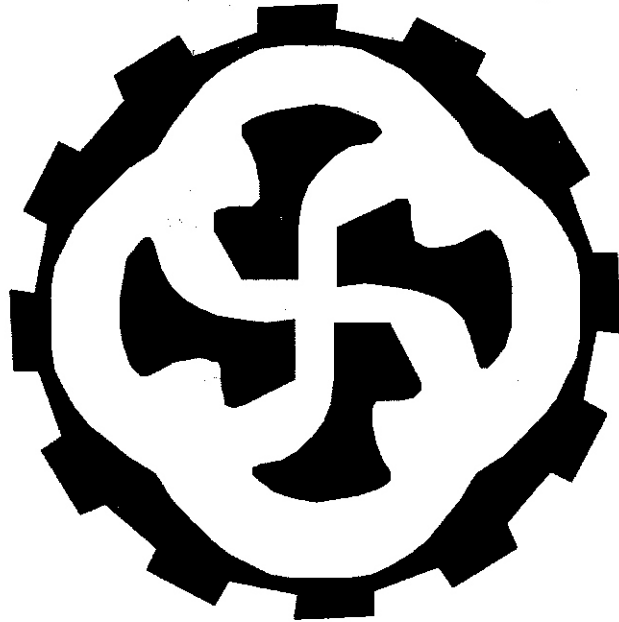


26th ANNUAL REPORT
2011 - 12



SWETHA ENGINEERING LIMITED

Swetha Engineering Limited

BOARD OF DIRECTORS

S.V.Raguraman	- Chairman & Managing Director
S.V. Sridhar	- Director Commercial
S.Niranjankumar	- Director Technical
A.Ramanchandran	- Non Executive and Independent Director
V.Nagarajan	- Non Executive and Independent Director
R.Jaganathan	- Non Executive and Independent Director

AUDITORS

M/s.Suresh & Sridharan
Chartered Accountants
PMG Complex, 3rd Floor, No.57, Usman Road
T.Nagar, Chennai-600 017

BANKERS

REPCO BANK, CORPORATE BRANCH
No.18, C.P.Ramaswamy Road
Alwarpet, Chennai-600 018

REGISTERED OFFICE

ADDRESS :
Plot No.123-131, Tass Industrial Estate,
Mahatma Gandhi Road, Ambattur, Chennai - 600 098.
Phone No. : 26252191 / 26253191

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DIRECTOR'S REPORT

Your Directors have great pleasure in presenting the Twenty Sixth Annual Report on the business and operations of your Company together with Audited Accounts of the Company for the year ended 31st March 2012 and the Auditors' report thereon.

FINANCIAL RESULTS	2011-2012	2010-2011
Sales and Other Income	12,18,65,305.00	15,53,93,555.00
Less : Expenditure	(10,91,61,680.00)	(14,29,85,043.00)
Less: Interest Charges	(71,37,257.00)	(66,05,061.00)
Less: Depreciation	(49,62,911.00)	(42,99,001.00)
Profit before tax	6,03,457.00	15,04,450.00
Provision for Tax - Current	(2,31,877.00)	(6,34,967.00)
- Deferred	62,493.00	70,692.00
Profit after Tax	4,34,073.00	9,40,175.00
Profit brought forward	2,63,39,623.00	2,53,99,448.00
Balance Carried to Balance Sheet	2,67,73,696.00	2,63,39,623.00
Basic Earnings per Share	0.11	0.25

REVIEW OF OPERATIONS

Sales and other income for the financial year under review were Rs.1218.65 lakhs as against Rs.1553.94 lakhs for the previous financial year showing a decrease of 21.58 % The profit before tax (after interest and depreciation charges) is Rs.6.03 lakhs and the Profit after tax is Rs.4.34 lakhs for the financial year under review as against Rs.15.04 lakhs and Rs.9.40 lakhs respectively for the previous year, declined by 59.88 % and 53.83 %.

The performance was adversely affected during 2011-12 due to depressed capital expenditure plan of Industrial Sectors, both within and outside the country. Particularly the Company had to bear the brunt of global economic meltdown as its volume shrunk significantly during the year. On effect of this there is a withering on the demand and consumption of engineering products in the year review also. The Company had to resort to supply management and also had to alter its production schedule in order to retain the profitability in the orders executed in the year 2011-12.

The major impact on profitability of the Company during the year is due to substantial dip in the capacity utilisation, continued pressure on selling prices and not adequate and respite in the cost of inputs. However the Company continued its efforts to optimize the operating and production efficiency at its plant. In spite of the adverse condition as stated above, the Company met its all debt repayment obligations successfully. Proper execution coupled with prudent risk mitigation measures enabled the Company to maintain its position over its competitors.

CAPITAL EXPENDITURE

As at March 31, 2012, the gross tangible assets stood at Rs.1057.48 lakhs and net tangible assets stood at Rs.438.95 lakhs. Additions during the year amounted to Rs.104.78 lakhs. The Company has ventured into automobile industry where Rs.39.35 lakhs has been invested in CNC machines and invested in machines tools of Rs.25.70 lakhs for projects executed with paper and cement industries..

INSURANCE

All insurable Assets of the Company including machineries, buildings, furniture and fixtures and other insurable Assets are adequately insured.

BUY BACK OF SHARES

The Company has not bought back any of its shares during the year under review

DIVIDEND

Owing to decline in the profits for the current year and insufficient liquidity, the Directors of the Company have decided to plough back the profits into business for handling the ongoing gloomy scenario and hence no dividend is declared for the current year. Your Directors believe that this will enhance shareholders value.

FIXED DEPOSITS, LOANS & ADVANCES

Your Company has not accepted any deposits from the public or its employees during the year under review

DIRECTORS

The Company is managed by Mr.S.V.Raguraman, Managing Director under strict supervision of the Board of Directors. The Board of Directors consists of Mr.S.V.Raguraman, Mr.S.V.Sridhar, Mr.S.Niranjankumar, Mr.V.Nagarajan, Mr.A.Ramachandran, and Mr.R.Jagannathan.

In compliance with the provisions of the Companies Act, 1956 in accordance with the Articles of Association, Mr.V.Nagarajan, retire at this Annual General Meeting and being eligible, offers himself for re-appointment.

The tenure of Mr.S.Niranjankumar, as Director Technical of the Company the Board of Directors at their meeting held on 28th July, 2012, with the recommendation of the Remuneration Committee have subject to the approval of shareholders the revision of terms of remuneration of Mr.S.Niranjankumar, as Director Technical of the Company with effect from 01st August 2012 up on the terms and conditions as to consolidated remuneration of Rs.1,00,000 (Rupees One Lakh Only) as more fully mentioned in the resolution under item no.4 of the notice calling the meeting. Your Board of Directors recommend the same for your approval.

PARTICULARS OF EMPLOYEES

Industrial relations have remained cordial throughout the year in the Company. During the year under review there were no employees covered under section 217(2A) of the Companies Act, 1956

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies act, 1956 with respect to Directors Responsibility Statement it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended 31st March 2012, the applicable accounting standards read with requirements set out under Schedule VI of the Companies Act,1956 have been followed and no material departures have been made from the same.
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair of the state of affairs of the Company as at 31st March 2012 and of the profit / loss of the Company for the year ended on that date
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control system is supplemented by extensive audits, regular review by management and adherence to policies and guidelines to ensure reliability of financial and other records. The management information system provides timely and accurate information for effective control. Regular planning as well as expense, capital and manpower budgeting processes ensure that progress is monitored against targets and control is exercised on all major expenses. Internal Auditors independently evaluate the adequacy of internal control systems. Their observations and recommendations are discussed by the Audit Committee to ensure effective corrective action.

COMPLIANCE CERTIFICATE

As per the Provisions to sub section (1) of Section 383A of Companies Act, 1956 Every Company having a paid up Share Capital of Rs.10 lakhs or more But less than Rs.5 Crores is required to file with the Registrar of Companies a Compliance Certificate from a Company Secretaries in Practice, and the said Certificate required to be attached with the Board's Report.

Members are hereby informed that, M/s.Rabi Narayan & Associates, Company Secretaries, Chennai, is our Company Secretary to issue Compliance Certificate and Compliance Certificate issued by them are enclosed herewith are forming part of this report. The Board of Directors recommend to the members to appoint them as Company Secretaries and fix their remuneration.

AUDITORS

The retiring auditors, M/s.Suresh & Sridharan, Chartered Accountants have expressed willingness to continue in office, if appointed. They have furnished to the Company a certificate of their eligibility for appointment as auditors, pursuant to section 224 (1B) of the Companies Act, 1956. The Audit committee and the Board of Directors recommend the re-appointment of M/s.Suresh & Sridharan, Chartered Accountant as Auditors for a further period of one year and to fix their remuneration.

The Auditors Report to the Members does not contain any qualification or adverse remarks.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO.

Pursuant to the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, are set out in the **Annexure A** to this report.

STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's securities are listed with Madras Stock Exchange Limited, Chennai and it has paid the respective annual listing fees up-to-date and there are no arrears.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance as updated with the particulars of this Financial year, as per the directions from SEBI is annexed to this report (Annexure) together with Report of the Auditors on the compliance with the said Code and a report of Management discussion and Analysis is also annexed separately.

CAUTIONARY STATEMENT

Statements in the Management discussion and Analysis report describing the Company's projections, plans, estimates and expectations may be interpreted as "forward looking statements" within the meaning of securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operation include economic conditions in the domestic and international markets in which the Company operates changes in government regulations, tax laws and other statutes. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their appreciation for the continued support and co-operation extended by the State Governments, Banks, Government authorities, Customers, Suppliers and Shareholders. The Board expresses its appreciation for the dedication and commitment extended by employees at all levels and their contribution to the growth and progress of the Company.

For and on behalf of the Board of Directors

S.V.Raguraman
Chairman & Managing Director

Chennai, the 27th August, 2012

ANNEXURE-A

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY:

- a. Energy Conservation Measures Taken:
 - a). Designed and installed the power distribution system perfectly well to utilize the power at optimum level of requirement.
 - b) Purchasing energy efficient machines.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

At present no additional investments and proposals are contemplated for reduction of consumption of energy.
- c. Impact of above measures in a) and b) for reduction of energy consumption and consequent impact of cost of production of goods.

As a result of the measures at (a) above, the energy consumption is reduced to the best minimum possible.
- d. Total energy consumption and energy consumption per unit of production.

Furnishing of these particulars is not applicable to this Company, as it is not carrying on any business which is listed in the schedule to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

TECHNOLOGY ABSORPTION

The relevant particulars relating to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not applicable.

RESEARCH AND DEVELOPMENT :

1. Specific areas in which R & D carried out by the Company: Production process/stages, utilization of by products, cost reduction.
2. Benefits as a result of R & D : A close study in the technical developments, know how in the related areas of the Company is carried out with the purpose of getting good quality in the services rendered to the customers.
3. Future plan of action: Continuous efforts will be taken in keeping up with the technological advancement in product/design developments.

4. Expenditure on R & D}
No specific expenditure has been booked for R & D. This has been a routine during the regular operations.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Export earnings involving foreign exchange for supply and services of export which includes advances also. A comparison of year wise is given below.

PARTICULARS	2011-12		2010-11	
	In \$	In Rs.	In \$	In Rs.
a. Supply of equipment	7,675.00	3,79,990.00		Nil
b. Service of equipment				Nil
Total (a+b)				
Foreign Exchange Used	7,675.00	3,79,990.00		Nil

REPORT ON CORPORATE GOVERNANCE

Swetha Engineering Limited is complying with the mandatory requirements of the code of Corporate Governance introduced by the SEBI and incorporated in clause 49 of the Listing Agreement in all material aspect.

The Company believes that Corporate Governance is a powerful medium of sub-serving the long term interest of all the stakeholders, viz. employees, shareholders, customers and vendors.

The basic philosophy towards Corporate Governance is that it is an embodiment of the parameter of fairness, accountability, disclosures and to maximize value for the shareholders of the Company. The Company is committed to achieve these objectives by ensuring and bringing disclosures in all matters relating to the performance, financial position, ownership and governance of the Company.

BOARD OF DIRECTORS

The Board of Directors of the Company comprises of one Managing Director, two Executive Directors and three Independent Directors. The Company has complied with the requirements of Clause 49 of the Listing Agreement in respect of the Composition of Board of Directors.

None of the Independent Directors have any material pecuniary relationships or transactions with the Company.

The composition of Board, attendance of each director at Board meetings held during the year under review as well as in the last Annual General Meeting and number of other Directorship/committee memberships held by them are as follows

Name and Designation of Directors	Category	No. of Board Meetings in the year during respective tenure		Attendance of Last AGM	Number of Directorship held in Other Companies	Number of Board Committee Memberships held in Other Companies
		Held	Attended			
S.V.Raguraman, Managing Director	ED	8	8	YES	NIL	NIL
S.V.Sridhar, Director-Commercial	ED	8	8	YES	NIL	NIL
S.Niranjankumar, Director-Technical	ED	8	8	YES	NIL	NIL
A.Ramachandran	NED(I)	8	8	YES	NIL	NIL
V.Nagarajan	NED(I)	8	1	NO	NIL	NIL
R.Jaganathan	NED(I)	8	8	YES	NIL	NIL

ED-Executive Director, NED Non Executive Director (Independent)

Further the Board of Directors would like to inform the members that none of the Directors are disqualified to act as Directors of this Company or any other Company under section 274(1)(g) and other applicable provisions of the companies act, 1956.

Further there were no changes in the composition of the Board of Directors.

The Board of Directors met Eight times on 28.04.2011, 22.07.2011, 16.08.2011, 02.09.2011, 12.09.2011, 22.10.2011, 10.11.2011 and 12.01.2012 and in respect of which meetings proper notices were given and the proceedings of the meetings were properly recorded and signed in the Minutes Book maintained for the purpose.

The Annual General Meeting for the financial year ended on 31-03-2011 was held on 15-12-2011 by giving due notice to the members of the Company and resolutions passed there at were recorded in the Minutes Book maintained for the purpose.

Equity Share held by Directors are given below

Name of the Director	Equity Shares held as on 31st March 2012
S.V. Raguraman	452304
S.V. Sridhar	441095
S. Niranjankumar	12250

Information about the Directors proposed to be appointed/ re-appointed required to be furnished pursuant to Clause 49 of the Listing agreement with Stock Exchange is forming part of the Twenty Sixth Annual General Meeting of the Shareholders of the Company.

Except Mr.S.V.Raguraman and Mr.S.V.Sridhar Executive Directors who are brothers, no other Directors are related to each other.

COMMITTEE OF THE BOARD

The Board of Directors has constituted two committees: Audit Committee, and Shareholder Grievance Committee. The roles and responsibilities assigned to these committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time.

The Minutes of Meetings of Audit Committee, Remuneration committee and Shareholder Grievance Committee are placed before the Board for their Information and Noting. The details as to the composition, terms of reference, number of meetings and related attendance etc of these committees are given below:

AUDIT COMMITTEE

Section 292A of the Companies Act, 1956 is not applicable to this Company.

TERMS OF REFERENCE

Your Company has a qualified and independent Audit Committee. The composition procedures, powers and role/functions of the audit committee constituted by the Company comply with the requirements of Clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee included the following:

- ◆ Overseeing the Company's financial reporting process and the disclosure of its financial information.
- ◆ Recommending appointment and removal of the external auditor, fixing of audit fees and approving payments for any other service.
- ◆ Reviewing with management the quarterly, half yearly and annual financial statement with primary focus on accounting policies and practices, compliance with accounting standards, any related party transaction and stock exchange and legal requirements concerning financial statements, matter relating to be included in the Director's Responsibility Statement, Changes, if any, in accounting policies and practices and reasons for the same, Major accounting entries involving estimates based on the exercise of judgment by management, Significant adjustments made in the financial statements arising out of audit findings and Qualifications in the draft audit report
- ◆ Reviewing adequacy of internal control systems in order to have the effective use and safeguard of resources and compliance with statutes polices and procedures and ensure compliance of internal control systems and reviewing the Company's financial and risk management policies.
- ◆ Reviewing reports furnished by the Statutory Auditors and ensuring suitable follow up thereon.
- ◆ Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- ◆ Discussion with internal auditors any significant findings and follow up there on.
- ◆ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal controls systems of a material nature and reporting the matter to the Board.
- ◆ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ◆ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- ◆ To review the functioning of the Whistle Blower mechanism, in case the same is existing.

- ◆ Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- ◆ Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
- ◆ The un-audited/ audited financial results of the Company are also specifically reviewed by the Audit Committee before these are submitted to the Board for approval. Minutes of each audit Committee meetings are placed before the Board for information

COMPOSITION AND ATTENDANCE

The Audit Committee of the Board consisting of three “Non Executive and Independent Directors” as members as detailed below and have adequate financial and accounting knowledge.

During the financial year, five meeting of the Audit Committee were held on 16.04.2011, 22.07.2011, 22.10.2011, 10.11.2011, 10.01.2012. The details of the number of meetings held and attendance record of the members are as follows:

Name of the Directors	Status and Category	No. of Meetings	
		Held	Attended
A.Ramachandran, Chairman	Director Non-Executive and Independent	05	05
V.Nagarajan	Director Non-Executive and Independent	05	02
R.Jaganathan	Director Non-Executive and Independent	05	05

The un-audited/ audited financial results of the Company are also specifically reviewed by the Audit Committee before these are submitted to the Board for approval. Minutes of each audit Committee meetings are placed before the Board for information

The Committee reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. The committee also invites senior executives as it considers appropriate to be present at the meetings of the committee

REMUNERATION COMMITTEE

The Company has constituted Remuneration Committee under the Chairmanship of Mr.A.Ramachandran, Independent Director. The details of composition of the Committee are given below

Name of the Directors	Status and Category	No. of Meetings	
		Held	Attended
A.Ramachandran, Chairman	Director Non-Executive and Independent	02	02
V.Nagarajan	Director Non-Executive and Independent	02	00
R.Jaganathan	Director Non-Executive and Independent	02	02

Terms of Reference

- ◆ To approve fixation/revision of remuneration of the Executive Directors of the Company after taking into the financial position of the Company, trend in the industry, appointee's qualification, experience, performance, past remuneration etc.
- ◆ To administer, supervise the detailed terms and conditions in accordance with SEBI guidelines.

Remuneration to Executive Directors-No revision suggested by the committee

A. EXECUTIVE DIRECTORS

Following is the Remuneration paid/payable to the Executive Directors for the financial year ended 31st March 2012

Name	Designation	Salary including HRA
S.V.Raguraman	Managing Director	Rs.30,00,000.00
S.V.Sridhar	Director-Commercial	Rs.18,00,000.00
S.Niranjankumar	Director-Technical	Rs.6,00,000.00

B. NON-EXECUTIVE DIRECTORS

Non-Executive Directors of the Company are remunerated by way of sitting fees for the meetings of the Board/ Committee attended by them. There were no other payments to the Non-Executive Directors.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholder Grievance Committee of the Board oversees redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non- receipt of share certificates etc.

COMPOSITION AND ATTENDANCE

The Shareholders Grievance Committee consisting of Mr.A.Ramachandran, Mr.S.V.Sridhar and Mr.R.Jagannathan where Mr.A.Ramachandran is the Chairman of the committee and they meet

at regular intervals. Mr.V.Jaganathan is the Compliance Officer of the committee.

The Company used to give a detailed report on steps taken by it to the Committee to specifically look into redressing shareholders and investor's complaint, break up of the nature of complaints received including number of complaints not resolved to the satisfaction of the complainants. Additionally details of communication received from agencies like Stock Exchanges/SEBI/ Ministry of Corporate Affairs were placed with an explanation as to how such communication were responded to and within how many days/ weeks.

The Company has delegated its Registrar and Share Transfer Agent, all shares related works. No complaint of any material nature was received during the year under review.

INVESTOR GRIEVANCE REDRESSAL

The number of complaints received and resolved to the satisfaction of investors during the year under review and their back-up are as under:-

Type of Complaints	Number of Complaints
Non Receipt of Annual Reports	-
Non Receipt of Dividend Warrants	-
Non Receipt of Interest/ redemption warrants	-
Warrants	-
Non Receipt of Certificates	-
Total	

DETAILS OF ANNUAL/EXTRA ORDINARY GENERAL MEETING:

The details of the Annual General Meetings held during the last three years are as follows:-

Financial Year	Date	Location	Time
31.03.2009	29.09.2009	Corporate Office: Plot No. 123 - 131, Tass Industrial Estate, Ambattur, Chennai 98	10.00 A.M
31.03.2010	29.09.2010	Corporate Office: Plot No. 123 - 131, Tass Industrial Estate, Ambattur, Chennai 98	11.00 A.M
31.03.2011	15.12.2011	Corporate Office: Plot No. 123 - 131, Tass Industrial Estate, Ambattur, Chennai 98	11.00 A.M

The details of the Extra-ordinary General Meetings held during the last three years are as follows:-

Date	Purpose	Location	Time
30.01.2010	1.Borrowing Powers. 2.Charge on the assets of the Company 3.Revision of Salary of Mr.S.V.Raguraman, Managing Director 4. Revision of Salary of Mr.S.V.Sridhar, Director-Commercial 5. Revision of Salary of Mr.S.Niranjan Kumar, Director-Technical	Corporate Office: Plot No. 123 - 131, Tass Industrial Estate, Ambattur, Chennai 98	10.00 A.M

DISCLOSURE MADE BY THE SENIOR MANAGERIAL PERSONNEL TO THE BOARD

During the year no material transaction has been entered into by the Company with the Senior Managerial personnel where they had or were deemed to have had personal interest that may have potential conflict with the interest of the Company

DISCLOSURES ON MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS

The details of the transaction with related parties or others if any prescribed are being placed before the Audit Committee from time to time. Material significant related party transactions during the year 2011-2012 have been given in schedule 16 of the Schedules to the Annual Accounts for the year 2011-2012. There was no other transactions of material nature have been entered into by the Company with related parties (i.e.) Directors or Management or relatives that had potential conflict with the interest of the Company at large in the financial year ended 31st March 2012

DISCLOSURE OF ACCOUNTING TREATMENT

No treatment different from that prescribed in the Accounting Standard have been followed by the Company.

RISK MANAGEMENT

In order to control the risk, the Company has defined a risk management policy which assess the risks and lay down required measures to minimize of risks, which in turn facilitates in minimizing the risk associated with any strategic , operational, financial and compliance risk across all business operations.

CEO/CFO CERTIFICATION

In accordance with the requirements of Clause 49 of the Listing Agreements, Mr.S.V.Ragu Raman, Managing Director of the Company have certified to the Board that to the best of their Knowledge and belief, the financial statements and cash flow statements present a true and fair view of the Company's affairs

COMPLIANCES BY THE COMPANY

The Board of Directors is periodically reviewing the Compliance Reports of the Laws applicable to the Company and the Company initiates requisite actions for strengthening of its statutory compliance procedures as may be suggested by the Board from time to time.

DETAILS OF NON-COMPLIANCES WITH REGARD TO CAPITAL MARKET.

There were no instances of non-compliance by the Company on any matter related to capital markets during the last three years. Hence there was no penalty, strictures imposed by SEBI/Stock Exchange or any other statutory/local authorities against the Company.

CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Company has laid down a Code of Conduct (Code) for all the Board Members and Senior Management Personnel of the Company. The Code is also posted on the Website of the Company. All Board Members and Senior Management Personnel have affirmed their compliance with the Code for the financial year ended 31st March, 2012. A declaration to this effect signed by Mr.S.V.Ragu Raman, Managing Director the Company forms part of this report.

The Board of Director of the Company have adopted the revised (Prohibition of Insider Trading code) modified in terms of amendment notified by the Securities and Exchange Board of India (SEBI) under SEBI (Prohibition of Insider Trading) Regulations, 1992.

PROCEEDS FROM PUBLIC/RIGHTS/PREFERENTIAL ISSUES ETC.

The Company does not have any unutilized money raised through Public/ Rights/ Preferential Issues, etc.

MEANS OF COMMUNICATION

Quarterly results are published in Trinity Mirror (in English language) and Makkal Kural (in Tamil Language) these results, *inter alia* are promptly submitted to the Stock Exchanges to enable them display the same on their website

The domain name of the Company's website is [www.http://swethaeng.com](http://swethaeng.com) where general information about the Company is available

The Management Discussion and Analysis report forms part of the Annual Report

GENERAL SHAREHOLDERS INFORMATION FINANCIAL CALENDAR (TENTATIVE)

Financial year	01st April 2012 to 31st March 2013 (Subject to Change)
Un-audited result for the quarter ending 30th June 2012	28th July 2012
Un-audited result for the quarter ending and Half year 30th September 2012	End of October 2012
Un-audited result for the quarter ending 31st December 2012	End of January 2013
Un-audited result for the quarter ending 31st March 2013	End of April 2013
Annual Result (Audited) and Annual General Meeting	Within six months of the close of financial year in accordance with Section 166 of the Companies Act 1956.
Details of Book Closure	25-09-2012 to 29-09-2012 (Both Days Inclusive)
Venue and Other Details of Annual General Meeting	Day : Saturday Date : 29 th September, 2012 Time : 11.00 AM Plot No.123-131, Tass Industrial Estate, Mahatma Gandhi Road, Ambattur, Chennai -600 098
Listing of Equity shares	Madras Stock Exchange, Ahmedabad Stock Exchange and Coimbatore Stock Exchange. Listing fee paid to Madras Stock Exchange.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2012

Equity Shares holding (in Rupees)	Shareholders		Share Amount	
	No. of Shareholders	% of Shareholders	In Rupees	% of Total
10-5000	1836	82.81	3300000	8.80
5001-10000	97	4.38	874250	2.33
10001-20000	133	5.99	2039000	5.44
20001-30000	43	1.94	1085500	2.90
30001-40000	11	0.50	408500	1.09
40001-50000	31	1.40	1485460	3.96
50001-100000	29	1.31	2483750	6.62
100001 and above	37	1.67	25816540	68.86
Total	2217	100	37493000	100

As required under Circular No.D&CC/FITTC/CER-16/2004 dated 31st December, 2004 issued by the Securities and Exchange Board of India, the Company has appointed a Practicing Company Secretary to do the Secretarial Audit and the report was placed before the Board and sent forthwith to Stock Exchanges for their information and record

SHAREHOLDING PATTERN AS ON 31ST MARCH 2012

Category of Shareholder	No. of Shares Held	% of Shareholding
Promoters	1069899	28.53%
Mutual funds	0.00	0.00%
Banks, Financial Institutions	0.00	0.00%
Foreign Institutional Investors	0.00	0.00%
Bodies Corporate	963025	25.69%
Indian Public	1690376	45.09%
NRI/OCBs	11800	0.31%
Employees	14200	0.38%
Grand Total	3749300	100.00%

DEMATERIALISATION OF SHARES

The equity shares of your Company are made available for dematerialization under depository system operated by the Central Depository Services (India) Limited (CDSL). The Shares of your Company are under compulsory demat settlement mode and can be traded only in the demat form. Shares dematerialized up to March 31, 2012 are under

S.No	Particulars of Capital Structure	No of Shares	% of Total issued Capital
01	Held in dematerialized Form in CDSL	18,44,579	49.20%
02	Physical	19,04,721	50.80%
	Total	37,49,300	100.00%

REGISTRAR AND SHARE TRANSFER AGENTS (RTA)

Pursuant to newly introduced regulations 53A of the Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996, the Company has appointed Cameo Corporate Services Limited, a SEBI registered Agency as the Common Registrar and Share Transfer Agent of the Company for both physical and dematerialized segments.

Their complete address is as under

M/s.Cameo Corporate Services Limited
 Subramanian Buildings
 No.1, Club House Road, Chennai 600 002,
 Phone No.91-44-28460390 to 94, Fax No. 91-44-28460129,
 Email: cameo@cameoindia.com

SHARE TRANSFER SYSTEM

The shares of the Company are traded on the Stock Exchanges through the Depository System. The Demat ISIN in Central Depository Services (India) Limited (CDSL) is **INE 824 EO 1017**.

COMPANY REGISTRATION DETAILS

The Company is registered in the State of Tamilnadu. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L27209TN1986PLC013787.

LEGAL PROCEEDINGS:

There is no legal proceeding pending against the Company.

THE COMPANY HAS NOT ISSUED ANY GDRS / ADRS / WARRANTS / CONVERTIBLE INSTRUMENTS.

Address for Communication

Swetha Engineering limited,
Plot Nos. 123- 131, Tass Industrial Estate, Ambattur,
Chennai 600 098
Tel. No. 044-26252191, 26253191
Fax: 044-26250836
E-mail: swetha@md3.vsnl.net.in
Info@swethaeng.com

In terms of clause 47(f) of the Listing Agreement of Stock exchanges, investors may please mail to swetha@md3.vsnl.net.in, and info@swethaeng.com email id for redressal of investor complaint/ request.

MANAGING DIRECTORS DECLARATION ON CODE OF CONDUCT

As required under clause 49 of the Listing Agreement the Managing Director Declaration of code of conduct is as under:-

I, S.V.Raguraman, Managing Director of the Company hereby declare that all the Board Members and senior management of the Company have affirmed compliance with the code of Conduct framed by the Company.

S.V.Raguraman
Managing Director

27th August , 2012

Registered Office:

Plot Nos. 123- 131, Tass Industrial
Estate, Ambattur,
Chennai - 600 098

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE FROM AUDITORS

The Certificate dated 27th day of August 2012, obtained from Statutory Auditors of the Company M/s.Suresh & Sridharan., Chartered Accountants, confirming compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement, is annexed hereto

For and on behalf of the Board
For Swetha Engineering Limited

27th August , 2012

S.V.Raguraman
Managing Director

Registered Office:

Plot Nos. 123- 131, Tass Industrial
Estate, Ambattur,
Chennai 600 098

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

(Under Clause 49 of the Listing Agreement)

To the members of Swetha Engineering Limited

We have examined the registers, records, books and papers of M/s.Swetha Engineering Limited (the Company), as required to be maintained under the Listing Agreements entered with the Stock Exchanges and the Rules and Regulation issued by SEBI and NSDL for the financial year ended on 31st March,2012

We have examined the compliance of conditions of corporate governance by Swetha Engineering Limited for the year ended March 31, 2012 as stipulated in clause 49 of the listing agreement entered into by the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of 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 explanation given to us, we certify that the Company has complied in all material aspects with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We stated that no investor grievance is pending for a period exceeding more than one month against the Company as per the record maintained by the Shareholder Grievance Committee.

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

Place: Chennai
Date: 27th August , 2012

For Suresh & Sridharan
Chartered Accountants
V.Suresh
Membership No.020580
Partner

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

In the fiscal year 2011-12 the scenario for Pulp and Paper Machinery and Mineral Processing Machinery in the international market continues remain dull. As a result the regular customers did not go far expansion, resulting in meagre order inflow from the overseas market. The demand from the domestic market has also come down compared to the fiscal year 2010-11. This is due to the completion of the expansion projects started earlier and delay in start up of the new expansion projects. However the company could achieve reasonable turnover in the present adverse market conditions. Demand for pulp and machinery is expected to grow as some major projects which are delayed by 6 months to 1 year due to delay on land allotment for a forestation of the project by the Government will take place in next fiscal year.

BUSINESS PERFORMANCE

Due to severe power shortage, the industrial sector is the worst affected with 5 hrs power cut per day. It is around 30% of our own power requirement and the company is forced to operate with “generated power” which has increased the conversion cost considerably. Apart from the steep increase in grid-power/generator power, Cost of raw material, labour and overhead has spiraled which has directly reduced profit of the company for the fiscal year 2011-12. The company has initiated the efforts to reduce the conversion cost and also exploring new opportunities in the market by acquiring sophisticated machine to reduce the outsourcing jobs work and related overhead cost.

Paper Industries is the main contribution to the revenue of the company even in the unfavourable market conditions. The paper industry is the main driving force in maintaining the momentum of the company even in spite of reduction on profitability.

STRATEGIC OF INITIATIVES

Tough competition from emerging Engineering players both in domestic and international markets is a challenge in manufacturing and erection of equipments. The Company is planning to introduce “design to build” to its customers in paper industries algorithm which delivers single point solution right from the front end design through engineering, fabrication, project management and installation up to commissioning.

Considering the present scenario, the Company is planning to bring cost effective measures in the engineering activities of its production plant to improve its operational efficiency by acquiring Automated Machines, which brings down the cost of conversion, faster completion of products and effective utilisation of available space.

We have installed CNC machines in order to manufacture auto components and other related jobs. As our unit location is highly suited for auto ancillary hub, we have started on trial basis getting in to this type of market which we found reasonably good. Manufacturing of auto components and other CNC related components will bring balancing and stability to revenue.

FINANCIAL PERFORMANCE

Turnover (net) achieved for the financial year ended 31.3.2012 is Rs. 1214.31 Lakhs showing a reduction of 20.87 % over previous year.

Consumption of the raw material decreased from Rs.576.53 lakhs to Rs. 445.86 decrease of 22.66%as compared to the previous year. Employee cost was Rs.195.22Lakhs for the year against Rs.205.43lakhs.

The interest cost increased from Rs.66.05 Lakhs to Rs.71.37 Lakhs an increase of 8.05%

Capital Assets purchased during the year are Rs.104.77 lakhs and depreciation for the year under review decreased by Rs.49.62 Lakhs.

The profit after tax for the year 2011-12 is Rs.4.34 Lakhs as against Rs.9.40 Lakhs , a decline of Rs.5.06 lakhs.

OUTLOOK

The company is looking ahead optimistically as the much awaited projects in the paper industry are expected to take off in the fiscal year 2012-13 and 2013-14.India is emerging as global manufacturing hub owing to cost competencies over other countries, which will create more opportunities to the company .

**For and on behalf of the Board of Directors
For Swetha Engineering Limited**

**S.V.Raguraman
Managing Director**

Place : Chennai
Date : 27th August, 2012

SECRETARIAL COMPLIANCE CERTIFICATE
(Pursuant to Section 383A of the Companies Act, 1956)
read with Rule 3 of The Companies (Compliance Certificate) Rules, 2001

CIN. : L27209TN1986PLC013787
Nominal Capital : Rs.7,00,00,000/-

To
The Members of
M/s.SWETHA ENGINEERING LIMITED,
Plot No.123-131, Tass Industrial Estate,
Mahatma Gandhi Road, Ambattur, Chennai - 600 098.

We have examined the registers, records, books and papers of M/s.SWETHA ENGINEERING LIMITED (the Company), as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officials and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made there under and in case of delay with additional filing fee.
3. The Company, is a Public Limited Company under section 3(1)(iv) of the Companies Act, 1956 and having the minimum prescribed paid up share capital.
4. The Board of Directors duly met Eight (08) times on 28-04-2011, 22.07.2011, 16.08.2011, 02.09.2011, 12.09.2011, 22.10.2011, 10.11.2011 and 12.01.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including meeting of Committees of the Board in the Minutes Books maintained for the purpose.
5. The Company has closed its Register of Members, from 25.09.2012 to 29.09.2012 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31-03-2011 was held on 15-12-2011 (after obtaining extension of time from Registrar of Companies) after giving due notice to the members of the Company and other concerned and the resolutions passed there at were recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced loan to its Directors and/ or persons or firms or Companies, referred in the Section 295 of the Act.

9. The Company has not entered into any agreement/ contract falling with the provisions of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors and members for the a).variation of the terms of appointment and remuneration of Mr.Gowtham Sridhar and b). appointment and remuneration of Ms.Nethra Raguraman relatives of Directors falling within the purview of section 314 of the Act and the Company is not required to obtain approval from Central Government in this regard.
12. The Company has not issued any duplicate Share Certificates during the financial year.
13. (i) The Company has delivered share certificates on lodgement thereof for transfer/ consolidation and there was no allotment or transmission of securities during the year under review.
(ii) & (iii) The Company has not declared any dividend during the year under report, hence comment on this paras are not required
(iv) The Company was not required to transfer any amount to Investors Education and Protection Fund
(v) The Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional, alternative or directors to fill casual vacancies during the year under review.
15. The re-appointment of Mr.S.V.Raguraman, as Chairman & Managing Director, Mr.S.V.Sridhar, as Director Commercial and Mr.S.Niranjan Kumar, Director-Technical for further period of Three years with effect from 23rd October, 2011 have been made in compliance with the provisions of Section 269 read with Schedule XIII of the Act, and approval of Central Government are not required
16. The Company has not appointed any sole selling agents during the financial year
17. The Company has filed and obtained condonation of delay from Company Law Board, Southern Region Bench, Chennai with regard to modification of Charge in favour of Repatriates Co-Operative Finance and Development Bank Limited (REPCO) on 13th September, 2011 and also obtained approval from Registrar of Companies, Chennai with regard to extension of Annual General Meeting for the financial year 2010 - 2011. There were no other instances for the Company to obtain any approvals of the Central Government, Regional Director or such other authorities as prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in the Firms/Companies to the Board of Director pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares , debentures or securities during the financial year.
20. The Company has not bought back any Shares during the financial year under.
21. The Company has no preference shares/debentures that required to be redeemed during the financial year and hence the comment on the redemption of preference shares or debentures does not arise.

22. As explained to us, there were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus Shares, pending registration of transfer of Shares.
23. The Company has not invited/accepted any deposits, including unsecured loan falling within the preview of Section 58A and 58AA of the Act and rules made there under, during the financial year.
24. The amount borrowed by the Company during the financial year ending 31st March 2012 are within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened General Meeting of Shareholders.
25. The Company has not made any loans or advances, investments, or given guarantees or provided securities to other bodies corporate falling within the provisions of 372A of the Act and consequently no entries have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under scrutiny.
31. There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For Rabi Narayan & Associates

V.S.Sowrirajan
Partner
Membership No.FCS 2368
C.P.No.6482

Place : Chennai
Date : 27.08.2012

CIN. : L27209TN1986PLC013787
Nominal Capital : Rs.7,00,00,000/-

ANNEXURE A SECRETARIAL COMPLIANCE CERTIFICATE
**Registers and Returns, as Maintained by the Company/
Registrar and Share Transfer Agent(*)**

SN	Name of Register	Under Section
01	Register of Members/Index of Members (*)	150/151
02	Register of Transfer of Shares(*)	
03	Copies of the Annual Returns	159
04	Minutes Book of Board of Directors/ Committee of the Board	193
05	Minutes Books of General Body of shareholders	193
06	Books of Accounts	209
07	Register of Directors, MD and Secretary`	303
08	Register of Directors' Shareholdings	307
09	Register of Contracts and Disclosure	301
10	Register of Loans, Investments, Guarantee & Securities	372A
11	Register of Charges and copies of instruments creating charges	143/136

CIN. : L27209TN1986PLC013787
 Nominal Capital: Rs.7,00,00,000/-

ANNEXURE “B” TO SECRETARIAL COMPLIANCE CERTIFICATE

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2012.

S. No.	Forms>Returns	Filed under Section	Date and status of filing
1	Form 8	Filed u/s 135 for modification of charges created in favour of Repatriates Co-Operative Finance and Development Bank Limited (REPCO) for Rs.7,10,00,000/- on 13 th September, 2011.	27.11.2011 Delay
2	Form 61	Filing of Application with Registrar of Companies U/s 166 with regard to extension of Annual General Meeting for the financial year 2011.	07.09.2011 No Delay
3	Form 8	Filed u/s 125 for Creation of charges created in favour of Repatriates Co-Operative Finance and Development Bank Limited (REPCO) for Rs.25,00,000/- on 16 th August, 2011.	08.10.2011 Delay
4	Form 61	Filing of Application with Registrar of Companies, with Copy of Petition (Section 141) and other relevant documents with regard to form 8, supra modified on 13 th September, 2011, with delay of 45 days require condonation by Company Law Board.	20.01.2012 No Delay
5	Form 23	Filed U/s.192 for Special resolution with regard to (1) Variation of terms of Appointment of Mr.S.V.Raguraman, as Chairman & Managing Director, Mr.S.V.Sridhar, as Director Commercial and Mr.S.Niranjana Kumar, Director-Technical for further period of Three years with effect from 23 rd October, 2011 and variation of the terms of appointment and remuneration of Mr.Gowtham Sridhar and b). Appointment and remuneration of Ms.Nethra Raguraman relatives of a directors falling within the purview of section 314 of the Act at the Annual General meeting held on 15 th December, 2011.	14.01.2012 No Delay

S. No.	Forms>Returns	Filed under Section	Date and status of filing
6	Form 66	Compliance Certificate filed U/s 383A for the year ended 31-03-2011.	09.02.2012 Delay
7	Form 20B	Filed U/S 159 for the Annual General Meeting held on 15-12-2011.	09.02.2012 No Delay
8	Form No.23 AC & ACA	Filed U/s.220(1) for the year ended 31-03-2011	10.02.2012 No Delay
9	Form No.23	Filed U/s.192 for Special resolution with regard to (1) Variation of terms of Appointment of Mr.S.V.Raguraman, as Chairman & Managing Director, Mr.S.V.Sridhar, as Director Commercial and Mr.S.Niranjan Kumar, Director-Technical for further period of Three years with effect from 23 rd October, 2011 and variation of the terms of appointment and remuneration of Mr.Gowtham Sridhar and b). appointment and remuneration of Ms.Nethra Raguraman relatives of a directors falling within the purview of section 314 of the Act at the Board meeting held on 22 nd October, 2011.	10.02.2012 Delay
10	Form - 25C	Filed u/s 269(2) for reappointment of Mr.S.V.Raguraman, as Chairman & Managing Director, for further period of three years with effect from 23 rd October, 2011 at the Board meeting held on 22 nd October, 2011.	10.02.2012 Delay
11	Form - 25C	Filed u/s 269(2) for reappointment of Mr.S.V.Sridhar, as Director Commercial, for further period of three years with effect from 23 rd October, 2011 at the Board meeting held on 22 nd October, 2011.	10.02.2012 Delay
12	Form - 25C	Filed u/s 269(2) for reappointment of Mr.S.Niranjan Kumar, Director-Technical, for further period of three years with effect from 23 rd October, 2011 at the Board meeting held on 22 nd October, 2011.	10.02.2012 Delay
13	Form 21	Filing of Company Law Board, Southern Region Bench, Chennai for getting the delay condoned with regard to modified on 13 th September, 2011, with delay of 45 days require condonation by Company Law Board.	06.03.2012 No Delay

**Forms and Returns as filed by the Company with the Company Law Board, Southern
Region Bench, Chennai during the financial year ending 31.03.2012**

S. No.	Forms/Returns	Filed under Section	Date and status of filing
1	Petition	Under Section 141 of the Companies Act to get the delay condoned for delay of 45 days, with regard to modification of Charge in favour of Repatriates Co-Operative Finance and Development Bank Limited (REPCO) on 13 th September, 2011.	20.01.2012

Regional Directors : Nil

Ministry of Company Affairs : Nil

AUDITORS REPORT

To
The Members,
SWETHA ENGINEERING LIMITED

1. We have audited the attached Balance Sheet of *SWETHA ENGINEERING LIMITED* as on 31st March 2012, the Profit and Loss Account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as "the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company as far as appears from our examination of those books.
 - (iii) The Balance Sheet and Profit and Loss Account and Cash flow dealt with by this report are in agreement with the books of accounts.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the Directors as on 31.03.2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with significant policies in schedule 16 and note give the information required by the Companies Act, 1956, in the manner so required and give a

so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.

- a) In the case of Balance Sheet, of the state of affairs of the Company as 31st March 2012.
- b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Chennai
Date: 27.08.2012

For **SURESH & SRIDHARAN**
Chartered accountants
(Firm Registration no. 004258S)

(V.SURESH)
PARTNER
Membership No.020580

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO
THE MEMBERS OF SWETHA ENGINEERING LIMITED ON THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012**

I. Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanation given to us there is a regular programme of verification which, in our opinion is reasonable having regard to the size and nature of its assets. No material discrepancies between the book records and the physically inventory have been noticed in respect of the assets physically verified.
- c) The company has not disposed of substantial part of the fixed assets during the year and the going concern status of the company is not affected.

II. Inventories

- (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The Procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stock as compared to book records were not material.

III. Loans and Advances granted/taken from entities

According to the information and explanation given to us, the company during the year has neither granted nor taken loans, secured or unsecured to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956. Therefore requirements of clause (iii-b) (iii-c) and (iii-d) of paragraph 4 of the order are not applicable.

IV. Internal Control System

In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventory, fixed assets, and for sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control systems.

V. Contracts or Arrangement referred into this Section 301 of the Companies Act, 1956

- a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act 1956 have been so entered.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

maintained under section 301 of the Companies Act 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

VI. Public Deposits

The company has not accepted any deposits from the public during the year.

VII. Internal Audit System

In our opinion the company has an internal audit system commensurate with the size and nature of its business.

VIII. Cost Records

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Clause (d) of sub-section(1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

IX. Statutory Dues

a) The company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees state insurance, Income tax, Sales tax, Customs Duty, Excise Duty cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforementioned dues were in arrears as at 31st March 2012, for a period of more than six months from the date they became payable.

b) According to the information and explanation given to us, the dues in respect of Sales Tax, Excise Duty and cess that have been deposited with the appropriate authorities on account of dispute and the matters pending before appellate authorities on account of dispute and the matters pending before appellate authorities are as follows :

Nature of dues	Financial year to which the matter Pertains	Forum where dispute is pending	Amount in Rupees
Property Tax	2003-04	High Court - Madras	646254.00

x. Accumulated Losses

The company has no accumulated losses as at March 31, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding the financial year.

XI. Dues to financial Institutions, Banks

According to the records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or bank or debenture holders as at balance sheet date.

XII. Security for Loans and Advances Granted

The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

XIII. SPECIAL STATUTE

The company is not a chit fund /nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.

XIV. Dealings/ Trading in Shares, Securities, Debentures and other investments

In our opinion and according to the information and explanations given to us the company is not a dealer or trader in shares, securities, debentures or other investments. Accordingly the provisions of clause 4 (xiv) of the Order are not applicable to the company.

XV. Guarantees Given

According to the information and explanations given to us and the representations made by the management, the company has not given any guarantee for loans taken by others from banks or financial institutions.

XVI. Term Loans

Term loans availed by the company have been applied by the company for the purpose for which they are obtained.

XVII. Utilisation of Funds

According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment. No funds have been raised on long term basis.

XVIII. Preferential Allotment of shares:

The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

XIX. Security for Debentures issued

The company has not issued debentures during the year and therefore the clause 4 (xx) of the companies (Auditor's Report) Order 2003 is not applicable.

XX. Public issue of Equity Shares

The company has not raised money by public issue during the year and therefore 4 (xix) of the companies (Auditor's Report) Order 2003 is not applicable.

XXI. Frauds Noticed

According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of audit during the year.

Place: Chennai
Date: 27.08.2012

For **SURESH &SRIDHARAN**
Chartered accountants
(Firm Registration no. 004258S)

(V.SURESH)
PARTNER
Membership No.020580

SWETHA ENGINEERING LIMITED
BALANCE SHEET FOR THE YEAR ENDED MARCH 2012

(in Rupees)

	Particulars	Note No.	March 31, 2012	March 31, 2011
	1	2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	37461500.00	37461500.00
	(b) Reserves and surplus	3	47964523.00	47530450.00
	(c) Money received against share warrants		0.00	0.00
2	Share application money pending allotment		0.00	0.00
3	Non-current liabilities			
	(a) Long-term borrowings	4	9408208.00	5953768.00
	(b) Deferred tax liabilities (Net)		0.00	0.00
	(c) Other Long term liabilities	5	1721161.00	1920908.00
	(d) Long-term provisions	6	3873764.00	3541862.00
4	Current liabilities			
	(a) Short-term borrowings	7	41201281.00	37029282.00
	(b) Trade payables	8	20407684.00	19994429.00
	(c) Other current liabilities	9	22314817.00	21594516.00
	(d) Short-term provisions	10	6328066.00	7298941.00
	TOTAL		190681004.00	182325656.00
II	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	43892867.00	38377954.00
	(ii) Intangible assets		0.00	0.00
	(iii) Capital work-in-progress		0.00	0.00
	(iv) Intangible assets under development		0.00	0.00
	(b) Non-current investments		0.00	0.00
	(c) Deferred tax assets (net)	12	8109251.00	8046758.00
	(d) Long-term loans and advances		0.00	0.00
	(e) Other non-current assets	13	1937456.00	1912456.00
2	Current assets			
	(a) Current investments		0.00	0.00
	(b) Inventories	14	37423777.00	26594198.00
	(c) Trade receivables	15	55314456.00	66023328.00
	(d) Cash and cash equivalents	16	9666507.00	15766722.00
	(e) Short-term loans and advances	17	34336690.00	25604240.00
	(f) Other current assets		0.00	0.00
	TOTAL		190681004.00	182325656.00

Significant Accounting Policies
As per our report attached
For SURESH & SRIDHARAN
CHARTERED ACCOUNTANTS
FIRM REG NO.004258S

(V.SURESH)
PARTNER
M.NO.020580
Chennai,27th August 2012

For and on behalf of the Board

S.V.Raguraman	-	Chairman & Managing Director
S.V.Sridhar	-	Director Commercial
S.Niranjan Kumar	-	Director Technical
A.Ramachandran	-	Non Executive & Independent Director
V.Nagarajan	-	Non Executive & Independent Director
R.Jagannathan	-	Non Executive & Independent Director

SWETHA ENGINEERING LIMITED**Profit and Loss Account for the year ended 31.03.2012****(in Rupees)**

	Particulars	Refer Note No.	March 31, 2012	March 31, 2011
	1	2	3	4
I.	Revenue from Operations	18	121431150.00	153462464.00
II.	Other income	19	434155.00	1931091.00
III.	Total Revenue (I + II)		121865305.00	155393555.00
IV.	Expenses:			
	Cost of materials consumed	20	44586556.00	57653821.00
	Purchases of Stock-in-Trade		0.00	0
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(5475960.00)	(14893083.00)
	Employee benefits expense	22	19522463.00	20543289.00
	Finance costs	23	7137257.00	6605061.00
	Depreciation and amortization expense	11	4962911.00	4299001.00
	Other expenses	24	50528621.00	79681016.00
	Total expenses		121261848.00	153889105.00
V.	Profit before exceptional and extraordinary items and tax (III-IV)		603457.00	1504450.00
VI.	Exceptional items		0.00	0.00
VII.	Profit before extraordinary items and tax (V - VI)		603457.00	1504450.00
VIII.	Extraordinary Items		0.00	0.00
IX.	Profit before tax (VII- VIII)		603457.00	1504450.00
X	Tax expense:			
	(1) Current tax		(231877.00)	(634967.00)
	(2) Deferred tax (asset)		62493.00	70692.00
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		434073.00	940175.00
XII	Profit/(loss) from discontinuing operations		0.00	0.00
XIII	Tax expense of discontinuing operations		0.00	0.00
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)	25	0.00	0.00
XV	Profit (Loss) for the period (XI + XIV)		434073.00	940175.00
XVI	Earnings per equity share:			
	(1) Basic and Diluted		0.12	0.25

Significant Accounting Policies
As per our report attached
For SURESH & SRIDHARAN
CHARTERED ACCOUNTANTS
FIRM REG NO.004258S

(V.SURESH)
PARTNER
M.NO.020580
Chennai,27th August 2012

For and on behalf of the Board

S.V.Raguraman	-	Chairman & Managing Director
S.V.Sridhar	-	Director Commercial
S.Nirajan Kumar	-	Director Technical
A.Ramachandran	-	Non Executive & Independent Director
V.Nagarajan	-	Non Executive & Independent Director
R.Jagannathan	-	Non Executive & Independent Director

SWETHA ENGINEERING LIMITED

Cash Flow Statement for the year ended 31 March 2012

(in Rupees)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extraordinary items:	603457.00	1504450.00
<u>ADJUSTMENTS FOR</u>		
ADD: Depreciation	4962911.00	4299001.00
Interest Paid	7137257.00	6605061.00
Loss on Sale of fixed Assets	0	0.00
LESS :Interest Received	(414843.00)	(1930397.00)
Profit on sale of fixed assets	0.00	(694.00)
	12288782.00	10477421.00
Operating Profit before Working Capital Changes		
(Increase)/Decrease in Trade and Other Receivables	10708872.00	12385082.00
(Increase)/Decrease in Inventories	(10829579.00)	(8828750.00)
(Increase)/Decrease in Loans and Advances	(8732450.00)	(4668719.00)
	3435625.00	9365034.00
Increase/(Decrease)in Trade Payables and Other Liabilities	294836.00	5211197.00
Cash generated from Operation	3730461.00	14576231.00
Direct Taxes	(231877.00)	(634967.00)
Net Cash from operating Activities	3498584.00	13941264.00
B.CASH FLOW FROM INVESTING ACTIVITIES:		
On account purchase of fixed assets	(10477824.00)	(5294593.00)
Sale of Fixed Assets	0.00	46750.00
Interest Received	414843.00	1930397.00
Net Cash used in Investing Activities	(10062981.00)	(3317446.00)
C.CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings	7626439.00	1202910.00
Interest Paid	(7137257.00)	(6605061.00)
Increase in Share Capital	0.00	0.00
Net Cash used in Financing Activities	489182.00	(5402151.00)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(6075215.00)	5221667.00
OPENING BALANCE OF CASH & CASH EQUIVALENTS	17679178.00	12457511.00
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	11603963.00	17679178.00

Notes:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements"
2. Previous year's figures have been reclassified to conform to the current year's presentation.

Significant Accounting Policies

As per our report attached

For SURESH & SRIDHARAN
CHARTERED ACCOUNTANTS
FIRM REG NO.004258S

For and on behalf of the Board

(V.SURESH)

PARTNER

M.NO.020580

Chennai, 27th August 2012

S.V.Raguraman	-	Chairman & Managing Director
S.V.Sridhar	-	Director Commercial
S.Niranjan Kumar	-	Director Technical
A.Ramachandran	-	Non Executive & Independent Director
V.Nagarajan	-	Non Executive & Independent Director
R.Jagannathan	-	Non Executive & Independent Director

SIGNIFICANT ACCOUNTING POLICIES

Note: 1 Significant Accounting Policies

1.1 Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles of India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of the powers conferred under sub section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the "Act").

All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the company as per the guidance as set out in the Revised Schedule VI to the Companies Act, 1956.

1.2 USE OF ESTIMATES

In preparing the financial statements in conformity with generally accepted accounting in India, management is required to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, future obligations in respect of retirement benefit plans etc. Difference if any, between the actual results and estimates is recognised in the period in which the results are known.

1.3 RECOGNITION OF INCOME

Sale of products and services are recognised on despatch of goods or when the services are rendered. Gross sales are stated at contractual realisable value inclusive of excise duty and net of trade discount and recognizes income when the risk and reward of ownership are passed on to the customers, which is generally despatch of goods.

Income arising from erection and commissioning of equipments is recognised on "completed contract method" as prescribed under Accounting Standard (AS-7) "Accounting for Construction Contracts".

1.4 EMPLOYEES

(a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefit like salaries, wages and ex-gratia are recognised in the period in which the employee renders the related service.

(b) Post-employment Benefits

(i) The contribution paid/Payable under the defined contribution scheme is recognised during the period in which the employees renders the related service.

(ii) Post employment and other long term benefits which are defined in the Profit & Loss Account for the year in which the employee has rendered service. The expense is recognized based on the present value of the obligation determined in accordance with Revised Accounting Standard 15 on employee benefits. Actuarial gains & losses are charged to the Profit & Loss account.

(iii) The company has covered its gratuity liability by a Group Gratuity policy named 'Employee Group Gratuity Scheme' issued by LIC of India. The liability in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date, together with adjustments for actuarial gains/losses.

1.5 TRANSLATION OF FOREIGN CURRENCY

a) Foreign currency transactions are recorded at exchange rates which are calculated on the basis of average rate prevailing at the end of each month.

b) Foreign currency assets and liabilities at the year end are realigned at the exchange rate prevailing at the year end and difference on realignment is recognised in the Profit & Loss account.

1.6. FIXED ASSETS

Fixed assets are stated at Original cost net of tax/ duty credits availed (Gross Block), if any, less accumulated depreciation. Depreciation on fixed assets has been provided on Written down Value method at the rates specified in the Schedule XIV of the companies act, 1956.

1.7. BASIS OF VALUATION OF INVENTORIES

Materials, stores and spares and consumables are valued at cost or market value whichever is less by reflecting the fairest possible appropriation to the cost incurred in bringing the items of inventory to their present location and condition.

Cost of Work in Progress includes materials, labour and manufacturing overheads and other cost incurred in bringing the inventories to the present location.

1.8. INCOME TAX

Income tax comprises of Current tax and deferred tax Charge or Credit.

(i) Current tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment/ appeals.

(ii) Deferred tax is recognized on the timing differences between the income accounted in financial statements and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realised.

1.9 Contingent Liabilities

Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29- 'Provisions, Contingent Liabilities and Contingent Assets' is made.

2.0 Operating cycle for current and non-current classification:

Operating cycle for the business activities of the company covers the duration of the specific project/contract/ services including defect liability period, wherever applicable and extends up-to the realization of receivables (including retention money) within the agreed credit period normally applicable to the respective line of business.

2.1 In terms of section 22 Micro, Small and Medium Enterprises Act, 2006 the outstanding to these enterprises are required to be disclosed. However these enterprises are required to be registered with under the Act. In the absence of Information about registration of the enterprises under the act, the required could not be furnished. In view of the above and in the absence of the relevant information, the auditor has relied upon the same.

2.2 Cash Flow statement

Cash flow statement has been prepared in accordance with indirect method prescribe in Accounting Standard-3 issued by the Institute of Chartered Accountants of India.

2.3 During the year ended 31st March 2012, the revised Schedule VI notified under the Companies act, 1956 has become applicable to the Company for the preparation and presentation of its financial statements, accordingly previous year figures has been regrouped where ever considered necessary.

Note No.2	Share Capital	31st March 2012	31st March 2011
	Authorised Share Capital		
	50,00,000 (March 2011: 50,00,000) equity shares of Rs.10 Each	50000000.00	50000000.00
	2,00,000 (March 2011 2,00,000) 13% Cumulative Convertible Preference Shares of Rs.100 each	20000000.00	20000000.00
	Issued,Subscribed and Fully Paid up		
	37,49,300 (March 2011: 37,49,300) equity shares of Rs.10 each	37493000.00	37493000.00
	Less: Allotment and Call Money in Arrears	(205500.00)	(205500.00)
	Add:Forfeited Shares	174000.00	174000.00
	Total issued,subscribed and paid up share capital	37461500.00	37461500.00

(a) Reconciliation of Shares Outstanding at the Beginning and at the end of the reporting year

Equity Shares	31st March 2012		31st March 2011	
	No. of Shares	in Rs.	No. of Shares	in Rs.
At the Beginning of the year	3749300	37493000.00	3749300	37493000.00
Outstanding at the end of the year	3749300	37493000.00	3749300	37493000.00

(b) Rights/Preferences attached to equity shares

The company has only one class of equity shares of Rs.10 each. Each holder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

(c) Details of Shareholding more than 5% of the aggregate shares in the company

Particulars	31st March 2012		31st March 2011	
	Numbers	% holding in the Class	Numbers	% holding in the Class
(a) Celltech Consultancy and Marketing (P) Ltd	280600	7.48	280600	7.48
(b) Hanuman Share and Stock Brokers Ltd	443000	11.82	443000	11.82
(c) S.V.Raguraman	452304	12.0636	438154	11.63
(d) S.V.Sridhar	441095	11.76	398975	10.64

Note:3 Reserves and Surplus	31st March 2012	31st March 2011
Securities Premium account Balance as per the last financial Statements	21190827.00	21190827.00
Statement of Profit and Loss As per last balance sheet	26339623.00	25399448.00
Add: Profit for the year	434073.00	940175.00
Closing Balance	26773696.00	26339623.00
Total	47964523.00	47530450.00

Note:4 Long Term Borrowings	31st March 2012	31st March 2011
Secured Loans Term Loans		
-From Banks	7978208.00	5953768.00
Vehicle Loan from Bank	1430000.00	0.00
Total	9408208.00	5953768.00

- (1) Term loan facility of Rs.60.00 lakhs from Repco bank, Corporate Branch is repayable in 120 monthly instalments carrying interest @ 15% starting from February 2011. The loan is secured by way of Equitable Mortgage of immovable property situated at Flat A4, Old no.49A, New no.76, Sathasangam street, Venkatapuram, Ambattur, Chennai-600 053 and hypothecation on assets, thus purchased.
- (2) Term loan facility of Rs.25.00 lakhs from Repco bank, Corporate Branch is repayable in 60 monthly instalments carrying interest rate @ 15% starting from September 2011. The loan is secured by way of hypothecation on assets, thus purchased.
- (3) **Vehicle Loan** are repayable in 36 monthly instalments over the tenure of loan and the final instalment is due for payment in March 2015. The loan is secured by way of hypothecation on asset, thus purchased.

Note No.5 Other Long Term Liabilities	31st March 2012	31st March 2011
Other	1721161.00	1920908.00
Total	1721161.00	1920908.00

Note No.6 Long Term Provisions	31st March 2012	31st March 2011
Provisions for employee Benefits-Gratuity	3873764.00	3541862.00

Note No.7 Short Term Borrowings	31st March 2012	31st March 2011
Secured: Overdraft facility - From Bank	41201281.00	37029282.00
Total	41201281.00	37029282.00

- 1) Secured overdraft of Rs.4,05,95,643.00 from Repco Bank, Coprorate Branch is secured by way of continuity mortgage on the title deeds of the company properties located in Chennai (Ambattur Estate and Korattur) and hypothecation of stock in trade,machineries, furniture and fixtures.
- 2) Secured overdraft of Rs.4,77,093 from Repco Bank, Coprorate Branch and Rs.1,28,545 from Indian Bank, Adambakkam branch is secured on the fixed deposits of the company held by the banks.

Note 8: Trade Payables	31st March 2012	31st March 2011
Trade Payables	20407684.00	19994429.00
Total	20407684.00	19994429.00

Note 9: Other Current Liabilities	31st March 2012	31st March 2011
Advance from Customers	22088246.00	20365173.00
Other liabilities	226571.00	1229343.00
Total	22314817.00	21594516.00

Note:10 Short -Term Provisions	31st March 2012	31st March 2011
Provisions for Taxation	6328066.00	7298941.00
Total	6328066.00	7298941.00

NOTE 11 FIXED ASSETS

ITEM	Gross Block as on 01-04-11	Additions	Deletions	Total	DEPRECIATION				Net Block as on 31.03.12	Net Block as on 31.03.11
					Upto 31.03.2011	ADJ.	for 2011 - 12	upto 31.03.2012		
Buildings	21294488.00	127475.00	0.00	21421963.00	11666838.09	0.00	963115.00	12629953.09	8792010.00	9627650.00
Computer	2700200.00	109457.00	0.00	2809657.00	2285045.80	0.00	182614.00	2467659.80	341997.00	415154.00
Electrical										
Equipments	3367162.00	416882.00	0.00	3784044.00	2630599.51	0.00	159785.00	2790384.51	993659.00	736562.00
Furniture &										
Fixtures	1299091.00	146875.00	0.00	1445966.00	882317.39	0.00	100782.00	983099.39	462867.00	416774.00
Land	5764132.00		0.00	5764132.00	0.00	0.00	0.00	0.00	5764132.00	5764132.00
Office Equipments	2075882.00	293883.00	0.00	2369765.00	1626936.29	0.00	102549.00	1729485.29	640280.00	448946.00
Plant and	53936235.00	7570047.00	0.00	61506282.00	34707452.32	0.00	3001021.00	37708473.32	23797809.00	19228783.00
Machinery										
Vehicles	4826094.00	1813205.00	0.00	6639299.00	3086140.90	0.00	453045.00	3539185.90	3100113.00	1739953.00
TOTAL	95263284.00	10477824.00	0.00	105741108.00	56885330.30	0.00	4962911.00	61848241.30	43892867.00	38377954.00
Previous Year	90015441.00	5294593.00	46750.00	95263284.00	52587024.00	695.15	4299001.45	56885330.30	38377954.00	37428417.00

Note:12 Deferred Tax Asset	31st March 2012	31st March 2011
Depreciation	1146555.00	1084062.00
Unabsorbed Business Loss	6962696.00	6962696.00
Total	8109251.00	8046758.00

Note :13 Other Non-Current Assets	31st March 2012	31st March 2011
Deposits with Banks (with maturity more than 12 Months)	1937456.00	1912456.00
Total	1937456.00	1912456.00

Note:14 Inventories	31st March 2012	31st March 2011
Raw Materials	7418148.00	2064529.00
Work in Progress	30005629.00	24529669.00
Total	37423777.00	26594198.00

Note :15 Trade Receivables	31st March 2012	31st March 2011
Unsecured and Considered good Outstanding for a period of six months from the date they are due for payment	20189701.00	28616485.00
Others	35124755.00	37406843.00
Total	55314456.00	66023328.00

Note:16 Cash and Bank Balances	31st March 2012	31st March 2011
Cash and Cash equivalents		
(i) Bank Balance in		
- Current Account	1174880.00	1357180.00
(ii) Cash on Hand	991627.00	6909542.00
(iii) Other Bank Balances		
Bank Deposits (held as Margin money with more than 12 months maturity)	7500000.00	7500000.00
Total	9666507.00	15766722.00

Note:17 Short Term Loans and Advances	31st March 2012	31st March 2011
Unsecured and Considered Good		
Balance with Government Authorities	18246065.00	15978816.00
Advance to Suppliers	11856298.00	5519899.00
Prepaid Advances	9853.00	0.00
Employee Advances	1274097.00	1625570.00
Deposits	2950377.00	2479955.00
Total	34336690.00	25604240.00

Note:18 Revenue from Operations	31st March 2012	31st March 2011
Sale of Products	68516965.00	80128027.00
Sale of Services	58793664.00	78138644.00
Sub total	127310629.00	158266671.00
Less: Excise Duty	(5879479.00)	(4804207.00)
Net Amount = As per statement of P&L	121431150.00	153462464.00

Note:19 Other Income	31st March 2012	31st March 2011
Interest Income on Deposits	414843.00	1741035.00
Exchange Gain	19312.00	0.00
Penalty and Liquidated Damages	0.00	189363.00
Profit on sale of asset	0.00	693.00
(Tax deducted at source: Current year Rs.8779 : Previous year Nil)		
Net Amount	434155.00	1931091.00

Note:20 Cost of Raw Materials Consumed	31st March 2012	31st March 2011
Opening Stock of Raw Material	2064529.00	8128862.00
Add: Purchases during the year	49940175.00	51589488.00
	52004704.00	59718350.00
Less: Closing Stock of Raw Materials	(7418148.00)	(2064529.00)
Net Amount	44586556.00	57653821.00

Note :21 Changes in Inventory of WIP,Stock in Trade etc	31st March 2012	31st March 2011
Work in Progress		
Opening WIP	24529669.00	9636586.00
Less: Closing WIP	(30005629.00)	(24529669.00)
Net Amount	(5475960.00)	(14893083.00)

Note:22 Employee Benefit Expenses	31st March 2012	31st March 2011
Salaries and Incentives	13180405.00	14407907.00
Contribution to PF and Other funds		
Employee State Insurance	116077.00	167877.00
Gratuity	443479.00	135526.00
Provident fund	748724.00	1511625.00
Staff Welfare Expenses	5033778.00	4320354.00
Total Amount	19522463.00	20543289.00

Salaries includes remuneration paid/payable to directors of Rs.54,00,000.00
(Previous year Rs.67,50,000.00)

Note:23 Finance Costs	31st March 2012	31st March 2011
Interest on Secured Overdraft	5904942.00	5614541.00
Interest on Term Loan	1163311.00	899298.00
Interest -Others	69004.00	91222.00
Total Amount	7137257.00	6605061.00

Note:24 Other Expenses	31st March 2012	31st March 2011
Payment to Auditor		
(a) as Auditor	60000.00	60000.00
(b) for Taxation Matters	30000.00	30000.00
© for other Services	8000.00	8000.00
(d) for Reimbursement of Expenses	10000.00	10000.00
Operating Expenses	12476487.00	14788102.00
Packing Materials	262287.00	445828.00
Power and Fuel Charges	2031185.00	2377643.00
Manufacturing Expenses	14292318.00	28079693.00
Maintenance Charges	1735338.00	3637584.00
Overhead Charges	6733373.00	15672606.00
Project Engineering Charges	1040170.00	2339292.00
Sales tax Absorbed	0.00	166845.00
Transportation Charges	1670996.00	1970868.00
Tender Document Fee	15500.00	5500.00
Business Promotion Expenses	2340196.00	1007950.00
Legal Charges	140000.00	131500.00
Listing Fees	24928.00	0.00
Professional Charges	1114000.00	1131600.00
Service Charges	322856.00	785355.00
Bank Charges	971778.00	377356.00
Conveyance and Travelling expenses	2066457.00	3223716.00
Insurance	601447.00	597705.00
Miscellaneous Expenses	998866.00	1408722.00
Postage and Telephone expenses	486197.00	478111.00
Printing and Stationery	195605.00	138974.00
Rates and Taxes	98634.00	159479.00
Repairs and Renewals	565003.00	468587.00
Sitting Fees	237000.00	180000.00
Total Amount	50528621.00	79681016.00
Note: 25 Earnings per Share	31st March 2012	31st March 2011
Net Profit for th year	434073.00	940175.00
Weighted Average no. of equity shares	3749300	3749300
Basic EPS	0.116	0.25
Diluted EPS	0.00	0.00
Face Value per Share	10.00	10.00
Note:26 Contingent Liabilities not provided for	31st March 2012	31st March 2011
Advance and Performance Bank Guarantees (Bank)	23282437.00	23467724.00
Disputed Ambattur Municipality Tax	2187630.00	1866510.00
Disputed Income Tax - 2005-2006	0.00	42391316.00
2006-2007	0.00	7240670.00

As per attached report of even date

For SURESH & SRIDHARAN
 CHARTERED ACCOUNTANTS
 FIRM REG NO.004258S

For and on behalf of the Board

(V.SURESH)	S.V.Raguraman	-	Chairman & Managing Director
PARTNER	S.V.Sridhar	-	Director Commercial
M.NO.020580	S.Niranjana Kumar	-	Director Technical
Chennai,27th August 2012	A.Ramachandran	-	Non Executive & Independent Director
	V.Nagarajan	-	Non Executive & Independent Director
	R.Jagannathan	-	Non Executive & Independent Director

SWETHA ENGINEERING LIMITED

Registered Office: Plot no.123-131, Tass Industrial Estate, Ambattur, Chennai- 600 098

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP BEFORE YOU COME TO THE MEETING AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID	Client ID
Registered Folio No. *	No. of Shares

Name(s) in Full	Father / Husband's Name	Address as registered with the Company

I hereby record my presence at the 26th Annual General Meeting of the Company at Registered Office at Plot no.123-131, Tass industrial Estate, Ambattur, Chennai-600 098 on Saturday, 29th day of September, 2012 at 11:00 a.m. and at any adjournment thereof.

Name of the proxy in Block Letters

Member's / Proxy's Signature

* as applicable for investor holding shares in physical form

PROXY FORM

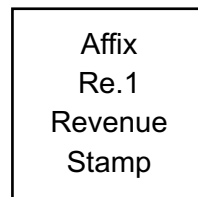
DP ID	Client ID
Registered Folio No. *	No. of Shares

I/We

Name(s) in Full	Father / Husband's Name	Address as registered with the Company

being a member(s) of SWETHA ENGINEERING LIMITED do hereby appoint _____ of _____ in the district of _____ (or failing him _____ of _____ in the district of _____ as my / our proxy and to vote for me / us on my / our behalf at the 26th Annual General Meeting of the Company scheduled to be held on Saturday , the 29th day of September, 2012 at 11:00 a.m. at the registered office of the Company and at any adjournment thereof.

Signed by the said _____ this ____ day of _____ 2012



* as applicable for investor holding shares in physical form

Note : The proxy form duly completed must be deposited so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

Book - Post

To
Thiru / Thirumathi

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If it's not delivered, please return to :

SWETHA ENGINEERING LIMITED

Plot, No.123-131, Tass Industrial Estate,

Ambattur, Chennai - 600 098.

Ph : 26252191, 26253191

Fax : 26250836