.03

Note:

- i) The amounts of all the items in Analysis of Raw Materials consumed represent the issues during the year. The figure of others (including components) is a balancing figure based on total consumption shown in Note no. 2.18 and includes adjustments for excess/shortage/damages/obsolete found on physical verification.

2.33 Value of imported and indigenous Raw Materials, Components, Stores and Spares etc. consumed and percentage of each in Total Consumption:

	%	2015 Rs. in lacs	%	2014 Rs. in lacs
a) Raw Material & Components				
Imported	0.01	2.72	-	-
Indigenous	99.99	40473.33	100.00	46569.03
		40476.05		46569.03
b) Stores, Consumables, Spares & Loose Tools				
Imported	0.70	6.88	7.41	87.15
Indigenous	99.30	977.09	92.59	1089.23
		983.97		1176.38

2.34 Value of Imports on CIF Basis:

	2015	2014
	Rs. in lacs	Rs. in lacs
Raw Material & Components	2.97	-
Stores & Spares	7.18	76.99
Capital Goods	723.07	47.85
	733.22	124.84

- 2.35 Research & Development Expenses includes an amount of Rs. 41.66 lacs (2014- Rs.118.34 lacs) amortized during the year being the expense towards upgradation of engine and improvement in fuel efficiency.

SWARAJ ENGINES LIMITED

2.36 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:-

S.No.	Particulars	Rs. in lacs	
		2015	2014
(a)	Dues remaining unpaid as at 31st March		
–	Principal	–	–
–	Interest on the above	–	–
(b)	Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed date during the year		
–	Principal paid beyond the appointed date	0.03	–
–	Interest paid in terms of Section 16 of the Act	–*	–
(c)	Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	–	–
(d)	Further interest due and payable even in succeeding year, until such date when the interest due as above are actually paid to the small enterprises	–	–
(e)	Amount of interest accrued and remaining unpaid as at 31st March	–	–

(*Rs. 87 only)

2.37 Employee Defined Benefits:

Particulars	Rs. in lacs	
	2015	Gratuity (Funded) 2014
I. Expense Recognized in the Statement of Profit & Loss Account		
1. Current Service Cost	37.08	27.08
2. Interest	31.06	29.67
3. Expected Return on plan assets	(32.43)	(27.21)
4. Actuarial (Gain)/Loss	61.89	15.21
5. Total Expense	97.60	44.75
II. Net Asset/(Liability) recognized in the Balance Sheet		
1. Present value of Defined Benefit Obligation	518.78	397.47
2. Fair Value of plan assets	421.18	352.53
3. Funded Status [Surplus/(Deficit)]	(97.60)	(44.93)
4. Net Asset/(Liability)	(97.60)	(44.93)

	2015	Rs. in lacs 2014
III. Change in the obligation during the year		
1. Present value of Defined Benefit Obligation as at the beginning of the year	397.47	328.47
2. Current service cost	37.08	27.08
3. Interest Cost	31.06	29.67
4. Benefit payments	(8.58)	(4.83)
5. Actuarial (Gain)/Loss	61.75	17.08
6. Present value of Defined Benefit Obligation as at the end of the year	518.78	397.47
IV. Change in Fair Value of Assets during the Year		
1. Fair Value of plan assets at the beginning of the year	352.53	264.80
2. Expected return on plan assets	32.43	27.21
3. Contributions by employer	44.93	63.48
4. Actual Benefits paid	(8.58)	(4.83)
5. Actuarial (Gain)/Loss on Plan assets	(0.13)	1.87
6. Fair Value of plan assets at the end of the Year	421.18	352.53
7. Actual return on plan assets	32.30	29.08
V. The major categories of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
1. Discount Rate	7.90%	9.10%
2. Expected rate of return on plan assets	8.75%	9.25%
3. In-service Mortality	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
4. Turnover Rate	5.00%	5.00%
5. Salary Rise - Officers	8.00%	8.00%
6. Salary Rise - Workers	5.00%	6.00%
7. Remaining Working life	23.28 Yrs	24.40 Yrs

2.38 Provision for warranty relates to warranty provision made in respect of sale of engines, the estimated cost of which is accrued at the time of sale.

Particulars	Rs. in lacs	
	2015	2014
Balance as at 1st April	117.40	83.10
Add:- Provision made during the year	87.18	119.74
Less:- Utilisation during the year	92.66	85.44
Balance as at 31st March	111.92	117.40
Out of the above,		
Classified as Non Current	25.34	33.07
Classified as Current	86.58	84.33

2.39 In compliance with the provisions of the Companies Act 2013, the company has reworked depreciation with reference to estimated economic life of Fixed Assets prescribed by Schedule II of the Act except for Patterns, Block & Dies and Vehicles where lower useful life has been considered in line with the existing practice.

Due revision in estimated economic life, the charge for depreciation is higher by Rs. 321.55 lacs for the year ended March 31, 2015. Further, Rs.31.40 lacs (net of tax) has been adjusted to opening Surplus/Retained Earnings being the carrying value of assets having Nil revised remaining useful life as on April 1, 2014. Tax impact on the same, Rs. 16.17 Lacs, has been adjusted in the opening Deferred Tax Liability pertaining to Depreciation.

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs. in lacs)

	2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	7781.76	9781.15
Adjustments for:		
Depreciation	1319.92	911.58
(Profit)/Loss on disposal of Fixed Assets (Net)	(9.55)	0.24
Dividend Received on Investments	(323.74)	(428.94)
Gain on Sale of Investments	(19.99)	(212.87)
Interest (Received)/Paid (Net)	(1269.28)	(1097.21)
Operating Profit Before Working Capital Changes	7479.12	8953.95
Adjustments for:		
Trade and Other Receivables (Long Term / Short Term) *	398.36	131.35
Inventories	1326.53	(706.00)
Trade and Other Payables (Long Term / Short Term)	(916.08)	1337.37
Cash Generated From Operations	8287.93	9716.67
Direct Taxes Paid (Net of refund)	(2725.31)	(3008.84)
Cash Flow Before Extraordinary Items	5562.62	6707.83
Extraordinary Items	-	-
Net Cash From Operating Activities	5562.62	6707.83
(* includes Capital Advances)		
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (inclusive of capital WIP) ^	(1666.44)	(1180.22)
Investment Sale / (Purchase) (Net)	3015.07	196.16
Sale of Fixed Assets	24.98	6.61
Bank Deposit (Placed)/Matured (Net)	(4023.00)	(2359.99)
Increase in Earmarked Balances	(33.63)	(17.09)
Interest Received	1270.56	1101.33
Dividend Received on Investments	323.74	428.94
Gain on Sale of Investments	19.99	212.87
Net Cash (used in) / from Investing Activities	(1068.73)	(1611.39)
(^ excludes Capital Advances)		

C. CASH FLOW FROM FINANCING ACTIVITIES

Dividend Paid (including DDT)	(5052.07)	(4778.00)
Interest and Finance Charges paid	(1.28)	(4.12)
Net Cash Used in Financial Activities	(5053.35)	(4782.12)
Net Increase/(Decrease) in Cash and Cash Equivalents	(559.46)	314.32
Opening Cash and Cash Equivalents	623.03	308.71
Closing Cash and Cash Equivalents	63.57	623.03

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

As per our report of even date attached.

For DAVINDER S. JAAJ & CO.
Chartered Accountants (FRN000969N)

SUMEET SINGH DHIR
Partner
Membership No. 094370

M.S. GREWAL
Company Secretary

RAJINDER ARORA
DGM - Finance

Mumbai, 27th April, 2015

FOR AND ON BEHALF OF THE BOARD

SUDHIR MANKAD
Chairman

M.N. KAUSHAL
Whole-time Director

Mumbai, 27th April, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Swaraj Engines Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Swaraj Engines Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("The Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. This responsibility 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 misstatements, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Management and Board of Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidences we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

- i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- ii. in case of Statement of Profit and Loss of the profit for the year ended on that date; and
- iii. in case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies (Auditor's Report) Order, 2015 ('The Order'), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, and on the basis such checks of books and records of the Company, we considered appropriate and according to information and explanations given to us, we give in Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- i. 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;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- v. On the basis of written representations received from the Directors, as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- vi. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 2.24 to the financial statements;
 - b) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - c) There was no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

For DAVINDER S. JAAJ & CO.
Chartered Accountants
(FRN – 000969N)

SUMEET SINGH DHIR
Partner
Membership No. 094370

Place : Mumbai
Date : 27th April, 2015

ANNEXURE TO THE AUDITORS' REPORT

The annexure referred to in our report to the members of Swaraj Engines Limited ('the Company') for the year ended 31st March 2015. We report that :

- (i) Regarding Fixed Assets:
 - a. The Company has maintained proper records to show full particulars, including quantitative details and situation of Fixed Assets;
 - b. The Fixed Assets have not been verified by management during the year but the company has a system of periodic verification of Fixed Assets. In our opinion, the frequency of verification is at reasonable intervals considering the size of the company.
- (ii) Regarding Inventory:
 - a. The stocks of finished goods, stores, spare parts and raw materials of the Company in its possession have been physically verified by the management at reasonable period. Stock-in-transit as on 31st March 2015 has been verified by the management on subsequent receipt of the goods.
 - b. In our opinion, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The Company is maintaining proper records for inventory and discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.
- (iii) Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and nature of business, for purchase of raw materials including components, store consumables, plant and machinery, equipment and similar assets and for the sale of goods and services. During the course of audit, we have not observed any major weaknesses in internal controls.
- (v) The Company has not accepted any deposits from the public, therefore the clause (v) of para 3 of the order is not applicable.
- (vi) On the basis of information given to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India, under sub section (1) of section 148 of the Companies Act, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (vii) Regarding Statutory Dues:
 - a) The Company has been regular during the year in depositing undisputed dues with Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Excise & Custom duty and other statutory dues with the appropriate authorities. According to the information given to us, there were no undisputed unpaid statutory dues outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.

- b) Details of dues of Income-tax & Excise Duty which have not been deposited as on 31st March, 2015 on account of disputes are given below :

(Rs. in lacs)

Statute	Nature	Forum where dispute is pending	Amount involved
Central Excise Act, 1944	Excise Duty	Appellate Authority - Tribunal Level	39.72
Income Tax Act, 1961	Income Tax	Supreme Court	13.35
		High Court	29.95
		Appellate Authority – Tribunal Level	111.70
		Assessing Officer	35.11

- c) There was no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
- (viii) The Company neither has accumulated losses at the end of the financial year nor any cash losses for this financial year as well as for financial year immediately preceding financial year.
- (ix) In our opinion and on the basis of records produced before us, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company has not taken any term loan. Hence the comments under the clause are not required.
- (xii) To the best of our knowledge, no fraud was noticed or reported on or by the Company.

For DAVINDER S. JAAJ & CO.
Chartered Accountants
(FRN – 000969N)

SUMEET SINGH DHIR
Partner
Membership No. 094370

Place : Mumbai
Date : 27th April, 2015

SWARAJ ENGINES LIMITED

Registered Office :

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

29th Annual General Meeting - 28th July, 2015

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*

Client ID*

No. of Shares held :

I hereby record my presence at the 29th ANNUAL GENERAL MEETING of the Company at its Works at Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab -160 062 on Tuesday, the 28th July, 2015 at 2:00 p.m.

*To be used for shares held in
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY



PROXY FORM

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

SWARAJ ENGINES LIMITED

(CIN: L50210PB1985PLC006473)

Regd. Office: Phase IV, industrial Area, S.A.S.Nagar (Mohali), Punjab-160055

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

Name of the Member (s):

Registered Address:

Email id:

Folio / DP ID-Client ID No:

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday, 28th July, 2015 at 2.00 p.m. at the Works of the Company at Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab - 160062 and at any adjournment thereof in respect of such resolutions as are indicated below:

	Resolutions	Optional*	
		For	Against
	Ordinary Business		
1	Adoption of Financial Statements for the year ended 31st March, 2015, Reports of the Directors and the Auditors thereon		
2	Declaration of Dividend on Equity Shares		
3	Re-appointment of Dr. Pawan Goenka as Director, who retires by rotation		
4	Re-appointment of Shri R.R. Deshpande as Director, who retires by rotation		
5	Appointment of Auditors and fix their remuneration		
	Special Business		
6	Approval to the revision in remuneration of Shri M.N. Kaushal, Whole Time Director		
7	Approval to the Related Party Transactions		
8	Approval to the remuneration of Cost Auditors		
9	Approval to the Employee Stock Option Scheme		

Signed this _____ day of _____ 2015

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 29th Annual General Meeting.
- *3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.