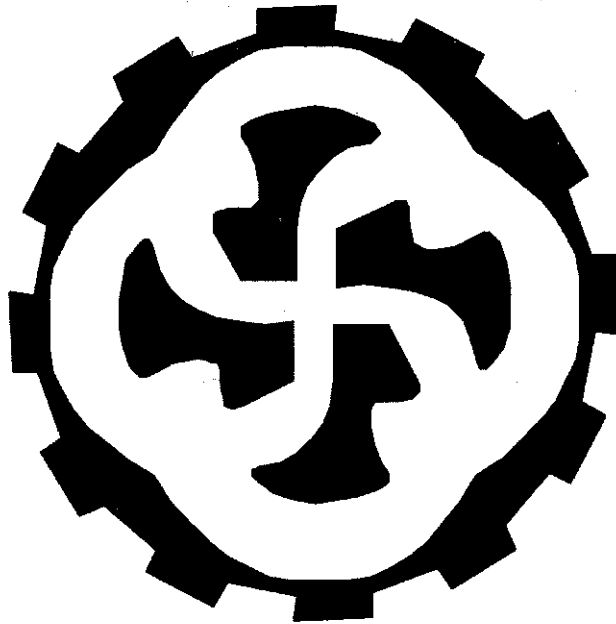


32ND ANNUAL REPORT

2017 - 2018

AGM ON 24.09.2018



SWETHA ENGINEERING LIMITED

E-MAIL REGISTRATION

To

M/s. Cameo Corporate Services Ltd.
“Subramanian Building”

No.1, Club House Road Chennai - 600 002.

E-Mail Id: investor@cameoindia.com

Dear Sir / Madam,

Sub: Registration of E-mail ID for receiving communications in electronic form.

I am a Shareholder of the Company; I want to receive all communications from the Company including AGM and General Meeting notices and explanatory statement(s) thereto. Balance Sheets, Director's Report, Auditor's Report etc., through e-mail. Please register my e-mail ID set – up below in your record for sending communication through e-mail :

Folio No.* :

Name of the 1st Registered Holder * :

Name of the Joint Holder(s) :

Address * :

.....

.....Pin Code*

E-Mail ID * :

Contact : Tel. No* : Mobile :

Landline :

*Date :

Signature of 1st Holder*

IMPORTANT NOTES :

- a. Field marked* are mandatory for registration of the e-mail ID
- b. On registration, all the communication will be sent to the e-mail ID registered in folio.
- c. Any change in e-mail ID may please be registered in the records of the Company.

BOARD OF DIRECTORS

- Shri. S.V.Raguraman** - *Chairman & Managing Director*
Shri. S.V.Sridhar - *Director-Commercial*
Shri. S.Niranjana Kumar - *Director-Technical*
Shri. R.Jagannathan - *Non Executive & Independent*

AUDITORS

M/s.Suresh & Sridharan
Chartered Accountants
PMG Complex, 3rd Floor
57 Usman Road, T.Nagar
Chennai, 600017, Tamilnadu, India

BANKERS

REPCO Bank, Corporate Branch
No.18, C.P.Ramaswamy Road
Alwarpet, Chennai-600 018

REGISTERED OFFICE OF THE COMPANY

Plot No.123-131, Tass Industrial Estate
Mahatma Gandhi Road,
Ambattur, Chennai-600 098
Tamil Nadu, India

REGISTRAR AND SHARE TRANSFER AGENT

M/s.Cameo Corporate Services Ltd.
"Subramanian Building"
No.1, Club House Road, Chennai, 600002.
Tamil Nadu, India
E-Mail Id: investor@cameoindia.com

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SWETHA ENGINEERING LIMITED

CIN : U27209TN1986PLC013787

Regd. Office : Plot No. 123-131, Tass Industrial Estate, Ambattur, Chennai – 600 098.

Ph.+91-44-26252191/ 26253191 Fax: 44-26250836 E-Mail: Info@swethaeng.com

Website : www.swethaeng.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 32nd **Annual General Meeting** of the Members of **SWETHA ENGINEERING LIMITED** will be held on Monday, the 24th day of September 2018, at 11.00 A.M. at the Registered office of the Company at Plot No.123-131, Tass Industrial Estate, Mahatma Gandhi Road, Ambattur, Chennai, 600098, Tamil Nadu, India to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statement of the Company for the financial year ended 31st March 2018, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.S.Niranjan Kumar (DIN:00098587) who retires by rotation and being eligible, offer himself for re-appointment.
3. To ratify the appointment of Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder and pursuant to the resolution passed by the members at the 38th Annual General Meeting (AGM) held on 15th September 2017 appointing M/s.Suresh & Sridharan, Chartered Accountant, Chennai, bearing firm registration No.004258S as the statutory auditors of the Company for a period of 5 years to hold office till the conclusion of the 37th Annual General Meeting, which is subject to ratification at every AGM, be and is hereby ratified to hold office from the conclusion of this AGM till the conclusion of the next Annual General Meeting to be held in 2019, and the Board of Directors of the Company be and is hereby authorized to fix the remuneration, as mutually agreed between the Board and the Auditors.”

SPECIAL BUSINESS

4. Confirmation the variation in terms of appointment of Mr.S.V.Sridhar (DIN:00098576) as Whole-time Director and if thought fit to pass with or without modification(s), following resolution as an **Ordinary Resolution**

“**RESOLVED THAT** pursuant to the provisions of Section 117, 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for confirmation the variation in terms of appointment of Mr.S.V.Sridhar (DIN:00098576) as Whole-time Director of the Company with effect from 01/01/2018, with existing terms of appointment including remuneration as set out hereunder, with liberty to the Board of Directors to alter and vary the terms and conditions as it may deem fit and as may be acceptable to Mr.S.V.Sridhar (DIN:00098576), Whole-time Director

- a) Consolidated Salary of Rs.1,50,000/- (Rupees One Lakh Fifty Thousand Only) per month and otherwise set out hereunder, so that the aggregate of salary, allowances and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Executive Director from time to time, shall not exceed the limits prescribed from time to time under Sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may for the time being, be in force
- b) Notwithstanding the foregoing, where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the remuneration will be subject to Schedule V to the Companies Act, 2013.
- c) All other terms and conditions as applicable to employees of the Company.

RESOLVED FURTHER THAT Mr.S.V.Sridhar (DIN:00098576) shall be liable to retire by rotation and if re-appointed, the same shall not be treated as break in the service as Executive Director.

Overall Remuneration:

The aggregate of salary, allowances and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Executive Director from time to time, shall not exceed the limits prescribed from time to time under Sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may for the time being, be in force.

RESOLVED FURTHER THAT during the tenure as the Executive Director Mr.S.V.Sridhar (DIN:00098576), Shall be entitled to be paid / re-imbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company and be indemnified against all claims and liabilities for acts done in good faith and in the best interest of the company”.

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

5. Confirmation the variation in terms of appointment of Mr.S.Niranjan Kumar (DIN:00098587) as Whole-time Director and if thought fit to pass with or without modification(s), following resolution as an **Ordinary Resolution**

“**RESOLVED THAT** pursuant to the provisions of Section 117, 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for confirmation the variation in terms of appointment of Mr.S.Niranjan Kumar (DIN:00098587) as Whole-time Director of the Company with effect from 01/01/2018, with existing terms of appointment including remuneration as set out hereunder, with liberty to the Board of Directors to alter and vary the terms and conditions as it may deem fit and as may be acceptable to Mr.S.Niranjan Kumar (DIN:00098587), Whole-time Director

- d) Consolidated Salary of Rs.1,20,000/- (Rupees One Lakh Twenty Thousand Only) per month and otherwise set out hereunder, so that the aggregate of salary, allowances and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Executive Director from time to time, shall not exceed the limits prescribed from time to time under Sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may for the time being, be in force
- e) Notwithstanding the foregoing, where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the remuneration will be subject to Schedule V to the Companies Act, 2013.
- f) All other terms and conditions as applicable to employees of the Company.

RESOLVED FURTHER THAT Mr.S.Niranjan Kumar (DIN:00098587) shall be liable to retire by rotation and if re-appointed, the same shall not be treated as break in the service as Executive Director.

Overall Remuneration:

The aggregate of salary, allowances and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Executive Director from time to time, shall not exceed the limits prescribed from time to time under Sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may for the time being, be in force.

RESOLVED FURTHER THAT during the tenure as the Executive Director Mr.S.Niranjan Kumar (DIN:00098587), Shall be entitled to be paid / re-imbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company and be indemnified against all claims and liabilities for acts done in good faith and in the best interest of the company”.

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

6. Amendment to Main Object Clause IIIA. of the Memorandum of Association and in this regard to consider and if thought fit to pass with or without modification(s), following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of section 13 and all other applicable provisions, if any, of Companies Act, 2013 , (including any statutory modifications or re-enactment thereof, for the time being in force), read with Companies (Incorporation) Rules, 2014, and subject to approval of Registrar of Companies, Chennai and other statutory approvals if any, the consent of the shareholders of the company be and is hereby accorded to alter the object clause III A (The Main objects to be pursued on its incorporation) of the Memorandum of Association of the Company dealing with the main objects to be pursued by the company be and is hereby amended by inserting following clauses, immediately after clause 1;

2. To undertake and execute work orders involving activities of fabrication and erection, installation and commissioning, manpower supply, expert supervision, engineering services, overhauling, repairing, re-modification and reconditioning which involves either single or joint activities which are to be executed either in India or abroad.

3. To construct, build, equip, own, and maintain and to carry on business as keepers of, godowns, warehouses, refrigerators, freezing houses and room coolers for storing materials of sheets, plates, pipes or any other form made up of Iron or plastic or any other categories, consumables, spares, tools and tackles, and food products like milk, cream, butter, cheese, bacons, sausages, fruits, roots, vegetables or other substances made from all or any of them and canned, tinned and processed foods of every description and to act as transporters of aforesaid foods, substances and products.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, Mr.S.V.Raguraman (DIN:00098566), Managing Director of the Company be and is hereby authorised, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E-form as return of appointment with the Registrar of Companies, Chennai, Tamilnadu.”

7. To enlist the equity shares of the Company with Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange and in this regard to consider and if thought fit, to pass, with or without modification(s) the following as an **Ordinary Resolution:**

RESOLVED THAT subject to provisions of the Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009, SEBI(Listing Obligation & Disclosure Requirements) Regulation, 2015 with the Stock Exchanges and Guidelines/Rules of the Securities and Exchange Board of India and/or such other applicable laws, regulations and guidelines and subject further to such approvals and sanctions as may be required, the Board of Directors (hereinafter referred to as “The Board” which term shall include a Committee of Directors) be and is hereby authorized to list Equity Shares of the Company with Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to apply to such Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange /SEBI and take all the required steps in terms of guidelines laid down by SEBI for listing of the Equity Shares of the Company and to decide/settle all the matter related to listing of shares and also to do all such acts/ deeds and things as may be required by the relevant Competent Authority for and on behalf of the board.

RESOLVED FURTHER THAT the Board of Directors may authorize any of its committee or any of its Directors to do all such acts/deeds and things to give effect to the above said resolution.

By Order of the Board
For **SWETHA ENGINEERING LIMITED**

Sd/-

S.V.Raguraman
Managing Director
(DIN- 00098566)

Place : Chennai
Date : 14th August 2018

NOTES

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY***

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights.

A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty eight hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A proxy form is attached hereto

2. Corporate Members are required to send a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representatives to attend and vote on their behalf at the Meeting
3. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the attendance slip enclosed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No. Duplicate attendance slip or copies of the Report and Accounts will not be made available at the AGM venue
4. Relevant documents referred to in the accompanying Notice and the statement are open for inspection by the members at the Registered office of the Company on all working days (except Saturdays, Sundays and Public holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this Annual General Meeting ("AGM") and also at the AGM
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 10th September 2018 to Monday the 17th September 2018 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the AGM.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Registrar and Transfer Agent / Company
7. Electronic copy of the Annual Report for FY 2017-18 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for

FY 2017-18 are being sent in the permitted mode. Members are requested to support Green initiative by registering/updating their e-mail addresses with the Depository participant (in case of shares in dematerialized form) or with Cameo Corporate Services Ltd (in case of Shares held in physical form).

8. Electronic copy of the Notice of the 32nd AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 32nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode
9. Members may also note that the Notice of the 32nd AGM and the Annual Report for FY 2017-18 will be available on the Company's website www.swethaeng.com for their download and also on the website of Central Depository Services (India) Limited viz. www.evotingindia.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: info@swethaeng.com
10. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company M/s. Cameo Corporate Services Ltd. "Subramanian Building" No.1, Club House Road, Chennai, 600002, Tel : Phone No.044-28460390 - 94, Email Id:investor@cameoindia.com / investor3@cameoindia.com
11. The cut-off date for the purpose of remote e-voting and voting at the AGM shall be September 17, 2018. Please note that members can opt for only one mode of voting i.e., either by voting at the meeting or e-voting. If Members opt for e-voting, then they should not vote at the Meeting and vice versa. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the date of the Meeting may also attend the Meeting and participate in the Meeting, but shall not be entitled to cast their vote again
12. The equity of the Company were listed with Madras Stock Exchange Limited, Ahmedabad Stock Exchange Limited and Coimbatore Stock Exchange Limited. The SEBI vide its order dated April 03, 2013 given exit to Coimbatore Stock Exchange Limited and vide its order dated May 14, 2015 given exit to Madras Stock Exchange Limited. The Company has received a notice from Ahmedabad Stock Exchange Limited vide letter No.AACE/2015-16/58715, dated July 08, 2015 that our Company would be moved in the Dissemination Board (DB) of National Stock Exchange Limited(NSEL). Accordingly the status of the Company as on date is an unlisted Company. Requisite approval from the shareholders is being sought to enlist the equity shares of the Company with Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange.

13. A route map showing directions to reach the venue of the 32nd AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on “General Meetings”.

14. Voting through electronic means:-

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 32nd AGM. The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL). The Company has appointed Mr.Rabi Narayan Pal, Practicing Company Secretary as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. The instructions to members for voting electronically are as under:-

- (i) The voting period begins on Friday, September 21, 2018 at 10.00 a.m. and ends on Sunday, September 23, 2018 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) Monday, September 17, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Members holding shares in physical or in demat form as on Monday, September 17, 2018, shall only be eligible for e-voting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders / Members.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none">• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)

(ix) After entering these details appropriately, click on “SUBMIT” tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN of Swetha Engineering Limited.

(xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xx) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.swethaeng.com and on website of CDSL e-Voting www.evotingindia.com within two days of the passing of the Resolutions at the Annual General Meeting.

EXPLANATORY STATEMENT U/S 102 OF THE COMPANIES ACT, 2013

Item No.4: Confirmation the variation in terms of Appointment of Mr.S.V.Sridhar (DIN: 00098576) as Whole-Time Director

Mr.S.V.Sridhar (DIN: 00098576) is the **Promoter and Whole-time Director of the Company**. The Board of Directors of the Company at its meeting held on December 26,

2017 has revised the remuneration of Mr.S.V.Sridhar (DIN:00098576), Whole-time Director of the Company for remaining of his term, subject to the approval of shareholders in accordance with norms laid down in Schedule V, Part II, Section II and other applicable provisions of Companies Act, 2013.

Mr.S.V.Sridhar (DIN: 00098576), is the Promoter Director of the Company and has been devoting his substantial time in the day to day management and growth of the Company. His contribution towards development of Company's business is highly commendable. Mr.S.V.Sridhar (DIN: 00098576) is the relative of Mr.S.V.Raguraman (DIN: 00098566) Managing Director and Mr.S.Niranjan Kumar (DIN: 00098587), Whole-time Director of the Company.

The Board of Directors of the Company at its Meeting held on December 26, 2017 have approved the remuneration payable to Mr.S.V.Sridhar (DIN:00098576) effective from 01/01/2018.Considering his experience and expertise, the Board of Directors of the Company felt that the remuneration package offered to him is fair, reasonable and also in line with the remuneration package prevailing in the industry. Further the Company has not made any default in repayment any debts or interest payable thereon for a continuous period of 30 days in the preceding financial year.

Accordingly, the Board recommends the members to approve the resolution set out as Item No.4 of the Notice as an Ordinary Resolution with regard to Confirmation the variation in terms of appointment of Mr.S.V.Sridhar (DIN:00098576) as Whole-time Director of the Company with existing terms of appointment with effect from 01/01/2018 upto remaining of his term. In terms of section 190 of the companies Act 2013 a contract of service/ a written memorandum setting out its terms of employment with Executive Director is available for inspection at the registered office of the Company.

Except Mr.S.V.Sridhar (DIN:00098576), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4

Item No.5: Confirmation the variation in terms of Appointment of Mr.S.Niranjan Kumar (DIN: 00098587) as Whole-Time Director

Mr.S.Niranjan Kumar (DIN: 00098587) is the Whole-time Director of the Company. The Board of Directors of the Company at its meeting held on December 26, 2017 has revised the remuneration of Mr.S.Niranjan Kumar (DIN: 00098587), Whole-time Director of the Company for remaining of his term, , subject to the approval of shareholders in accordance with norms laid down in Schedule V, Part II, Section II and other applicable provisions of Companies Act, 2013.

Mr.S.Niranjan Kumar (DIN: 00098587), is the **Whole-time Director of the Company** and has been devoting his substantial time in the day to day management and growth of the Company. His contribution towards development of Company's business is highly commendable.

The Board of Directors of the Company at its Meeting held on December 26, 2017 have approved the remuneration payable to Mr.S.Niranjan Kumar (DIN: 00098587) effective from 01/01/2018. Considering his experience and expertise, the Board of Directors of the Company felt that the remuneration package offered to him is fair, reasonable and also in line with the remuneration package prevailing in the industry. Further the Company has not made any default in repayment any debts or interest payable thereon for a continuous period of 30 days in the preceding financial year.

Accordingly, the Board recommends the members to approve the resolution set out as Item No.5 of the Notice as an Ordinary Resolution with regard to Confirmation the variation in terms of appointment of Mr.S.Niranjan Kumar (DIN: 00098587) as Whole-time Director of the Company with existing terms of appointment with effect from 01/01/2018 upto remaining of his term. In terms of section 190 of the companies Act 2013 a contract of service/ a written memorandum setting out its terms of employment with Executive Director is available for inspection at the registered office of the Company.

Except Mr.S.Niranjan Kumar (DIN:00098587), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5

**Item No.6 Change of Main Object Clause IIIA. of the Memorandum of Association
Meaning, scope and implications of the material fact**

In order to bring better clarity and objectivity in the stated clauses of its Memorandum of Association (MOA), the Company would like to capture to undertake and execute work orders involving activities of fabrication and erection, installation and commissioning, manpower supply, expert supervision, engineering services, overhauling, repairing, re-modification and reconditioning which involves either single or joint more activities which are to be executed either in India or abroad, with associated activities/ products related thereto in the manner as contained in the proposed Resolution. Further the Company expected to improve its revenue flow and to bring better objectivity in the stated clauses of its Memorandum of Association (MOA) all the activities under single one roof and the availability of space in Industrial area and proximity to nearby transport by way of rail, road and air venturing into warehousing and related business would improve the revenue and profitability of the company. The Board of Director at their meeting held on August 13th, 2018 decided to amend Main Object in the Memorandum of Association to include Warehousing and Engineering Activities of all kinds has proposed This will also enlarge the area of operation of the company. The Objects Clause of the Memorandum of Association of the company is accordingly proposed to be enlarged, as set out in Special Resolution.

By virtue of section 13 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014; approval of members by way of Special Resolution under Postal Ballot is a prerequisite to amend the object clause of the Company. However, pursuant to the newly inserted proviso to section 110(b), effective 9th February, 2018, any item of business required to be transacted by means of postal ballot u/s 110(a), may be transacted at a general Meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section.

A copy of the existing Memorandum and Articles of Association of the Company together with the proposed amendment as referred to in the Notice is available for inspection at the Registered Office of the Company during normal business hours on any working day till the date of AGM. Accordingly the Boards recommends the alteration of its main object clause as specified at Item No.6 of this notice to be passed by the members of the company as Special Resolution.

Relevance of the resolution to any Other Company

As the proposed resolution does not relate to or affects any other Company, disclosure of the extent of shareholding interest in that other Company or every Promoter, Director, Manager and of other Key Managerial Personnel of the Company holding not less than two (02) percent of paid up capital of that Company are not provided.

Inspection of Documents

Amended Memorandum of Association is available for inspection by the members on all working days except Saturdays, Sundays and public holidays between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting and will also be available for inspection at the venue of the Meeting.

Nature of concern or interest of Directors, Key Managerial Personnel and relatives of Directors and Key Managerial Personnel

All the Directors / Key Managerial Persons and their relatives may be considered to be interested in the proposed resolution to the extent of their shareholding.

Item No.7: To enlist the equity shares of the Company with Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange

Meaning, scope and implications of the material fact

The Company's Equity Shares was previously traded in Madras Stock Exchange, Coimbatore Stock Exchange and Ahmedabad Stock Exchange. In the recent years, these stock exchanges are closed one by one and the company was placed in the Dissemination Board of National Stock Exchange Limited. Further SEBI in its circular SEBI/HO/MRD/DSA/CIR/P/2016/110 dated October 10, 2016 has issued guidelines to all the Exclusively Listed Companies in the Dissemination Board either to get in listed on nationwide stock exchanges after complying with the diluted listing norms of nationwide stock exchanges or to provide exit to investors.

In this regard neither the company nor the promoters have way and mean to buy back the shares from public shareholders or provide exit mechanism to shareholders. The Board is of the opinion to enlist the equity shares of the Company with Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange will gives opportunities to stake holders to trade their shares in any of the Stock Exchange where the share of the company is listed. In view of above the Board (based on the recommendation of

the Shareholders Grievance Committees) recommends for listing of its shares with Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange in terms of the guidelines in force or any subsequent amended guidelines laid down by SEBI. Accordingly, the Board recommends the resolution for approval.

Nature of concern or interest of Directors, Key Managerial Personnel and relatives of Directors and Key Managerial Personnel

All the Directors / Key Managerial Persons and their relatives may be considered to be interested in the proposed resolution to the extent of their shareholding.

By Order of the Board
For **SWETHA ENGINEERING LIMITED**

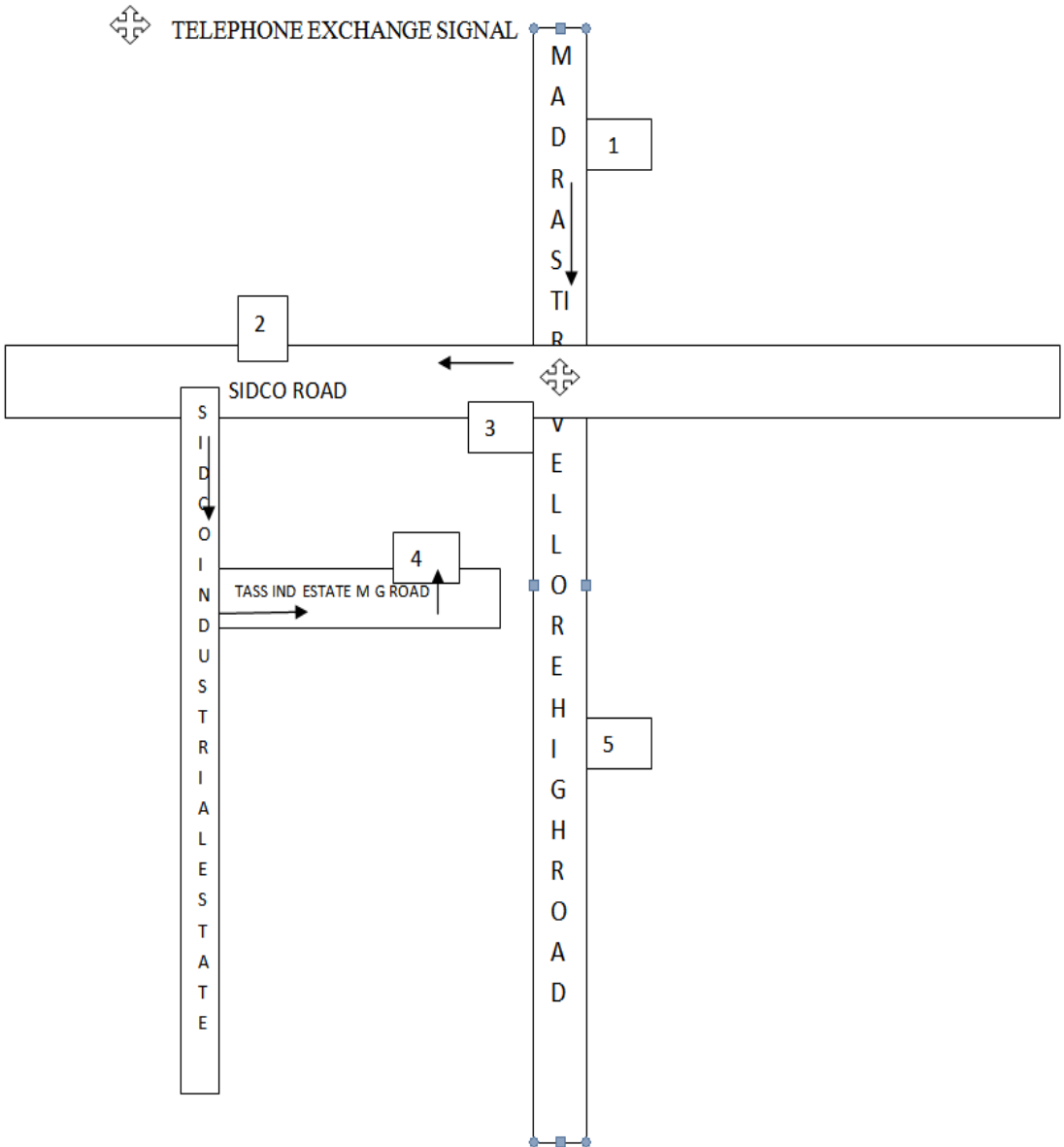
Sd/-

S.V.Raguraman
Managing Director
(DIN- 00098566)

Place : Chennai
Date : 14th August 2018

ROUTE MAP & LAND MARK OF AGM VENUE

1. AMBATTUR INDUSTRIAL ESTATE BUS STAND
2. STATE BANK OF INDIA(SIDCO Branch)
3. AMBATTUR TELEPHONE EXCHANGE
4. SWETHA ENGINEERING LIMITED
5. DUNLOP BUS STAND



BOARD'S REPORT

Dear Members,

Your Company's Directors are pleased to present the 32nd Annual Report of the Company, along with Audited Accounts, for the Financial Year ended 31st March 2018.

FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance for the year ended 31st March 2018 is summarized below.

Particulars	2017 - 18	2016 - 17
Sales and Other Income	5,73,67,996.00	3,88,92,373.00
Less : Expenditure	4,73,38,873.00	3,58,22,634.00
Less: Interest Charges	81,79,769.00	72,74,088.00
Less: Depreciation	39,38,637.00	49,43,690.00
Profit before tax	(20,89,283.00)	(91,48,039.00)
Exceptional item Tax adjustment In respect of earlier years Provision for Tax –	0.00	0.00
Current tax	0.00	0.00
Deferred tax	0.00	0.00
Profit/Loss after Tax	(20,89,283.00)	(91,48,039.00)
Less Adjustment of Assets	0.00	(5,01,214.00)
	(20,89,283.00)	(96,49,253.00)
Profit brought forward	(54,63,592.00)	41,85,661.00
Balance Carried to Balance Sheet	(75,52,875.00)	(54,63,592.00)
Basic Earnings per Share	(0.56)	(2.44)

STATE OF COMPANY'S AFFAIRS

Sales and other income for the Financial Year under review were Rs.573.68 lakhs as against Rs.388.92 lakhs for the previous financial year showing a increase of 47.51%. The Profit/Loss before tax (after interest and depreciation charges) is Rs.20.89 lakhs and the Profit/Loss after tax is Rs.20.89 lakhs for the Financial Year under review as against Rs.91.48 lakhs and Rs.91.48 lakhs respectively for the previous year.

During the financial year under review, there was upward trend in the developmental activities in the pulp and paper industry within and outside India. Investment plans in the new projects are also being planned by leading paper industries M/s.Tamilnad Newsprint and Papers Ltd, M/s.ITC, M/s.JK Paper Mills Ltd & M/s.West Coast Paper Mills Limited which gives opportunity in improving its sales and profitability for the coming years.

SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2018 stood at Rs.3,74,93,000/-. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2018, none of the Directors of the company hold instruments convertible into equity shares of the Company

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is annexed as Annexure - A and forms an integral part of this Report.

NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2017-18, the Company held (Six) board meetings of the Board of Directors as per Section 173 of Companies Act, 2013 on 23.05.2017, 14.08.2017, 11.09.2017, 30.11.2017, 26.12.2017 and 16.02.2018. In respect of all such meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose. The intervening gap between any two meetings was within the period prescribed under the companies Act, 2013.

Name of the Director	Designation	No. of Board meetings in the year during respective tenure of directors		Attendance of Last AGM	No. of directorships held in the other companies	No. of board committee memberships held in other companies
		Held	Attended			
S. V. Raguraman DIN: 00098566	Managing Director	06	06	Yes	—	—
S. V. Sridhar DIN: 00098576	Whole-time Director	06	06	Yes	—	—
S. Niranjan Kumar DIN: 00098587	Whole-time Director	06	06	Yes	—	—
R. Jaganathan DIN: 01675591	Non Executive & Independent Director	06	06	Yes	—	—

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company consists of Shri.S.V.Raguraman (DIN:00098566), Managing Director, Shri.S.V.Sridhar (DIN:00098576), Shri.S.Niranjan Kumar (DIN:00098587) Executive Directors and Shri.R.Jaganathan (DIN:01675591) Non Executive & Independent Director. The composition of the Board of Directors is in compliance with Section 149 of the Companies Act, 2013

RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013, Shri.S.Niranjan Kumar (DIN:00098587) liable to retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board of Directors have recommended the re-appointment of Shri.S.Niranjan Kumar (DIN:00098587) retiring by rotation.

CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

On the recommendation of the Board varied the terms of appointment of Shri.S.V.Sridhar (DIN:00098576), Shri.S.Niranjan Kumar (DIN:00098587) Executive Directors of the Company with effect from January 01, 2018 for remaining of their term at their meeting of Board of Directors held on December 26, 2017

DECLARATION OF INDEPENDENT DIRECTORS

The Company has received necessary declaration from the Independent Directors under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Pursuant to Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014 the Board of Directors' report of all companies requires to state the details in respect of adequacy of internal financial controls with reference to the financial statements. The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The company periodically reviews the adequacy and effectiveness of the control systems.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) that in the preparation of the Annual Accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the directors had 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 view of the state of affairs of the company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- (c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Being the Company do not full the criteria specified in Section 135(1) of the Companies Act, 2013 therefore the provision of section 135(5), Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and schedule VII of the Companies Act, 2013 is not applicable to the Company.

CORPORATE GOVERNANCE AND COMMITTEES OF THE BOARD OF DIRECTORS

The equity of the Company were listed with Madras Stock Exchange Limited, Ahmedabad Stock Exchange Limited and Coimbatore Stock Exchange Limited. The SEBI vide its order dated April 03, 2013 given exit to Coimbatore Stock Exchange Limited and vide its order dated May 14, 2015 given exit to Madras Stock Exchange Limited. The Company has also received a notice from Ahmedabad Stock Exchange Limited vide letter No.AACE/2015-16/58715, dated July 08, 2015 that our Company would be moved in the Dissemination Board (DB) of National Stock Exchange Limited(NSEL). Accordingly the status of the Company as on date is an unlisted Company and your Company does not fall under the above criteria, Compliance Report on Corporate Governance as required under SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 have not been furnished.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE

The provisions of Section 177 of the Companies Act, 2013 Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178;

The Company, being a Unlisted Public Limited Company and does not fall under the criteria, to constitute and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Stakeholders Relationship Committee under Section 178(5) of the Companies Act, 2013.

STAKE HOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013. This Committee is responsible for the satisfactory redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including status of dematerialization / re-materialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time. During the year under review, the Committee met Five (05) times on 05.06.2017, 19.06.2017, 21.10.2017, 05.01.2018 and 20.03.2018 to deliberate on various matters referred above and for redressal of investors complaints. The Composition and Attendance at the Meeting:

Name of the Member	Category	Designation	No of Meetings	
			Held	Attended
R.Jagannathan	Non Executive & Independent	Chairman	05	05
S.V.Sridhar	Whole Time Director	Member	05	05

The Company has been receiving correspondences from Shareholders and required information/documents are furnished immediately to the satisfaction of Shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March, 2018 there was no complaint received and also no investor complaint was pending as on 31st March, 2018.

GENERAL BODY MEETINGS:

The Details of last three Annual General Meeting are given as under:

Year	Date	Time	Venue
2014-15	30.09.2015	11.00AM	Registered Office of the Company at Plot No. 123-131, Tass Industrial Estate, Mahatma Gandhi Road, Ambattur, Chennai , 600098, Tamilnadu, India
2015-16	30.09.2016	11.00AM	Registered Office of the Company at Plot No. 123-131, Tass Industrial Estate, Mahatma Gandhi Road, Ambattur, Chennai , 600098, Tamilnadu, India
2016-17	15.09.2017	11.00AM	Registered Office of the Company at Plot No. 123-131, Tass Industrial Estate, Mahatma Gandhi Road, Ambattur, Chennai , 600098, Tamilnadu, India

All the resolutions including Special Resolutions as set out in the respective notices were passed by the Shareholders. No Extra Ordinary General Meeting was held during the year. No special resolutions were put through postal ballot last year. There is no proposal to pass any resolution by postal ballot.

REGISTRARS AND SHARE TRANSFER AGENTS

M/s.Cameo Corporate Services Limited is the Registrars and Share Transfer Agents of the Company. All matters connected with Share Transfer, Transmission, Change of address, duplicate share certificates and other related matters are handled by the share transfer agent.

M/s.Cameo Corporate Services Limited, “Subramanian Building” No.1, Club House Road, Chennai - 600002. Phone No.044-28460390-94,
Email Id: investor@cameoindia.com / cameo@cameoindia.com

SHARE TRANSFER SYSTEM

The Shares received for transfer in physical mode are registered within 15 days of receipt of the document (if it is in order) and returned to the transferees immediately thereafter. The Share Transfers are approved by the Stakeholders' Relationship Committee which meets as and when required.

COMPLIANCE OFFICER DETAILS AND ADDRESS FOR CORRESPONDENCE

Smt S. Usharani,
Compliance Officer

Registered Office:: **Plot No.123-131, Tass Industrial Estate, Ambattur, Chennai - 600098, Tamilnadu, India.** Phone No. 044-26252191, email: info@swethaeng.com

POLICY FOR PREVENTION OF SEXUAL HARASSMENT

As a part of the policy for Prevention of Sexual Harassment in the organisation, the Company has in place an Internal Complaints Committee for prevention and redressal of complaints of sexual harassment of women at work place in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and relevant rules there under. No complaints were received by the Committee during the period under review.

AUDITORS AND AUDITORS' REPORT STATUTORY AUDITOR

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and in accordance with the resolution passed by the members at the AGM held on 15/09/2017, M/s.Suresh & Sridharan, Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) vide registration number: 004258S, the Statutory Auditors of the Company hold office till the conclusion of 37th Annual General Meeting of the Company. However their appointment as Statutory Auditors of the Company is subject to ratification at every Annual General meeting. The Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. Necessary resolution for ratification of appointment of the said Auditor be included in the notice of Annual General Meeting for seeking approval of members

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation

Further, the Auditors' Report for the financial year ended 31st March 2018 is annexed herewith for your kind perusal and information

SECRETARIAL AUDIT

In terms of the provision of section 204 of the companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 the company is not required to annex Secretarial Audit Report to the Board Report.

COST AUDIT

In terms of the provision of section 148 of the companies Act,2013 read with Notifications / circulars issued by the Ministry of Corporate Affairs from time to time, the compliance of the same is not applicable to the Company at present.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

There were no contracts and arrangements entered with related parties falling within the purview of Section 188 of the Companies Act, 2013 during the year under review and hence the reporting under said provision is not applicable.

DIVIDEND AND TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013

No Dividend was declared for the current financial year due to loss. For the financial year ended 31st March, 2018, the Company has not proposed to carry any amount to General Reserve Account.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend unpaid/ unclaimed and lying with the Company

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Your Directors report under Section 134(3)(l) of the Companies Act, 2013 that there have been no material changes and /or commitments incurred in the period from 31st March 2018 till the date of drafting of this Directors' Report, which have material effect on the Financial position of the Company.

CHANGE OF NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the year ended 31st March, 2018

CHANGES IN SHARE CAPITAL/ LOAN CAPITAL

A. BUY BACK OF SECURITIES

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

b. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

c. BONUS SHARES

No Bonus Shares were issued during the year under review.

d. EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

e. BORROWINGS

The Company has availed various credit facilities from Repatriates Co-operative Finance and Development Bank Limited, 18, C.P.Ramaswamy Road, Alwarpet, Chennai, 600018, Tamilnadu, India, and total outstanding as on March 31, 2018 is Rs5,01,35,249/-

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 given in as Annexure - E, which forms a part of this report

RISK MANAGEMENT

The Board of Directors of the Company believe that the elements of risk threatening the Company's existence is very minimal.

INFORMATION ABOUT HOLDING / SUBSIDIARY/ JV/ ASSOCIATE COMPANY

The Company does not have any Holding, Subsidiary, Joint Ventures or Associate Company. Hence the requirement of presenting the consolidated financial statements in Annual Report is not applicable.

DEPOSITS

The Company has not accepted any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, during the year under review and as such, no amount on account of principal or interest on public deposits was outstanding as of the balance sheet date

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The provision of section 177(9) of the Companies Act, 2013 relating to Vigil Mechanism is not applicable on the company

PARTICULARS OF EMPLOYEES

Employee relations continue to be cordial and harmonious at all levels and in all divisions of the Company. The Board of Directors would like to express their sincere appreciation to all the employees for their continued hard work and steady dedication. No employees of the company drawing remuneration in excess of the limit specified under Rule.5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT;

There is no such fraud required to be reported under section 143(12) of the companies Act,2013

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

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

However SEBI vide circular dated 10th October 2016 inter alia directed action against any promoter or director whose Company is on the Dissemination Board (DB) and has failed to demonstrate adequacy of efforts for providing exit to their shareholders in conformity with the exit mechanism / enlist the shares with exchange having nationwide terminals, pending which frozen shares of the promoters/ directors.

APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors place on record their appreciation to employees at all levels for their dedication and commitment. Your Directors would also like to express their sincere appreciation for the assistance and co-operation received from the banks, financial institutions, Government Authorities, customers, vendors and members during the year under review.

By order of the Board of Directors
For **SWETHA ENGINEERING LIMITED**

Place : Chennai

Date : 14th August 2018

Sd/-
S.V.Raguramann
Managing Director
(DIN-00098566)

Sd/-
S.V.Sridhar
Whole-time Director
(DIN- 00098576)

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

(A) CONSERVATION OF ENERGY:

(i) The steps taken or impact on conservation of Energy:

(a) Designed and installed the power distribution system perfectly well to utilize the power at optimum level of requirement.

(b) Purchasing energy efficient machines.

(ii) The steps taken by the Company for utilizing alternate source of Energy: Nil

(iii) The capital investment on energy conservation equipments: Nil

TECHNOLOGY ABSORPTION

The relevant particulars relating to technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rule, 2014 is not applicable.

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	2017-18		2016-17	
	In \$	In Rs	In \$	In Rs.
EARNINGS				
a. Supply of equipment	1,32,480.00	83,39,106.00	43,750.00	28,78,298.00
b. Services of equipment	3,70,738.00	2,35,98,834.00	90,043.00	53,75,887.00
Total (a+b)	5,03,218.00	3,19,37,940.00	1,33,793.00	82,54,185.00
OUT GO				
c. Raw Material Purchased	0	0	0	0
d. On site expenses	7,244.00	4,77,514.00	0	0

ANNEXURE 1 TO THE DIRECTOR'S REPORT

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018.
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN:	U27209TN1986PLC013787
Demat ISIN CDSL/NSDL	824E01017
Foreign Company Registration Number/GLN	Not Applicable
Registration Date [DD-MM-YYYY]	09-12-1986
Category/Sub Category of the Company	Company Limited by Shares, Non Government Company, Public
Address of the Registered Office and Contact Details	Plot No.123 -131, Tass Industrial Estate, Mahathma Gandhi Road, Ambattur, Chennai – 600 098
	Tel: 044 -26252191 /3191
Whether shares listed on recognized Stock Exchange(s)	No
Name, Address and Contact Details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited "Subramanian Building" No.1, Club House Road, Chennai - 600 002 Tel: 044 -28460390/91/92

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl.No.	Name/Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Equipments for pulp & paper industries	4017	38.93%
2	Erection and Commissioning Service	4100	61.07%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

NIL

IV. SHAREHOLDING PATTERN

(i) Category-wise Share Holding

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Shareholding of Promoter and Promoter group									
1.	Indian									
a.	Individual / Hindu Undivided family	1082223	0	1082223	28.8646	1142423	0	1142423	30.4703	1.6056
b.	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	Bodies Corporate	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	Financial institutions/ Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	Any other	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Sub - Total (a) (1)	1082223	0	1082223	28.8646	1142423	0	1142423	30.4703	1.6056
2.	Foreign									
a.	Individuals (Non-resident Individuals/foreign individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
b.	Bodies Corporate	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	Qualified foreign investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	Any other	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Sub - Total (a) (2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total share holding of Promoter and promoter group (a) = (a) (1) + (a) (2)	1082223	0	1082223	28.8646	1142423	0	1142423	30.4703	1.6056
B.	Public Shareholding									
1.	Institutions									
a.	Mutual Funds/UTI	0	0	0	0.0000	0	0	0	0.0000	0.0000
b.	Financial institutions/ Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	Venture capital funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
f.	Foreign Institutional Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
g.	Foreign Venture Capital investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
h.	Qualified Foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
i.	Others (spEcify)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Sub -total (b)(1):	0	0	0	0.0000	0	0	0	0.0000	0.0000

2.	Non - Institutions									
a.	Bodies Corporate	281000	239325	520325	13.8779	281000	239325	520325	13.8779	0.0000
b.	Individuals									
i.	Individual shareholders holding nominal share capital upto Rs. 1 lakh	79399	931302	1010601	26.9543	82449	936652	1019101	27.1811	0.2267
ii.	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	498450	615500	1113950	29.7108	456000	5905750	1046750	27.9185	-1.7923
c.	Qualified foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	Any other									
	Hindu undivided families	9500	0	9500	0.2533	8000	0	8000	0.2133	-0.0400
	Non Resident Indians	0	11800	11800	0.3147	0	11800	11800	0.3147	0.0000
	Trusts	901	0	901	0.0240	901	0	901	0.0240	0.0000
		10401	11800	22201	0.5921	8901	11800	20701	0.5521	-0.0400
	Sub-total (b)(2):	869250	1797827	2667077	71.1353	828350	1778527	2606877	69.5296	-1.6056
	Total Public Shareholding (b) = (b)(1) + (b)(2)	869250	1797827	2667077	71.1353	828350	1778527	2606877	69.5296	-106056
	Total (a + b)	1951473	1797827	3749300	100.0000	1970773	1778527	3749300	100.0000	0.0000
C.	Shares held by Custodians and against which depository receipts have been issued									
	Promoter and Promoter Group	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Public	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total custodian (c)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Grand Total (a) +(b) + (c)	1951473	1797827	3749300	100.0000	1970773	1778527	3749300	100.0000	0.0000

(ii) Shareholding of Promoter

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	S.V.Raguraman	667208	17.7955	0.0000	727408	19.4011	0.0000	1.6056
2	S.V.Sridhar	341095	9.0975	0.0000	341095	9.0975	0.0000	0.0000
3	S.V.Muralidharan	37170	0.9913	0.0000	37170	0.9913	0.0000	0.0000
4	S.V.Srivathsangan	34300	0.9148	0.0000	34300	0.9148	0.0000	0.0000
5	Rama Raghuraman	2450	0.0653	0.0000	2450	0.0653	0.0000	0.0000

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl.No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	S V RAGURAMAN .				
	At the beginning of the year 01-Apr-2017	667208	17.7955	667208	17.7955
	Purchase on 02.06.2017	40900	1.0908	708108	18.8864
	Purchase on 19.06.2017	19300	0.5147	727408	19.4011
	At the end of the Year 31-Mar-2018	727408	19.4011	727408	19.4011
2.	S V SRIDHAR .				
	At the beginning of the year 01-Apr-2017	341095	9.0975	341095	9.0975
	At the end of the Year 31-Mar-2018	341095	9.0975	341095	9.0975
3.	S V MURALIDHARAN .				
	At the beginning of the year 01-Apr-2017	37170	0.9913	37170	0.9913
	At the end of the Year 31-Mar-2018	37170	0.9913	37170	0.9913
4.	S V SRIVATHSANGAN				
	At the beginning of the year 01-Apr-2017	34300	0.9148	34300	0.9148
	At the end of the Year 31-Mar-2018	34300	0.9148	34300	0.9148
5.	RAMA RAGHURAMAN .				
	At the beginning of the year 01-Apr-2017	2450	0.0653	2450	0.0653
	At the end of the Year 31-Mar-2018	2450	0.0653	2450	0.0653

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

Sl.No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	PINAKIN CIMANLAL SHAH				
	At the beginning of the year 01-Apr-2017	443000	11.8155	443000	11.8155
	At the end of the Year 31-Mar-2018	443000	11.8155	443000	11.8155
2	CELLTECH CONSULTANCY AND MARKETING PVT				
	At the beginning of the year 01-Apr-2017	280600	7.4840	280600	7.4840
	At the end of the Year 31-Mar-2018	280600	7.4840	280600	7.4840
3	JAGADISH SAGARMAL SANVAL				
	At the beginning of the year 01-Apr-2017	100000	2.6671	100000	2.6671
	At the end of the Year 31-Mar-2018	100000	2.6671	100000	2.6671
4	AJITHKUMAR C PATEL				
	At the beginning of the year 01-Apr-2017	70300	1.8750	70300	1.8750
	At the end of the Year 31-Mar-2018	70300	1.8750	70300	1.8750
5	RAJESH				
	At the beginning of the year 01-Apr-2017	57700	1.5389	57700	1.5389
	At the end of the Year 31-Mar-2018	57700	1.5389	57700	1.5389
6	SRHHL INDUSTRIES LIMITED				
	At the beginning of the year 01-Apr-2017	50000	1.3335	50000	1.3335
	At the end of the Year 31-Mar-2018	50000	1.3335	50000	1.3335
7	VINDHYA PAPER MILLS LTD				
	At the beginning of the year 01-Apr-2017	50000	1.3335	50000	1.3335
	At the end of the Year 31-Mar-2018	50000	1.3335	50000	1.3335
8	VASUDEV SHARMA M				
	At the beginning of the year 01-Apr-2017	41800	1.1148	41800	1.1148
	At the end of the Year 31-Mar-2018	41800	1.1148	41800	1.1148
9	LAKSHMI SUBRAMANIAM				
	At the beginning of the year 01-Apr-2017	39100	1.0428	39100	1.0428
	At the end of the Year 31-Mar-2018	39100	1.0428	39100	1.0428
10	MAHENDRA				
	At the beginning of the year 01-Apr-2017	37500	1.0001	37500	1.0001
	At the end of the Year 31-Mar-2018	37500	1.0001	37500	1.0001

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning (01.04.2017)/ end (31.03.2018) of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
DIRECTORS							
1	S.V. RAGURAMAN (MANAGING DIRECTOR)						
	At the beginning of the year			667208	17.79%	667208	17.79%
	Changes during the year	02.06.2017 19.06.2017	By purchase By purchase	40900 19300	1.09% 0.51%	708108 727408	18.88% 19.40%
	At the end of the year			727408	19.40%	727408	19.40%
2	S.V.SRIDHAR (DIRECTOR - COMMERCIAL)						
	At the beginning of the year			341095	9.10%	341095	9.10%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			341095	9.10%	341095	9.10%
3	S.NIRANJAN KUMAR (DIRECTOR - TECHNICAL)						
	At the beginning of the year			12250	0.32%	12250	0.32%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			12250	0.32%	12250	0.32%
KEY MANAGERIAL PERSONNEL (KMP'S)							
	At the beginning of the year			-	0.00%	--	0.00%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			--	0.00%	--	0.00%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,80,20,590.00	0	0	6,80,20,590.00
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	6,80,20,590.00	-	-	6,80,20,590.00
Change in Indebtedness during the financial year				
* Addition	10,01,000.00	0	0	10,01,000.00
* Reduction	(1,88,85,341.00)	0	0	(1,88,85,341.00)
Net Change	0	0	0	0
Indebtedness at the end of the financial year				
i) Principal Amount	5,01,35,249.00	0	0	5,01,35,249.00
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	5,01,35,249.00	-	-	5,01,35,249.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole time Directors and/or Manager:

SL.No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		S.V.Raguraman	S.V.Sridhar	S.Niranjan Kumar	
1	Gross salary				
	(a) Salary as per provisions contained in Section17(1) of the Income- tax Act, 1961	30,00,000	15,75,000	13,05,000	58,80,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission	--	--	--	--
	as % of profit	--	--	--	--
	Others	--	--	--	--
5	Others, please specify	--	--	--	--
TOTAL (A)		30,00,000	15,75,000	13,05,000	58,80,000
Ceiling as per the Act		--	--	--	--

B. Remuneration to other Directors

SI.No.	Particulars of Remuneration	Name of Directors	Total Amount (Rs)
1	Independent Directors	R.Jaganathan	
	Fee for attending board / committee meetings	10,000/	10,000/
	Commission	--	--
	Others, please specify	--	--
	Total (1)	10,000/	10,000/
2	Other Non - Executive Directors		
	Fee for attending board / committee meetings	--	--
	Commission	--	--
	Others, please specify	--	--
	Total (2)	--	--
	Total (B)=(1+2)	10,000/	10,000/
	Total Managerial Remuneration	10,000/	10,000/
	Overall Ceiling as per section 197(5) the Act,2013 read with rule 4 of the Companies (appointment and Remuneration of the Managerial Personnel) Rules,2014	Rs.1,00,000 per meeting	Rs.1,00,000 per meeting

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

SI.No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		CEO	Company Secretary	CFO	
1	Gross salary	NIL			
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income - tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify				
5	Others, please specify				
Total					

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY		NIL			
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

By order of the Board of Directors
For **SWETHA ENGINEERING LIMITED**

Place : Chennai
Date : 14th August 2018

Sd/-
S.V.Raguramann
Managing Director
(DIN-00098566)

Sd/-
S.V.Sridhar
Whole-time Director
(DIN- 00098576)

INDEPENDENT AUDITOR'S REPORT

To the Members of SWETHA ENGINEERING LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SWETHA ENGINEERING Limited, Chennai ('the Company'), which comprises the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its profit and its cash flows and changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- (e) on the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2018, from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 27 to the financial statements.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There have been no delays in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For **Suresh & Sridharan**
Chartered Accountants
Firm Reg No. 004258S

V. Suresh
Partner

M.No. 020580

Place: Chennai
Date: 14th August 2018

Annexure “A” to the Independent Auditor's Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physically verifying all the fixed assets at its plants/ offices in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans secured or unsecured to companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013. Accordingly, Paragraph 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, made investments or given guarantees which are covered by the provisions of Section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public under section 73 and 76 or any other relevant provisions of the Companies Act and the rules framed there under. Therefore, the provisions of clause 3 (v) of para 3 of the order are not applicable to the company.
- (vi) The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (cost records and audit) Rules 2014, for any of the products manufactured / services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues payable including Provident

Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess and any other material statutory dues have been regularly deposited during the year by the company with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts in respect Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Excise Duty were in arrear as at 31st March 2018 for a period of six months from the date they become due., Customs Duty, Excise Duty, Value Added Tax and Cess and other statutory dues with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company, the dues of sales tax / income-tax / customs duty / wealth tax / service tax / excise duty / value added tax / cess which have not been deposited on account of any dispute are as follows:

Nature of dues	Financial Year	Amount	Forum where dispute is Pending
Property Tax (*)	2016-17	25,09,930.00	Madras High Court, Chennai

- viii) On the basis of verification of records and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to Financial Institutions, Governments and Banks. The company has not raised any monies against issue of debentures.
- (ix) In our opinion and according to the information and explanations given to us, no money was raised by way of initial public offer/ further public offer (including debt instruments) and the term loans availed by the Company have been applied for the purpose for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the company or no fraud on the company by its officers or its employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanation given to us, the company has paid/ provided managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) The company is not a Nidhi company and hence reporting under Clause (xiii) of para 3 of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us, the company has not entered into transactions with related parties and hence the provisions of Section 177 and Section 188 of the Act and disclosure of financial statements as required under applicable accounting standards is not applicable to the company.

- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, Accordingly the provisions of clause (xv) of para 3 of the Order is not applicable to the company.
- (xv) In our opinion and according to the information and explanation given to us, during the year the company has not entered into any non-cash transactions with its directors or persons connected with him and hence provision of Section 192 of the Act are not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

For **Suresh & Sridharan**
Chartered Accountants
Firm Reg No. 004258S

Place: Chennai
Date: 14th August 2018

V. Suresh
Partner
M.No. 020580

ANNEXURE B TO THE INDEPENDENT AUDITORS REPORT-31st March 2018

(Referred to in our report of even date)

Report on the Internal Financial controls over financial reporting under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013('the act')

1. We have audited the internal financial controls over financial reporting of **M/S.SWETHA ENGINEERING LIMITED** ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future Periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

8. In our opinion, the Company has, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Suresh & Sridharan**
Chartered Accountants
Firm Reg No. 004258S

Place: Chennai
Date: 14th August 2018

V. Suresh
Partner
M.No. 020580

SWETHA ENGINEERING LIMITED
BALANCE SHEET AS ON 31.03.2018

(in Rupees)

	Particulars	Note No.	March 31, 2018	March 31, 2017
I	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	2	2,84,15,255.00	3,20,95,120.00
	(ii) Intangible assets		0.00	0.00
	(iii) Capital work-in-progress		17,70,000.00	0.00
	(iv) Intangible assets under development		0.00	0.00
	(b) Non - current investments		0.00	0.00
	(c) Deferred tax assets (net)	3	46,60,338.00	46,60,338.00
	(d) Long - term loans and advances		0.00	0.00
	(e) Other non - current assets	4	0.00	1,17,17,850.00
2	Current assets			
	(a) Current investments		0.00	0.00
	(b) Inventories	5	1,91,88,288.00	1,60,70,673.00
	(c) Trade receivables	6	5,02,40,943.00	4,98,78,266.00
	(d) Cash and cash equivalents	7	59,89,708.00	78,93,283.00
	(e) Short- term loans and advances	8	1,52,44,831.00	1,50,13,513.00
	(f) Other current assets	9	85,001.00	5,05,393.00
	TOTAL		12,55,94,364.00	13,78,34,436.00
II.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	10	3,74,93,000.00	3,74,93,000.00
	(b) Reserves and surplus	11	1,38,11,952.00	1,59,01,235.00
	(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	12	1,25,35,919.00	2,06,35,246.00
	(b) Deferred tax liabilities (Net)		0.00	0.00
	(c) Other Long term liabilities		0.00	0.00
	(d) Long - term provisions	13	47,46,170.00	42,06,770.00
4	Current liabilities			
	(a) Short - term borrowings	14	3,75,99,330.00	4,73,85,344.00
	(b) Trade payables	15	49,47,779.00	95,71,051.00
	(c) Other current liabilities	16	1,44,60,214.00	26,41,790.00
	(d) Short- term provisions		0.00	0.00
	TOTAL		12,55,94,364.00	13,78,34,436.00

Significant Accounting Policies
As per our report attached

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

(V.SURESH)
PARTNER
M.NO.020580
Place : Chennai
Date : 14th August 2018

For and on behalf of the Board

S.V.Raguraman - Chairman & Managing Director
S.V.Sridhar - Director Commercial
S.Niranjan Kumar - Director Technical

SWETHA ENGINEERING LIMITED
Profit and Loss Account for the year ended 31.03.2018

(in Rupees)

	Particulars	Refer Note No.	March 31, 2018	March 31, 2017
	1	2	3	4
I.	Revenue from Operations	17	5,65,44,892.00	3,72,06,530.00
II.	Other income	18	8,23,104.00	16,85,843.00
III.	Total Revenue (I + II)		5,73,67,996.00	3,88,92,373.00
IV.	Expenses:			
	Cost of materials consumed	19	1,47,70,803.00	64,08,100.00
	Purchases of Stock-in-Trade		0.00	0.00
	Changes in inventories of finished goods work-in-progress and Stock- in-Trade	20	(53,09,828.00)	3,66,133.00
	Employee benefits expense	21	2,04,63,783.00	1,52,30,839.00
	Finance costs	22	81,79,769.00	72,74,088.00
	Depreciation and amortization expense	9	39,38,637.00	49,43,690.00
	Other expenses	23	1,74,14,115.00	1,38,17,562.00
	Total expenses		5,94,57,279.00	4,80,40,412.00
V.	Profit before exceptional and extraordinary items and tax (III-IV)		(20,89,283.00)	(91,48,039.00)
VI.	Exceptional items		(0.00)	(0.00)
VII.	Profit before extraordinary items and tax (V-VI)		(20,89,283.00)	(91,48,039.00)
VIII.	Extraordinary Items		0.00	0.00
IX.	Profit before tax (VII - VIII)		(20,89,283.00)	(91,48,039.00)
X.	Tax expense:			
	(1) Current tax		0.00	0.00
	(2) Deferred tax (asset)		0.00	0.00
XI.	Profit (Loss) for the period from continuing operations (VII-VIII)		(20,89,283.00)	(91,48,039.00)
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)		0.00	0.00
XV.	Profit (Loss) for the period (XI + XIV)		(20,89,283.00)	(91,48,039.00)
XVI.	Earnings per equity share:			
	(1) Basic and Diluted		(0.56)	(2.44)

Significant Accounting Policies
As per our report attached

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

(V.SURESH)
PARTNER
M.NO.020580
Place : Chennai
Date : 14th August 2018

For and on behalf of the Board

S.V.Raguraman - Chairman & Managing Director
S.V.Sridhar - Director Commercial
S.Niranjan Kumar - Director Technical

SWETHA ENGINEERING LIMITED

Cash Flow Statement for the year ended 31.03.2018

(in Rupees)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extraordinary items:	(20,89,283.00)	(91,48,039.00)
ADJUSTMENTS FOR		
ADD: Depreciation	39,38,637.00	49,43,690.00
Interest Paid	81,79,769.00	72,74,088.00
LESS :Interest Received	(8,23,104.00)	(16,14,725.00)
Profit on sale of Fixed assets	0.00	0.00
Operating Profit before Working Capital Changes	92,06,019.00	14,55,014.00
Increase/(Decrease) in Trade and Other Receivables	(3,62,677.00)	(73,48,871.00)
Increase/(Decrease) in Inventories	(31,17,615.00)	(20,90,423.00)
Increase/(Decrease) in Loans and Advances	(1,19,06,924.00)	(1,06,29,410.00)
	1,76,32,651.00	(1,86,13,690.00)
Increase/(Decrease) in Trade Payables and Other Liabilities	77,34,552.00	2,55,291.00
Cash generated from Operation	2,53,67,203.00	(1,83,58,399.00)
Direct Taxes	(0.00)	(0.00)
Net Cash from operating Activities	2,53,67,203.00	(1,83,58,399.00)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
On account purchase of fixed assets	(20,28,772.00)	(5,50,895.00)
Sale of Fixed assets	0.00	0.00
Interest Received	8,23,104.00	16,14,725.00
Net Cash used in Investing Activities	(12,05,668.00)	10,63,830.00
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings	(1,78,85,341.00)	2,46,64,195.00
Interest Paid	(81,79,769.00)	(72,74,088.00)
Increase in Share Capital	(0.00)	2,05,500.00
Net Cash used in Financing Activities	(2,60,65,110.00)	1,75,95,607.00
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(19,03,575.00)	3,01,038.00
OPENING BALANCE OF CASH & CASH EQUIVALENTS	78,93,283.00	75,92,245.00
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	59,89,708.00	78,93,283.00

Notes:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements"
- Previous year's figure 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

(V.SURESH)
PARTNER
M.NO.020580
Place : Chennai
Date : 14th August 2018

For and on behalf of the Board

S.V.Raguraman - Chairman & Managing Director
S.V.Sridhar - Director Commercial
S.Niranjan Kumar - Director Technical

1. SIGNIFICANT ACCOUNTING POLICIES

a. Corporate Information

Swetha Engineering Limited (“the Company”) is a public company incorporated and domiciled in India. The registered office of the company It is engaged in the business of manufacture and service (Erection, Installation and Commissioning, Repair, Reconditioning and Maintenance) of engineering equipments (Capital Goods) to Pulp and Paper Industries, Cement Industries and other similar such industries.

b. Significant Accounting Policies

a) Basis of Preparation:

i) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as Ind AS) as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules 2015] and relevant provisions of the Act.

These financial statements for the year ended 31st March, 2018, comprising of Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows, are the first financials with comparatives, prepared under IndAS.

ii) **Historical cost of Convention:**

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 Standard) Rules 2006 and other relevant provisions of the Act used for its statutory reporting requirement in India.

iii) **Current /Non-Current Classification:**

All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle and other criteria set out in the Schedule III to the Act.

c. Use of Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosures relating to contingent liabilities as at the date of Financial Statements and the reported amounts of revenues and expenses during the reporting Year. Estimates and underlying assumptions are reviewed on an ongoing basis. Such Estimates & assumptions are based on management evaluation of relevant facts & circumstances as on date of financial statements. Differences between actual results and estimates are recognized in the year in which the results are known /materialized.

d. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty/Goods and Service Tax and net of returns, trade allowances, rebates, discounts, value added taxes and amounts collected on behalf of third parties.

Sale and Service of Product:

Revenue is recognized when the significant risks & rewards of ownership of the goods have passed to the buyer.

Sale of Services:

Revenue from sale of service is recognised in the accounting period in which the services is rendered.

Interest and Dividend Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

e. Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of Property, plant & equipment are stated at cost of acquisition less accumulated depreciation/ amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date of asset is ready for intended use. Project under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental pre-operative expenses, and attributed interest. However, cost excludes Excise duty, Value added Tax, Service tax and Goods and Service tax (from the date of its introduction) to the extent credit of the duty or tax is availed of. All other repairs and maintenance are charges to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing with carrying amount. These are included in profit or loss with other gains/(losses).

e. Depreciation and amortization

- (i) Depreciation on tangible fixed assets is charged over the estimated useful life on Written Down Value Method, in accordance with Part A of Schedule II to the Companies Act 2013.
- (ii) The estimated useful life of the asset followed by the company is given below

Description	Years
a) Factory building and Other Buildings	30
b) Furniture Fixtures	10
c) Electrical Installations and Equipments	10
d) Vehicles	8
e) Plant and Machinery	15

- (iii) Residual Value and useful life are reviewed and adjusted, if appropriate for each reporting period.

- (iv) Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

g. Translation of foreign currency

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of transaction.

- (i) Foreign currency monetary assets and liabilities such as cash, receivables and payables etc are translated at year end exchange rates.
- (ii) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as Income and expense in the year in which they arise.

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

h. 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 finished goods and work in progress comprise of Direct materials, Direct labour and manufacturing overheads and appropriate proportion of variable and fixed overhead expenditure, which is being allocated on the basis of normal capacity.

i. Employees

(a) Short term obligations:

All employee benefits (Salaries and Wages including non-monetary benefits) that are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised upto the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are present current employee benefit obligation in the balance sheet.

(b) Post-employment Obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund & employees' state insurance.

• Gratuity obligations:

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period

less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

The company has covered its gratuity liability by a Group Gratuity policy named 'Employee Group Gratuity Scheme' issued by LIC of India.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

- **Defined Contribution Plans:**

Defined Contribution Plans such as Provident Fund and Employees' State Insurance are charged to the Statement of Profit and Loss as incurred. The Company has no further payment obligations once the contributions have been paid.

j. Taxes on Income

Income tax comprises of Current tax and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Provisions are made based on the basis of amount expected to be paid to tax authorities.

In compliance with Accounting Standard – 22 issued by the Institute of Chartered Accountants of India, The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset on a/c of temporary timing difference was not recognised during the year under review.

k. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements.

l. Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

m. Cash Flow Statement

Cash flows are reported using the indirect method, whereby the profit/(loss) and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of the past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on available information.

For this purpose, cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short term balances with original maturity of three months or less from the date of acquisition, highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value.

n. Operating cycle for current and non-current classification:

Based on the nature of the activities of the company and to the norms and standards that followed in the line of business (duration of the specific contract/ services including defect liability period) and the realization into cash/ cash equivalents, the operating cycle has been determined as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Note 2: Property, Plant and Equipment

Sl. No.	Description	Gross Block				Depreciation				Net Block	
		As on 1st April, 2017	Additions	Deletions	Total	Upto 31st March, 2017	Adj.	For 2017-18	Upto 31st March, 2018	As on 31st March, 2018	As on 31st March, 2017
1	Land	57,64,132.00	0.00	0.00	57,64,132.00	0.00	0.00	0.00	0.00	57,64,132.00	57,64,132.00
2	Building - Factory	2,12,65,431.00	0.00	0.00	2,12,65,431.00	1,60,11,287.00	0.00	6,54,012.00	1,66,65,299.00	46,00,132.00	52,54,144.00
3	Guest House	33,60,210.00	0.00	0.00	33,60,210.00	16,85,991.00	0.00	1,81,865.00	18,67,856.00	14,92,354.00	16,74,219.00
4	Computer	44,70,708.00	0.00	0.00	44,70,708.00	44,65,916.00	0.00	0.00	44,65,916.00	4,792.00	4,792.00
5	Crane	26,69,967.00	0.00	0.00	26,69,967.00	16,73,316.00	0.00	0.00	16,73,316.00	9,96,381.00	9,96,381.00
6	Electrical Equipments	55,63,158.00	2,29,737.00	0.00	57,92,895.00	47,27,285.00	0.00	1,96,114.00	49,25,399.00	8,67,496.00	8,89,634.00
7	Furniture & Fittings	29,30,414.00	29,035.00	0.00	29,59,449.00	20,41,050.00	0.00	1,87,754.00	22,28,804.00	7,30,645.00	7,30,645.00
8	Office Equipments	23,91,765.00	0.00	0.00	23,91,765.00	23,91,765.00	0.00	0.00	23,91,765.00	0.00	0.00
9	Plant & Machinery	7,36,97,145.00	0.00	0.00	7,36,97,145.00	5,74,99,785.00	0.00	25,35,563.00	6,00,35,339.00	1,36,61,806.00	1,61,97,359.00
10	Vehicles	60,01,481.00	0.00	0.00	60,01,481.00	55,22,625.00	0.00	1,81,339.00	57,03,964.00	2,97,517.00	4,78,856.00
	Total	12,81,14,141.00	2,58,772.00	0.00	12,83,72,913.00	9,60,19,021.00	0.00	39,38,637.00	9,99,57,658.00	2,84,15,255.00	3,20,95,120.00
	Capital Work in Progress	0.00	17,70,000.00	0.00	17,70,000.00	0.00	0.00	0.00	0.00	0.00	0.00
	Previous year	12,75,63,246.00	5,50,895.00	0.00	12,81,14,141.00	9,05,74,117.00	5,01,214.00	49,43,690.00	9,05,74,117.00	3,20,95,120.00	3,69,89,129.00

Note:3 Deferred Tax Asset	31st March 2018	31st March 2017
Deprecation	13,28,313.00	13,28,313.00
Unabsorbed Business Loss	33,32,025.00	33,32,025.00
Total	46,60,338.00	46,60,338.00

Note :4 Other - Current Assets	31st March 2018	31st March 2017
Deposits with Banks (with maturity more than 12 Months)	0.00	1,17,17,850.00
Total	0.00	1,17,17,850.00

Note:5 Inventories	31st March 2018	31st March 2017
Raw Materials	45,40,710.00	67,32,923.00
Work in Progress	1,46,47,578.00	93,37,750.00
Total	1,91,88,288.00	1,60,70,673.00

Note :6 Trade Receivables	31st March 2018	31st March 2017
Unsecured and Considered good Outstanding for a period of six months from the date they are due for payment	1,62,91,256.00	72,44,990.00
Others	3,39,49,687.00	4,26,33,276.00
Total	5,02,40,943.00	4,98,78,266.00

Note:7 Cash and Cash Equivalent	31st March 2018	31st March 2017
Cash and Cash equivalents		
(i) Bank Balance in		
- Current Account	3,64,036.00	40,79,085.00
(ii) Cash on Hand	1,25,672.00	59,725.00
(iii) Other Bank Balances		
Bank Deposits (held as Margin money for Bank guarantees)	55,00,000.00	37,54,473.00
Total	59,89,708.00	78,93,283.00

Note:8 Short Term Loans and Advances	31st March 2018	31st March 2017
Unsecured and Considered Good		
Balance with Government Authorities	79,92,593.00	73,66,151.00
Advance to Suppliers	29,72,398.00	33,96,492.00
Long Term Staff Advances	30,07,174.00	27,34,186.00
Employee Advance and Others	5,71,426.00	7,23,312.00
Deposits	7,01,240.00	7,93,372.00
Total	1,52,44,831.00	1,50,13,513.00

Note:9 Other Current Assets	31st March 2018	31st March 2017
Unsecured and Considered Good	-	-
Interest Accrued on Deposits, but not due	85,001.00	5,05,393.00
Total	85,001.00	5,05,393.00

Note 10 : Share Capital	31st March 2018	31st March 2017
<u>Authorised Share Capital</u>		
50,00,000 (March 2018: 50,00,000) equity shares of Rs.10 Each	5,00,00,000.00	5,00,00,000.00
2,00,000 (March 2018 : 2,00,000) 13% Cumulative Convertible Preference Shares of Rs.100 each	2,00,00,000.00	2,00,00,000.00
Issued Share Capital		
39,20,100 Equity Shares of Rs.10/-	3,92,01,000.00	3,92,01,000.00
<u>Issued,Subscribed and Fully Paid up</u>		
37,49,300 (March 2018: 37,49,300) equity shares of Rs.10 each	3,74,93,000.00	3,74,93,000.00
Total issued,subscribed and paid up share capital	3,74,93,000.00	3,74,93,000.00

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

Equity Shares	31st March 2018		31st March 2017	
	No. of Shares	in Rs.	No. of Shares	in Rs.
At the Beginning of the year	37,49,300	3,74,93,000.00	37,49,300	3,74,93,000.00
Outstanding at the end of the year	37,49,300	3,74,93,000.00	37,49,300	3,74,93,000.00

(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 2018		31st March 2017	
	Numbers	% holding in the Class	Numbers	% holding in the Class
(a) Celltech Consultancy and Marketing (P) ltd	2,80,600	7.48	2,80,600	7.48
(b) Pinakin Chimanlal Shah	4,43,000	11.82	4,43,000	11.82
(c) S.V.Raguraman	7,27,408	19.40	6,67,208	17.80
(d) S.V.Sridhar	3,41,095	9.10	3,41,095	9.10

Note:11 Reserves and Surplus	31st March 2018	31st March 2017
Securities Premium account		
Balance as per the last financial Statements	2,11,90,827.00	2,11,90,827.00
Capital Reserve		
Forfeited Shares	1,74,000.00	1,74,000.00
Statement of Profit and Loss		
As per last balance sheet	(54,63,592.00)	41,85,661.00
Add/(Less) :adjustment of Assets	0.00	(5,01,214.00)
Add: Profit for the year	(20,89,283.00)	(91,48,039.00)
Closing Balance	(75,72,875.00)	(54,63,592.00)
Total	1,38,11,952.00	1,59,01,235.00

Note:12 Long Term Borrowings	31st March 2018	31st March 2017
Secured Loans		
Term Loans		
- From Banks	1,25,35,919.00	2,06,35,246.00
Total	1,25,35,919.00	2,06,35,246.00

- a) Working Capital Term Loan from Repco Bank, Corporate Branch of Rs.44,34,990.00 is repayable in 84 month equated monthly instalments carrying interest rate @ 13% p.a and the repayment to the loan has commenced from February 2017.
- b) Secured Loan from Repco Bank, Corporate Branch of Rs.70,99,929.00 was availed for submitting 100% Margin Money for availing Foreign Bank Guarantee. The Loan will be repaid during the tenure of the Project period.
- c) M/s. Repco Bank, Corporate Branch has sanctioned secured loan of Rs.50.00 lakhs and the loan is repayable in 60 equate monthly instalments carrying interest rate @ 13% p.a and repayment to the loan commences from the date of final disbursement/availment of balance of sanctioned amount.

(*) - The company has utilised a sum of Rs. 10,01,000.00 against sanctioned amount of Rs.50.00 lakhs.

Note 13 : Long Term Provisions	31st March 2018	31st March 2017
Provisions for employee Benefits-Gratuity	47,46,170.00	42,06,770.00

Note 14 : Short Term Borrowings	31st March 2018	31st March 2017
Secured: Overdraft facility - From Bank	3,75,99,330.00	4,73,85,344.00
Total	3,75,99,330.00	4,73,85,344.00

Secured Overdraft from Repco Bank, Corporate Branch of Rs.3,75,99,330.00 is secured by way of Continuity Mortgage on the title deeds of the company properties located in Chennai (Ambattur, Ambattur Estate and Korattur) and Hypothecation of Stock, Machineries and Receivables.

Note 15: Trade Payables	31st March 2018	31st March 2017
Trade Payables	49,47,779.00	95,71,051.00
Total	49,47,779.00	95,71,051.00

Note: 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 details could not be furnished. In view of the above and in the absence of the relevant information,

Note 16: Other Current Liabilities	31st March 2018	31st March 2017
Advance from Customers	1,28,47,631.00	17,48,648.00
Other Short term liabilities	6,49,605.00	6,017.00
Outstanding liabilities	9,62,978.00	8,87,125.00
Total	1,44,60,214.00	26,41,790.00

Note:17 Revenue from Operations	31st March 2018	31st March 2017
Sale of Products	2,24,67,652.00	2,28,41,648.00
Sale of Services	3,52,44,366.00	1,58,27,619.00
Sub total	5,77,12,018.00	3,86,69,267.00
Less: Excise Duty	(11,67,126.00)	(14,62,737.00)
Net Amount = As per statement of Profit & Loss	5,65,44,892.00	3,72,06,530.00

Note:18 Other Income	31st March 2018	31st March 2017
Interest Income		
on Electricity Deposit	19,233.00	23,843.00
On Bank Deposits	8,03,871.00	7,46,163.00
On Income Tax Refund	0.00	8,44,719.00
Insurance claim received	0.00	71,118.00
Net Amount	8,23,104.00	16,85,843.00

(Tax deducted at source: Current year Rs.79,002.00 : Previous year Rs.83,242.00)

Note:19 Cost of Raw Materials Consumed	31st March 2018	31st March 2017
Opening Stock of Raw Material	67,32,923.00	42,76,367.00
Add: Purchases during the year	1,25,78,590.00	88,64,656.00
	1,93,11,513.00	1,31,41,023.00
Less:Closing Stock	(45,40,710.00)	(67,32,923.00)
Net Amount	1,47,70,803.00	64,08,100.00

Note :20 Changes in Inventory of WIP,Stock in Trade etc	31st March 2018	31st March 2017
Work in Progress		
Opening WIP	93,37,750.00	97,03,883.00
Less:Closing WIP	(1,46,47,578.00)	(93,37,750.00)
Net Amount	(53,09,828.00)	3,66,133.00

Note:21 Employee Benefit Expenses	31st March 2018	31st March 2017
Salaries and Incentives	1,63,57,212.00	1,18,58,432.00
Contribution to approved fund	17,70,830.00	12,66,976.00
Staff Welfare Expenses	23,35,741.00	21,05,431.00
Total Amount	2,04,63,783.00	1,52,30,839.00

Salaries includes remuneration paid/payable to directors of Rs.58,80,000.00 (Previous year Rs.57,60,000).

Note:22 Finance Costs	31st March 2018	31st March 2017
Interest on Secured Overdraft	56,64,746.00	60,00,057.00
Interest on Term Loan	23,12,752.00	10,07,627.00
Interest on Loan against Deposit	1,86,664.00	2,66,154.00
Interest on Hire Purchase	14,860.00	0.00
Interest – Others	747.00	250.00
Total Amount	81,79,769.00	72,74,088.00

Note:23 Other Expenses	31st March 2018	31st March 2017
Packing Materials	17,010.00	7,300.00
Power and Fuel Charges	15,35,479.00	13,85,958.00
Manufacturing and operating Expenses	62,64,813.00	27,38,812.00
Maintenance Charges	12,74,587.00	14,65,439.00
Overhead Charges	27,390.00	4,33,302.00
Project Engineering Charges	5,11,250.00	14,15,000.00
Transportation Charges	3,82,305.00	2,52,212.00
Audit Fees (Refer Note 25)	1,08,000.00	1,08,000.00
Professional Charges	5,57,500.00	9,66,750.00
Service Charges	14,04,566.00	5,85,287.00
Bank and Processing Charges	4,05,873.00	6,67,340.00
Business Promotion Expenses	7,43,948.00	6,86,690.00
Exchange Loss	4,99,040.00	1,69,780.00
Filing & Listing Fees	6,018.00	20,299.00
Insurance	2,66,146.00	1,81,070.00
Legal Expenses	52,000.00	1,52,500.00
Rates & Taxes	6,11,856.00	3,37,884.00
Sitting Fees Insurance	10,000.00	10,000.00
Conveyance and Travelling Expenses	12,45,660.00	9,92,351.00
Postage and Telephone expenses	1,93,306.00	2,34,365.00
Printing and Stationery	70,372.00	59,312.00
Miscellaneous Expenses	12,26,996.00	9,47,911.00
Total Amount	1,74,14,115..00	1,38,17,562.00

Note: 24 Earnings per Share	31st March 2018	31st March 2017
Net Profit for the year	(20,89,283.00)	(91,48,039.00)
Weighted Average no. of equity shares	37,49,300	37,49,300
Basic EPS	(0.56)	(2.44)
Diluted EPS	0.00	0.00
Face Value per Share	10.00	10.00

Note:25 Audit Fees	31st March 2018	31st March 2017
Payment to Auditor		
(a) as Auditor	60,000.00	60,000.00
(b) for Taxation Matters	30,000.00	30,000.00
(c) for other Services	8,000.00	8,000.00
(d) for Reimbursement of Expenses	10,000.00	10,000.00
Total	1,08,000.00	1,08,000.00

Note:25 Contingent Liabilities not provided for	31st March 2018	31st March 2017
(i) Advance and Performance Bank Guarantees (Bank)	47,81,504.00	33,03,513.00
(ii) Disputed Property Tax		
Disputed Amount	25,09,930.00	18,32,238.00
Amount Paid as on 31st March 2018	9,83,212.00	5,33,212.00

As per our report of even date

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

For and on behalf of the Board

(V.SURESH)
 PARTNER
 M.NO.020580
 Place : Chennai
 Date : 14th August 2018

S.V.Raguraman - Chairman & Managing Director
 S.V.Sridhar - Director Commercial
 S.Niranjan Kumar - Director Technical

SWETHA ENGINEERING LIMITED

CIN : U27209TN1986PLC013787

Registered Office: Plot No.123 – 131, Tass Industrial Estate, Ambattur,
Chennai , 600098, Tamilnadu, India

PROXY FORM

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

32nd ANNUAL GENERAL MEETING

Name of the Member(s)	
Registered Address	
E-Mail ID :	
Folio No./Client ID :	
DP ID :	

I/We being the member(s) of SWETHA ENGINEERING LIMITED having shares of _____ hereby appoint:

1. Name: _____ Address _____

E-Mail Id _____ Signature _____

2. Name: _____ Address _____

E-Mail Id _____ Signature _____

3. Name: _____ Address _____

E-Mail Id _____ Signature _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Monday, the 24th day of September 2018 at 11.00A.M. at the registered office of the Company at **Plot No.123-131, Tass Industrial Estate, Ambattur, Chennai - 600098, Tamilnadu, India** and at any adjournment thereof in respect of such resolutions as are indicated

Resolution No.	Proposed Resolution
Ordinary Business	
1	To consider and adopt the audited financial statement of the Company for the financial year ended 31st March 2018, the reports of the Board of Directors and Auditors thereon.
2	To appoint a Director in place of Mr.S.Niranjan Kumar (DIN-00098587) who retires by rotation and being eligible, offer himself for re-appointment.
3	Appointment of M/s.Suresh & Sridharan., Chartered Accountants as the Statutory Auditor of the Company
4	Variation in terms of appointment of Mr.S.V.Sridhar (DIN:00098576) as Whole-time Director
5	Variation in terms of appointment of Mr.S.Niranjan Kumar (DIN:00098587) as Whole-time Director.
6	Amendment to Main Object Clause IIIA. of the Memorandum of Association
7	To enlist the equity shares of the Company with Metropolitan Stock Exchange of India Limited, National Stock Exchange or any other Stock Exchange

Signed this _____ day of _____ 2018

Affix Revenue
Stamp not less
than Rs. 1/-

Signature of the shareholder(s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.

SWETHA ENGINEERING LIMITED

CIN : U27209TN1986PLC013787

Registered Office: Plot No.123 – 131, Tass Industrial Estate, Ambattur,
Chennai , 600098, Tamilnadu, India

ATTENDANCE SLIP 32nd ANNUAL GENERAL MEETING

Regd.Folio No./DPID & Client ID	
No.of Shares	
Name of the Member(s)	
Name of the Proxy	

I/we hereby record my/our presence at the 32nd Annual General Meeting of the Company, to be held on Monday, the 24th day of September 2018 at 11.00A.M. at the registered office of the Company at **Plot No.123-131, Tass Industrial Estate, Ambattur, Chennai - 600098, Tamilnadu, India**

Member/Proxy Signature

Note :

1. Member/proxy wishing to attend the meeting must bring the attendance slip at the meeting and hand over at the verification counter at the Meeting Hall duly filled and signed.
2. Member/proxy attending the meeting shall bring their copy of the Annual Report for reference at the meeting.

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	Password
	Folio No. / DP Client ID	Use your existing password or enter your PAN/Bank A/C No. Date of Birth

Note : Please refer the details and instructions in the notice of the 32nd Annual General Meeting. The Voting period starts from 9.00.A.M. on 21st September 2018 and end on at 05.00PM on 23rd September 2018. The Voting module shall be disabled by CDSL for voting thereafter.

Book - Post

To
Thiru / Thirumathi

.....

.....

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