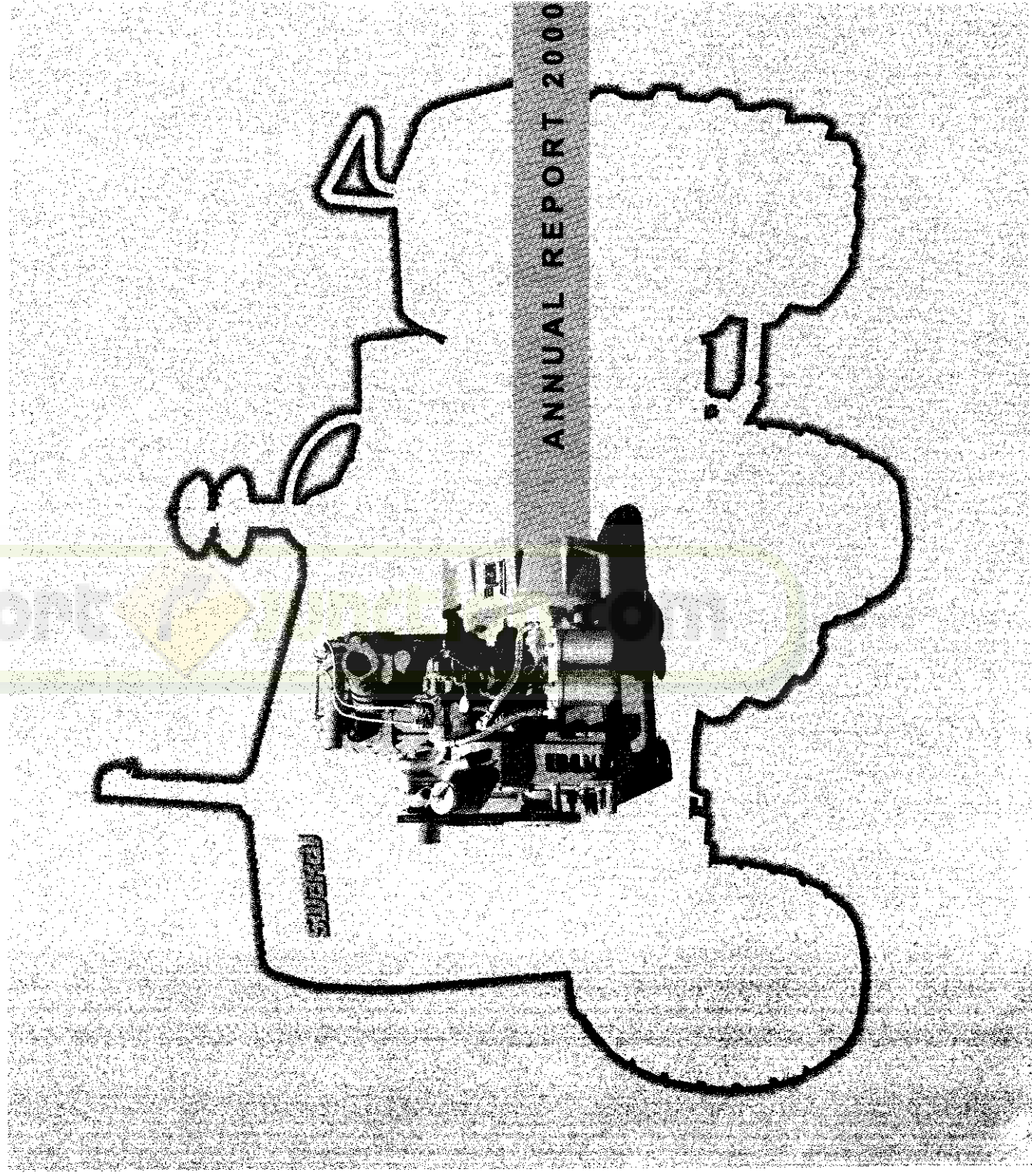


REPORT ON THE ANNUAL REPORT 2000



Swaraj Engines Limited

Executive Director - Finance

P. SIVARAM

Associate Vice President - Finance**& Company Secretary**

GOPAL BANSAL

Auditors

M/S DAVINDER S. JAAJ & CO.

Chartered Accountants

Bankers

CANARA BANK

Registered Office

PHASE-IV, SAS NAGAR,

DISTT. ROPAR-160 055.

Works

PLOT NO. 2, INDUSTRIAL PHASE IX,

SAS NAGAR,

DISTT. ROPAR-160 059

BOARD OF DIRECTORS

YASH MAHAJAN - Chairman

S.K. TUTEJA

Dr. T.N. KAPOOR

ATUL C. KIRLOSKAR

D.L. MIRCHANDANI

GAUTAM KULKARNI

D.R. SWAR

P.K. VERMA

G.S. RIHAL - Managing Director

SWARAJ ENGINES LIMITED**SHAREHOLDER INFORMATION**

1. Date & Venue of AGM : On August 9, 2000 at 10 A.M. at Swaraj R&D Complex, A-29 E, Industrial Area, Phase VII, S.A.S. Nagar, Distt. Ropar-160 055
2. Dividend Payment : On or after August 9, 2000, but within statutory time limit.
3. Listing on Stock Exchanges : Ludhiana, Mumbai, Delhi, Ahmedabad & National Stock Exchange.
4. Listing Fees : Paid for all the above stock exchanges for 1999-2000 & 2000-2001
5. Regd. Office : Phase IV, S.A.S. Nagar, Distt. Ropar-160 055
6. Stock Market Data

Yearly (1990-2000) and Monthly (April 1999 - June 2000)

High-Low Quotations at BSE are as under :-

(Figures in Rs.)

Year	High	Low	Month	High	Low	Month	High	Low
1990	115	32	Apr' 99	865	677	Mar' 00	495	377
1991	130	50	May' 99	860	722	Apr' 00	432	356
1992	240	80	Jun' 99	841	772	May' 00	410	360
1993	195	70	Jul' 99	930	768	Jun' 00	495	352
1994	287	147	Aug' 99	918	800			
1995	345	220	Sept' 99	899	751			
1996	630*	260**	Oct' 99	800	720			
1997	625	290	Nov' 99	770	701			
1998	659	340	Dec' 99	810	588			
1999	930	483	Jan' 00	645	558			
2000	645	352	Feb' 00	600	454			
(till June)								

* Cum Bonus Rate ** Ex Bonus Rate

7. Dematerialisation of Shares :

The Securities & Exchange Board of India (SEBI), with effect from 21st March, 2000 has included Company's shares 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 dematerialisation. Over 30% of Company's shares are now held in electronic form.

8. Shares held in electronic form :

- i) all instructions regarding bank details which shareholders wish to incorporate in their dividend warrants will have to be submitted to their depository participants. As per the regulations of NSDL and CDSL the Company is obliged to print the bank details on dividend warrants as furnished by these Depositories to the Company.
- ii) Instructions already given by shareholders in respect of shares held in physical form will not be automatically applicable to the dividend paid on their shares held in electronic form and the Company will not entertain any request for deletion/change of bank details already printed on dividend warrants as per information received from the concerned depositories.
- iii) all instructions regarding change of address, nomination, power of attorney etc. should be given directly to the Depository participants and the Company will not entertain any such requests directly from the shareholders.

9. Share Transfer & other Communication regarding

SWARAJ ENGINES LIMITED

Share Certificates, Dividends & Change of Address etc. may be addressed to

: A.V.P. - Finance & Company Secretary,
Swaraj Engines Limited,
S.C.O. 204-205, Sector 34-A,
Chandigarh-160 022
Phone : 0172-647700-10
Fax : 0172-615111
e-mail:sml.acc@swarajenterprise.com

10. 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 respect.

Total No. of shares transferred during 1999-2000 was 1,67,700 (Previous Year - 3,03,900)

11. Investors queries etc. may be addressed to :

With respect to the financial statements of the Company :

Mr. P. Sivaram, Executive Director-Finance,
Swaraj Engines Limited,
S.C.O. 204-205, Sector 34-A,
Chandigarh-160 022

With respect to Shares and Secretarial matter :

Mr. Gopal Bansal, A.V.P. - Finance &
Company Secretary,
Swaraj Engines Limited,
S.C.O. 204-205, Sector 34-A,
Chandigarh-160 022

Phone : 0172-647700-10

Fax : 0172-615111

e-mail:sml.acc@swarajenterprise.com

Report Junction.com

12. Categories of shareholders as on June, 2000

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	2	50.55	20,93,000
Financial Institutions	1	2.50	1,03,550
FII's/ NRI's/OCB's	15	4.89	2,02,600
Mutual Funds	5	5.47	2,25,990
Other Bodies Corporate	94	5.18	2,14,305
Individuals	3930	31.41	13,00,495

13. Distribution of Shareholdings as on June, 2000

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Share-holdings
1-100	1658	1,57,331	3.80
101-200	1691	3,36,985	8.14
201-500	394	1,52,300	3.68
501-1000	164	1,24,700	3.01
1001-5000	101	2,08,884	5.05
5001-above	39	31,59,740	76.32
	4047	4139940	100.00

SWARAJ ENGINES LIMITED**THE DECADE OF NINETIES - IN RETROSPECT**

(Rs. in lacs)

Fiscal Year →	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Engines Sold (No's)	4901	8101	8224	8559	8875	10851	12498	15921	17382	24705	27532
Index	1.0	1.7	1.7	1.8	1.8	2.2	2.6	3.2	3.5	5.0	5.6
Total Revenue (Net)	1006	1859	2184	2531	2926	3985	5133	7259	8374	12457	13975
Index	1.0	1.8	2.2	2.5	2.9	4.0	5.1	7.2	8.3	12.4	13.9
PBIDT	107	224	277	369	421	657	965	1375	1675	2609	3275
Index	1.0	2.1	2.6	3.4	3.9	6.1	9.0	12.9	15.7	24.4	30.6
Finance charges (Net)	31	32	42	55	38	4	2	6	123	178	135
Depreciation	19	26	30	30	30	35	42	56	138	256	312
Income Tax	9	5	75	73	112	201	320	386	335	610	935
Net Profit	48	161	130	211	241	417	601	927	1079	1565	1893
Index	1.0	3.4	2.7	4.4	5.0	8.7	12.5	19.3	22.5	32.6	39.4
Dividend %	20	30	35	40	50	80	100	*65	*100	*200	*225
Index	1.0	1.5	1.8	2.0	2.5	4.0	5.0	6.5	10.0	20.0	22.5
Dividend payout	25	62	72	83	104	166	207	269	414	828	931
Equity share capital	207	207	207	207	207	207	207	+414	+414	+414	+414
Net worth	233	320	378	506	643	894	1289	1919	2543	3188	4021
Index	1.0	1.4	1.6	2.2	2.8	3.8	5.5	8.2	10.9	13.7	17.3
Capital Employed	479	529	526	605	989	1269	1378	2912	4564	4345	5148
Market Capitalisation	952	1501	2484	1656	3933	5175	6935	16146	20037	34982	16932
PBIDT/Total Revenue %	10.6	12.0	12.7	14.6	14.4	16.5	18.8	18.9	20.0	20.9	23.4
Return on Net worth %	21	50	34	42	37	47	47	48	42	49	47
Earning Per Share (Rs.)	2.3	7.8	6.3	10.2	11.6	20.1	29.0	*22.4	*26.1	*37.8	*45.7
Book Value per Share (Rs.)	11.3	15.5	18.3	24.4	31.1	43.2	62.3	+46.4	+61.4	+77.0	+97.1

*On Expanded Capital
+After 1 : 1 Bonus Issue

SWARAJ ENGINES LIMITED**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the fourteenth Annual General Meeting of the Company will be held at Swaraj R & D Complex, A-29-E, Industrial Area, Phase VII, SAS Nagar, Distt. Ropar-160 055 on 9th August, 2000 at 10 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March, 2000 together with the report of the Directors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri S.K. Tuteja who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.K. Verma who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution, with or without modification, as an ordinary resolution:
"RESOLVED THAT Shri D.R. Swar, who has been co-opted as Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds office as Additional Director until this Annual General Meeting, be and is hereby appointed as a Director of the Company".
7. To consider and, if thought fit, to pass the following resolution, with or without modification, as an ordinary resolution:
"RESOLVED THAT Shri Gautam Kulkarni, who has been co-opted as Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds office as Additional Director until this Annual General Meeting, be and is hereby appointed as a Director of the Company".

Regd. Office:
Phase-IV, Sahibzada Ajit Singh Nagar,
Distt. Ropar-160 055 (Punjab)
Near Chandigarh.

Date: 23rd June, 2000

By Order of the Board

(GOPAL BANSAL)

Company Secretary.

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 Wednesday, the 2nd day of August, 2000 to Wednesday, the 9th day of August, 2000 (both days inclusive).

SWARAJ ENGINES LIMITED

4. If Dividend, as recommended by the Directors is approved at the meeting, payment will be made to those members whose name(s) appears on the Company's Register of Members on 9th August, 2000.
5. Dividend amount remaining unclaimed for and up to the financial year ended 31.03.95 has been transferred to the General Revenue Account of the Central Government as required under sub-section (5) of Section 205(A) of the Companies Act, 1956. Members who have not encashed dividend warrants for the said period may claim the same by submitting an application in the prescribed Form No.11 to the registrar of Companies, 286 Defence Colony, Jalandhar City (Punjab).
Members who have not encashed the dividend warrants so far for the financial year ended March 31, 1996, or any subsequent dividend payments are requested to make their claim to the Company.
6. Members/proxies should bring the attached admission slip duly completed and signed, for the admission to the meeting.
7. Members desiring any information as regards accounts at the forthcoming Annual General Meeting, are requested to write to the Company atleast 7 days before the date of Meeting so as to enable the Company to keep the information ready.
8. Members who are holding shares under more than one folio under name(s) in the same order are hereby requested to send the relative share certificates to the Company for consolidation.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO.6**

Shri D.R.Swar, Executive Vice President (Engines), Kirloskar Oil Engines Limited, has over 30 years of experience in engineering, technology and manufacturing. The Company has received a notice in writing from a member u/s 257 of the Companies Act, 1956 proposing the appointment of Shri Swar as a Director of the Company.

ITEM NO.7

Shri Gautam Kulkarni, Joint Managing Director, Kirloskar Oil Engines Limited, has over 22 years of experience in Management and Industry. The Company has received a notice in writing from a member u/s 257 of the Companies Act, 1956 proposing the appointment of Shri Kulkarni as a Director of the Company.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting another year of good business performance.

ANNUAL REVIEW

Fiscal 1999-2000 was a year that presented a mixed picture. While the initial phase of first four months commenced on a sound note, the position changed adversely from August, 1999 because of downturn in demand for tractors in the large markets, with maximum drop coming in the quarter Jan-March, 2000. Thus, overall growth for the year for tractor industry as also Punjab Tractors (PTL) was modest. Actual engine production and supply to PTL for the year reflects these trends.

Against above background, the company's total revenue for the year moved to around Rs.140 crores, a growth of 12% over previous year. Happily, the position was somewhat balanced by stepped up supplies of components to Swaraj Mazda and increased production of hi-tech components for in-house consumption. This improvement coupled with company's thrust on cost containment, led to strengthening of profit at the operating level. Earnings before interest, depreciation and tax (EBIDT) moved to Rs.32.8 crores a growth of 26% over 1998-99. With interest burden coming down, Profit Before Tax (PBT) has risen 30% reaching Rs.28.3 crores.

DIVIDEND AND APPROPRIATIONS

As members are aware, the Company has already distributed 165% through three Interim Dividends. In the context of the business performance and taking note of other relevant factors, the Directors are pleased to recommend a final dividend of 60% taking total for the year to 225% against 200% declared and paid for 1998-99. With dividend absorbing Rs. 9.31 crores, tax on proposed dividend absorbing Rs. 1.30 crores, an amount of Rs. 7.80 crores has been transferred to General Reserve, leaving Rs. 0.52 crore to be carried forward in the Profit & Loss Account, the balance in which now stands at Rs. 3.01 crores.

FINANCE

Company's internal generations were utilised to meet outlays of the expansion programme - Rs. 4.2 crores, and towards meeting additional working capital requirements to support enhanced operations.

HUMAN RESOURCES

Overall, relations remain cordial during the year. Directors are also happy to report the conclusion of 4 years wage agreement with the workers.

Information in accordance with Section 217(2A) of the Companies (Particulars of employees) Rules, 1975 is given in the Annexure to this report.

YEAR 2000

As envisaged, company's transition for Year 2000 was smooth. Going forward, Directors see no additional financial impact arising from Year 2000 / related issues.

CURRENT OPERATIONS

Market conditions in the tractor industry continue to be sedate, with sentiments getting further affected by increase in tractor retail price due to higher rate under uniform sales tax policy and drought conditions in some states. As such, engine production at SEL is being dovetailed to the reduced schedules from PTL, with April-May, 2000 outturn cumulating to 3023 engines against 4802 produced in the corresponding period of previous year. On current reckoning, improvement in tractor demand is expected after the monsoons.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

Particulars to be given in respect of the above activity under the Companies (Disclosure of particulars in the report of Directors) Rules, 1988 is given in the annexure to this report.