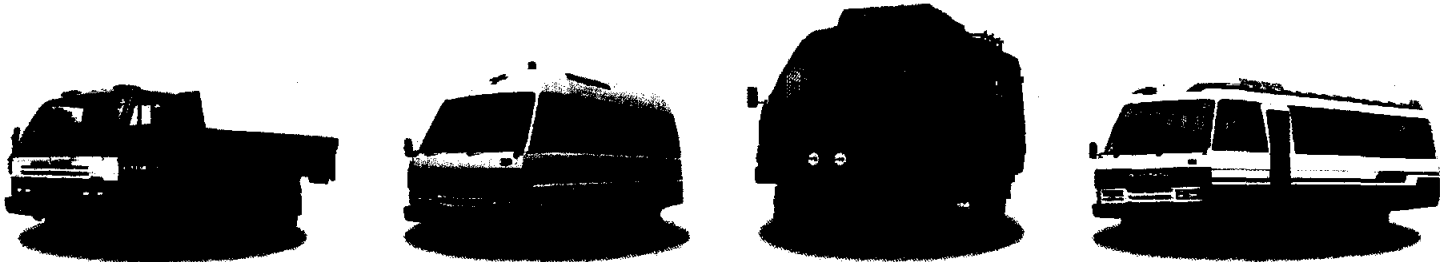


**SWARAJ
MAZDA**

A N N U A L R E P O R T 2 0 0 2

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Swaraj Mazda Limited

Swaraj Mazda Limited

BOARD OF DIRECTORS

MUKUL JOSHI – Chairman

T.K.A. NAIR

HARKIRAT SINGH

S.K. TUTEJA

K. NAKAJIMA

T. MATSUBARA

K. MACHIDA

N. INAMOTO

T. YOSHIMOTO

YASH MAHAJAN - Vice Chairman & Managing Director

A. OKAMOTO - Alternate Director to T. MATSUBARA

T. YOSHIMOTO - Alternate Director to K. MACHIDA

**MEMBERS OF THE
EXECUTIVE BOARD**

B.S. DEVGUN

P.K. VERMA

P. SIVARAM

AUDITORS

PRICE WATERHOUSE

BANKERS

CANARA BANK

INDIAN OVERSEAS BANK

REGISTERED OFFICEVILLAGE ASRON,
DISTT. NAWANSHAHAR-140 001
(PUNJAB)



SHAREHOLDERS' INFORMATION

1. **Annual General Meeting** : **30th September, 2002 at 1.30 P.M.**
2. **Financial Calender (tentative)**
Financial reporting for
 Quarter ended 30th June, 2002 Taken on record on 30th July, 2002
 Quarter ending 30th September, 2002 Last week of October, 2002
 Quarter ending 31st December, 2002 Last week of January, 2003
 Year ending 31st March, 2003 June, 2003
3. **Book Closure Dates** : **11th September, 2002 to 18th September, 2002 (both days inclusive)**
4. **Dividend Payment** : **On or after 30th September, 2002, but within the statutory time limit**
5. **Listing on Stock Exchanges** : **Ludhiana, Mumbai, Delhi & National Stock Exchange**
6. **Listing Fees** : **Paid for all the above Stock Exchanges for 2002-2003**
7. **Regd. Office** : **Village Asron, Distt. Nawanshahar, Punjab**
8. **Stock Market Data**

Monthly High - Low quotations for one SEL Equity Share of Rs.10 each at Bombay Stock Exchange (BSE) & National Stock Exchange (NSE) are as under:

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2001				
April	30	24	29	23
May	26	24	27	24
June	30	26	29	26
July	28	25	29	24
August	30	27	31	26
September	31	25	30	25
October	28	25	27	25
November	43	27	43	25
December	40	32	40	30
2002				
January	40	33	38	33
February	41	36	43	36
March	49	35	49	35
April	69	45	69	47
May	69	49	70	47
June	89	50	90	50
July	98	67	99	63
August	79	63	77	65

9. **Stock Code :** **BSE – 505192 & NSE – SWARAJ MAZD**

10. **Dematerialisation of Shares:**

The Securities & Exchange Board of India (SEBI), with effect from 28th August, 2000 has included the shares of Swaraj Mazda Limited in the compulsory demat list for all categories of investors. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to facilitate this facility. **On date, over 28% of the Company's shares are now held in electronic form.**



**International Securities Identification Number : INE294B01019
(with NSDL and CDSL)**

For shares held in electronic form, all instructions regarding change of address, nomination, power of attorney etc., should be given directly to their Depository Participants and the Company will not entertain any such requests directly from shareholders.

11. Share Transfer System:

Share transfers would be registered & returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.

Total number of physical shares transferred during 2001-02 were 70,901 (Previous Year – 8,89,705)

12. Share Transfer & other Communication regarding Share Certificates, Dividends and Change of Address etc. may be addressed to :

Swaraj Mazda Limited,
SCO : 204-205,
Sector 34-A,
Chandigarh-160 022.
Tel. : 0172-647700-10,
Fax : 0172-615111

MCS Limited,
Sri Venkatesh Bhawan,
212-A, Shahpur Jat,
Behind Panchsheel Club,
New Delhi-110 049.
Tele : 011-6494830
Fax : 011-6494152

13. Categories of Shareholders as on August, 2002

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	3	55.07	57,75,000
Mutual Funds & UTI	14	6.40	6,70,520
Other Bodies Corporate	198	4.77	5,00,322
FII's/NRI's/OCB's	1669	3.20	3,35,080
Individuals	16920	30.56	32,05,778

14. Distribution of Shareholdings as on August, 2002

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Share-holdings
1-100	15441	12,03,263	11.47
101-200	1509	2,80,699	2.68
201-500	1124	4,07,548	3.89
501-1000	350	2,79,032	2.66
1001-5000	370	15,84,188	15.11
5001-above	10	67,31,970	64.19

15. Plant Location :

Swaraj Mazda Limited
Village Asron,
Distt. Nawanshahar,
Punjab.

**16. Investor queries etc. may be addressed to :
With respect to the financial statement and secretarial matters :**

Mr.P.Sivaram,
Executive Director – Finance,
Swaraj Mazda Limited
SCO: 204-205, Sector 34 – A
Chandigarh – 160022
Tele: 0172-647700
Fax: 0172-615111

17. Website Address :

www.swarajenterprise.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eighteenth Annual General Meeting of the Company will be held at its Registered Office at village Asron, Distt. Nawanshahar - 140 001 (Punjab) on 30th September, 2002 at 1.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2002 together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. T. Matsubara who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. T. K. A. Nair who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Harkirat Singh who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s) the following resolution:

7. As an Ordinary Resolution:

"Resolved that Mr. Mukul Joshi, who was co-opted as Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds such office as Additional Director until this Annual General Meeting, be and is hereby appointed as a Director of the Company."

8. As an Ordinary Resolution:

"Resolved that Mr. N. Inamoto, who was co-opted as Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds such office as Additional Director until this Annual General Meeting, be and is hereby appointed as a Director of the Company."

9. As an Ordinary Resolution:

"Resolved that Mr. T. Yoshimoto, who was co-opted as Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds such office as Additional Director until this Annual General Meeting be and is hereby appointed as a Director of the Company."

10. As a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended to the extent and in the manner set out hereunder:

After Article 34, a new Article 34A be inserted:

Dematerialisation of Securities

For the purpose of this Article, unless the context otherwise requires:

Definitions

- (1) 'Beneficial Owner' means a person or persons whose name(s) is recorded as such with a depository.
- 'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992.
- 'SEBI' means the Securities & Exchange Board of India.
- 'Security' means such security as may be specified by SEBI from time to time.

- Dematerialisation of securities** (2) Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- Options for Investors** (3)(a) Every person subscribing to securities offered by the Company shall have the option either to receive the security certificates or to hold the securities with a depository. If a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security. On receipt of such information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.
- (b) Every person who is the beneficial owner of the securities can at any time opt out of depository, in the manner provided by the Depositories Act. The Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.
- Securities in depositories to be in fungible form** (4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- Rights of Depositories and beneficial owners** (5)(a) Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (A) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- Service of Documents** (6) Notwithstanding anything in the Act or the Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- Transfer of Securities** (7) Nothing contained in Section 108 of the Act or the Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owner in the records of a depository.
- Allotment of Securities dealt Within a depository.** (8) Notwithstanding anything contained in the Act or the Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- Distinctive numbers of securities held in a depository** (9) Nothing contained in the Act or the Articles regarding necessity of having distinctive numbers for the securities issued by the Company shall apply to securities held with a depository.
- Register and index of beneficial owners** (10) The Register and Index of the beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of the Articles."

11. As a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended to the extent and in the manner set out hereunder:



After Article 40, a new Article 40A be inserted:

Nomination

Notwithstanding anything contained in the Articles, every holder of share(s) or debenture(s) of the Company may, at any time, nominate, in the prescribed manner, a person to whom these share(s) or debenture(s) shall vest in the event of his death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.

Regd. Office
Village Asron
Distt. Nawanshahar (Punjab)

By Order of the Board

(YASH MAHAJAN)
Vice Chairman &
Managing Director

Dated : September 5th, 2002

NOTES:

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed hereto and forms part of the Notice.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend instead of himself. Such proxy need not be a member of the Company. Proxies in the Form Annexed hereto must be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from 11.09.2002 to 18.09.2002. (both days inclusive)
4. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend, as recommended by the Board of Directors, if approved at the Meeting, will be payable on or after September 30th, 2002, but within the Statutory time limit, to those Members whose names appear in the Register of Members as on September 18, 2002. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of the business on September 10, 2002 as per details furnished by the depositories for this purpose.
5. No tax will be deducted at source from dividend not exceeding Rs.2500/- payable to any resident individual Shareholder in the financial year ending 31st March, 2003. Other resident individual Shareholders whose total income does not exceed Rs. 50000/- during the financial year 2002-03 including such dividend income and who desire to get their dividend without deduction of tax from the Company, may file a declaration in form 15G in duplicate or Tax Exemption Certificate issued by the Income Tax Officer under the Income Tax Rules, as may be applicable, so as to reach the Company not later than September 25, 2002 as it would not be possible for the Company to act upon such declaration / certificates received after that date.
6. Members are requested to:
 - Intimate to the Company changes, if any, in their registered address at an early date.
 - Forward P.A.N. with Income Tax Ward / Range / District to the Company.
 - Quote ledger folio / beneficiary number in all their correspondence.
7. As per the regulation of National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company can not entertain any request for deletion /change of bank details already printed on the dividend warrants as per information received from the concerned Depositories. In this regard members are advised to contact their Depository Participant (DP) and furnish the particulars of any changes desired by them.



8. In case a member intend to raise any query at the forthcoming Annual General Meeting, the same may please be forwarded at least 7 days before the date of the Meeting of the Company so that it is attended to appropriately.
9. Members having multiple folios are requested to intimate to the registrar MCS Limited, New Delhi such folios to enable the Company to consolidate all shareholdings into one folio.
10. Members are requested to bring their copy of Annual Report to the Meeting.
11. Appointment / Re-appointment of Directors:

At the ensuing Annual General Meeting, Mr. T. Matsubara, Mr. T.K.A.Nair and Mr. Harkirat Singh, retire by rotation and being eligible offer themselves for re-election. Mr. Mukul Joshi, Mr. N. Inamoto and Mr. T. Yoshimoto are being appointed as Directors of the Company. Information or details to be provided for the aforesaid Directors under Corporate Governance code is as under:

- a) Mr. T. Matsubara is a nominee Director of Mazda Motor Corporation (MC) Japan and has been Director of the Company since October, 1995.

Mr. Matsubara is a graduate from Hiroshima University with a degree in Literature. He joined MC in 1963 and has held various key positions. Presently he is a Managing Director, Incharge of Overseas Sales. He has vast and varied experience in Marketing and Management.

- b) Mr. T.K.A.Nair has been a Director of the Company since inception (1983) and was the Company's first Chairman.

Mr. Nair holds a Master's degree in Economics and History and retired from the Indian Administrative Service in 1999. Prior to his current assignment as Chairman, Public Enterprises Selection Board, Government of India, Mr. Nair has held various key positions in the Government including that of Secretary to Prime Minister of India, Secretary to Government of India, Ministry of Environment & Forests, Chief Secretary to Government of Punjab and Principal Secretary to Government of Punjab, Department of Industries.

Mr. Nair is Chairman of Kerala State Industrial Development Corporation (KSIDC) and Kerala Chemicals & Proteins Ltd. (KCPL) and Director in Indian Institute of Information Technology & Management.

- c) Mr. Harkirat Singh has been a Director of the Company since 1990.

Mr. Singh holds a Master's degree in Economics and retired as Executive Director of LIC, after 34 years of service. He has wide experience in Marketing and Management.

In SML, Mr. Singh is also a Member of Audit Committee, Shareholder / Investor Relations Committee and Capital Expenditure Committee.

Further Mr. Singh is a Director in Shree Cement Ltd.

- d) Mr. Mukul Joshi, on becoming the Chairman of Punjab Tractors Ltd. was inducted to the SML Board in April 2002 and became Chairman of the Company.

Mr. Joshi hold a Master Degree in Economics from Delhi University and M.Sc. in Economics from London School of Economics. He graduated in Economics (Honours) from St. Stephen's College.

Mr. Joshi belongs to the Indian Administrative Service (IAS) and possesses vast experience in Administration, Commerce and Industry. Prior to his appointment as Financial Commissioner (Taxation) and Principal Secretary, Industries & Commerce, Govt. of Punjab, he has held various administrative positions in the Punjab Government and Central Government.

Mr. Joshi is the Chairman of Punjab State Industrial Development Corporation Ltd., Punjab State Electronics Development & Production Corporation Ltd., Punjab Tractors Ltd., Punjab Alkalies & Chemicals Ltd., Punjab Communication Ltd., Electronic Systems Punjab Ltd., Punjab Agro Industries Corp. Ltd. and Director in Punjab small Industries & Export Corporation.



Presently, Mr. Joshi is a member in the following Committees.

Name of the Company	Name of Committee
1. Punjab Tractors Ltd.	Capital Expenditure Committee. Remuneration/Compensation Committee. Appointment of Dealers/ Vendors Committee
2. Swaraj Mazda Ltd.	Capital Expenditure Committee
3. Punjab State Industrial Development Corp. Ltd.	Personnel Matters Committee
4. Punjab Agro Industries Corp. Ltd.	Disinvestment Committee
<p>e) Mr. N. Inamoto is a nominee Director of Mazda Motor Corporation (MC) Japan and has been a Director of the Company since July, 2002</p> <p>Mr. Inamoto is a Mechanical Engineering graduate from Kyoto University. Presently he is a Director in MC, incharge of Production Engineering Division. Joining MC in 1977. Mr. Inamoto has acquired vast and varied experience in Production and Management functions.</p>	
<p>f) Mr. T. Yoshimoto has recently been appointed a Director of the Company.</p> <p>Mr. Yoshimoto is presently Chairman & Managing Director of Sumitomo Corporation India Pvt. Ltd. Delhi. He is Graduate from Nagoya Institute of Technology, Japan. Joining Sumitomo Corporation in 1971, he has held various key positions in different areas. He has vast experience in Overseas Marketing and Management. He is also Director of J.J.Impex (Delhi) Limited.</p>	

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 7

On his appointment as Principal Secretary Industries and Commerce, Government of Punjab, Mr. Mukul Joshi became the Chairman of PTL vice Mr. R.I. Singh. Taking note of this development, Swaraj Mazda's Board has co-opted him as an Additional Director and elected him as the Chairman of the Company in place of Mr. R.I. Singh. He holds office upto the date of this Annual General Meeting. Notice u/s 257 of the Companies Act, 1956 has been received from PTL signifying their intention to propose the appointment of Mr. Joshi as Director of the Company.

Mr. Joshi is a Senior Officer of the Indian Administrative Services (IAS). He has vast experience in Administration, Commerce and Industry.

The Board is of the considered view that Mr. Joshi's association, guidance and counsel as Director and Chairman would be of immense value to the Company and recommends the resolution for his appointment.

Mr. Mukul Joshi is interested in item No.7 as the resolution relates to his appointment.

Item No.8

In the context of organisational changes at their end, Mazda Motor Corporation have proposed Mr. N.Inamoto as Director in place of Mr.M.Yamaki. Accordingly, Mr. N.Inamoto was appointed as Additional Director in July, 2002 and he holds office upto the date of this Annual General Meeting.

Mr. Inamoto is presently Director Production Engineering Division in MC. Directors feel that his association at the Board level will be of large value to the Company and hence recommend the resolution for his appointment.

Mr. Inamoto is interested in item no.8 as the resolution relates to his appointment.

**Item No.9**

Mr. T. Yoshimoto was appointed as Additional Director in July, 2002 and he holds office upto the date of this Annual General Meeting.

Mr. Yoshimoto is Chairman & Managing Director of Sumitomo Corporation India Pvt. Ltd. Delhi. He joined Sumitomo Corporation in 1971 and has held various key positions in different areas. He has vast experience in Overseas Marketing and Management. The Directors consider that the appointment of Mr. Yoshimoto as a Director would immensely benefit the Company and hence recommended the resolution for his appointment.

Mr. Yoshimoto is interested in item no.9 as the resolution relates to his appointment.

Item No.10

With the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to issue, holding, transfer, transmission of shares and other securities have been amended to facilitate implementation of new system.

It is proposed to amend the Articles of Association of the Company suitably to incorporate therein necessary provisions relating to the depository system.

The Board of Directors recommend the resolution for the approval of Members.

None of the Directors of the Company is interested or concerned in the item except to the extent of their shareholding in the Company, if any.

Item No. 11

As per provisions of Section 109A and 109B of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 every holder of the shares or debentures of the Company may at any time nominate in the prescribed manner, a person to whom his shares or debentures of the Company shall vest in the event of death. It is, therefore, proposed to insert new Article 40A in the Articles of Association of the Company to give effect to the said provisions as set out in the item no 11 of the convening notice.

The Board of Directors recommend the Resolution for the approval of the Members.

None of the Directors of the Company is interested or concerned in the Item except to the extent of their shareholding in the Company, if any.

INSPECTION

All the material documents referred to in the Explanatory Statement will be open for inspection at the Registered Office of the Company at Village Asron, Distt. Nawanshahar (Punjab) on any working day during office hours.