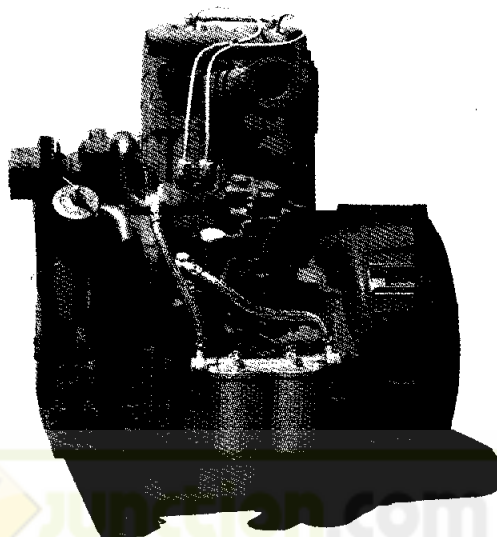


ANNUAL REPORT

2001



SWARAJ ENGINES LIMITED

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

GAUTAM KULKARNI

D.R. SWAR

P.K. VERMA

G.S. RIHAL - Managing Director

SWARAJ ENGINES LIMITED**ANNUAL GENERAL MEETING**

on Saturday, 15th September, 2001

at 10.00 A.M. at Swaraj Engines Limited,

Plot No. 2, Industrial Phase IX, S.A.S. Nagar,

Distt. Ropar-160 059.

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SWARAJ ENGINES LIMITED

10 Years in Retrospect

(Rs. in lacs)

Fiscal Year @	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	CARG (1992-2001)
Engines Sold (No's)	8224	8559	8875	10851	12498	15921	17382	24705	27532	22168	11.6%
Total Revenue (Net)	2184	2531	2926	3985	5133	7259	8374	12457	13975	11891	20.7%
PBIDT	277	369	421	657	965	1375	1675	2609	3275	3004	30.3%
Finance Charges (Net)	42	55	38	4	2	6	123	178	135	115	
Depreciation	30	30	30	35	42	56	138	256	312	370	
Profit Before Tax	205	284	353	618	921	1313	1414	2175	2828	2519	32.1%
Income Tax	75	73	112	201	320	386	335	610	935	915	
Profit After Tax	130	211	241	417	601	927	1079	1565	1893	1604	32.2%
Dividend %	35	40	50	80	100	*65	*100	*200	*225	*225	
Dividend Payout	72	83	104	166	207	269	414	828	931	931	
Equity Share Capital	207	207	207	207	207	+414	+414	+414	+414	+414	
Net worth	378	506	643	894	1289	1919	2543	3188	4021	4598	32.0%
Capital Employed	526	605	989	1269	1378	2912	4564	4345	5148	4768	
Market Capitalisation	2484	1656	3933	5175	6935	16146	20037	34982	16932	11012	
PBIDT/Total Revenue %	12.7	14.6	14.4	16.5	18.8	18.9	20.0	20.9	23.4	25.3	
Return on Net worth %	34	42	37	47	47	48	42	49	47	35	
Earning Per Share (Rs.)	6.3	10.2	11.6	20.1	29.0	*22.4	*26.1	*37.8	*45.7	*38.7	
Book Value Per Share (Rs.)	18.3	24.4	31.1	43.2	62.3	+46.4	+61.4	+77.0	+97.1	+111.1	

*On Expanded Capital
+After 1 : 1 Bonus Issue

SWARAJ ENGINES LIMITED**SHAREHOLDERS' INFORMATION**

1. Annual General Meeting : 15th September, 2001 at 10 A.M.
2. Book Closure Dates : 6th September, 2001 to 15th September, 2001 (both days inclusive)
3. Dividend Payment : On or after 15th September, 2001, but within statutory time limit.
4. Listing on Stock Exchanges : Ludhiana, Mumbai, Delhi, Ahmedabad & National Stock Exchange.
5. Listing Fees : Paid for all the above stock exchanges for 2000-2001 & 2001-2002
6. Regd. Office : Phase IV, S.A.S. Nagar, Distt. Ropar-160 055
7. Stock Market Data

Yearly (1990-2000) and Monthly (April 2000 - July 2001)

High-Low Quotations at BSE are as under :-

(Figures in Rs.)

Year	High	Low	Month	High	Low	Month	High	Low
1990	115	32	Apr' 00	432	356	Mar' 01	319	250
1991	130	50	May' 00	410	360	Apr' 01	270	230
1992	240	80	Jun' 00	495	352	May' 01	280	225
1993	195	70	Jul' 00	408	305	Jun' 01	280	222
1994	287	147	Aug' 00	342	266	Jul' 01	280	247
1995	345	220	Sep' 00	340	280			
1996	630*	260**	Oct' 00	300	260			
1997	625	290	Nov' 00	330	275			
1998	659	340	Dec' 00	332	290			
1999	930	483	Jan' 01	326	290			
2000	645	266	Feb' 01	337	297			

* Cum Bonus Rate ** Ex Bonus Rate

8. Dematerialisation of Shares :

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 21st March, 2000. Accordingly, to facilitate Shareholders to trade in demat form, the Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). About 40% of the company's shares are now held in electronic form.

9. Shares held in electronic form :

- i) All instructions regarding bank details which they wish to be incorporated 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 request directly from the shareholders.

SWARAJ ENGINES LIMITED

10. Transfer of Shares, Transmission of Shares, Change of address etc. in respect of shares held in physical form may be addressed to

MCS Limited,
Sri Venkatesh Bhawan,
212 A, Shahpurjat,
New Delhi-110 049
Phone : 011-6494830
Fax : 011-6494152

11. Share Transfer System :

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

Total number of physical shares transferred during 2000-2001 were 40,800 (Previous Year - 1,67,700)

12. Transmission of Shares held in physical form :

In case of deceased shareholders, their relatives are requested to file death certificates, probate/succession certificates and other relevant documents for transmission of shares with MCS Limited, New Delhi.

13. 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 matters :

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

14. Categories of Shareholders as on July, 2001

15. Distribution of Shareholdings as on July, 2001

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	2	50.56	20,93,000
FII's/ NRI's/OCB's	27	4.61	1,90,924
Banks/Insurance Co.'s	14	4.30	1,77,882
Mutual Funds & UTI	2	4.02	1,66,775
Other Bodies Corporate	157	2.42	1,00,057
Individuals	5862	34.09	14,11,302

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Share-holdings
1-100	3565	2,19,219	5.29
101-200	1684	3,29,554	7.96
201-500	484	1,79,946	4.35
501-1000	175	1,36,076	3.29
1001-5000	122	2,53,744	6.13
5001-above	34	30,21,401	72.98
	6064	41,39,940	100.00

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

Notice is hereby given that the fifteenth Annual General Meeting of the Company will be held at works of the Company at Plot No. 2, Industrial Phase IX, S.A.S. Nagar, Distt. Ropar on 15th September, 2001 at 10 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2001, Profit and Loss Account for the year ended on that date together with Directors' Report & Auditors' Report.
2. To declare Dividend.
3. To appoint a Director in place of Shri Yash Mahajan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Atul C. Kirloskar who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

6. As an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, and subject to such sanctions as may be necessary, Shri G.S. Rihal, who fulfills the conditions specified in Part I and Part II of Schedule XIII to the Companies Act, 1956, be and is hereby re-appointed as Managing Director of the Company with effect from 21st November, 2000 for a period of 5 years on such terms & conditions as may be decided by the Board of Directors and agreed to between the Board of Directors and Shri G.S. Rihal."

7. As an Ordinary Resolution :

"RESOLVED THAT Shri G.P.Gupta 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.

Dated : 31st July, 2001

By Order of the Board

(GOPAL BANSAL)

Associate Vice President-Finance
& Company Secretary

NOTES:

1. 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.
2. The Register of Members and Transfer Books of the Company will remain closed from 6th September, 2001 to 15th September, 2001 (both days inclusive).
3. 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 15th September, 2001. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.

SWARAJ ENGINES LIMITED

4. 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 205A 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).
Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
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.
5. Members/proxies should bring the attached admission slip duly completed and signed, for the admission to the meeting.
6. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. Members desiring any information as regards accounts at the forthcoming Annual General Meeting, are requested to write to the Company at least 7 days before the date of Meeting so as to enable the Company to keep the information ready.
8. Members are requested to bring their copy of Annual Report to the Meeting.

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

Shri G.S Rihal, completed his 5 years tenure of office as Managing Director on 20.11. 2000.

Members may kindly note that Shri G.S. Rihal has been associated with the Company since inception, firstly as Director and w.e.f. 21.11.1995 as Managing Director.

Having regard to his outstanding contributions in all facets of corporate operations and the future needs of the company, the Directors recommend Shri Rihal's re-appointment as Managing Director of the Company for another term of 5 years w.e.f. 21.11.2000.

Shri G.S. Rihal is interested in the resolution as the resolution relates to his appointment.

ITEM NO. 7

Shri G.P. Gupta with vast experience in the fields of development banking, finance and management, has recently retired as Chairman, Industrial Development Bank of India. Given this experience and background of Shri Gupta, the Directors are of the considered opinion that his association as Director will immensely benefit the Company. Accordingly, they recommend the resolution for his appointment as a Director.

The Company has received a notice in writing from a member, proposing the candidature of Shri G.P. Gupta for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri G.P. Gupta is interested in the resolution as the resolution relates to his appointment.

Regd.Office:

Phase-IV, Sahibzada Ajit Singh Nagar,

Distt.Ropar-160 055 (Punjab)

Near Chandigarh.

Dated : 31st July, 2001

By Order of the Board

(GOPAL BANSAL)

Associate Vice President-Finance
& Company Secretary