

SWARAJ ENGINES LIMITED

*Annual
Report
2002*

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Swaraj Engines Limited

Executive Director - Finance

P. SIVARAM

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

GOPAL BANSAL

AuditorsM/S DAVINDER S. JAAJ & CO.
Chartered Accountants**Bankers**

CANARA BANK

Registered OfficePHASE-IV, SAS NAGAR,
DISTT. ROPAR-160 055 (Punjab).**Works**PLOT NO. 2, INDUSTRIAL PHASE IX,
SAS NAGAR,
DISTT. ROPAR-160 059 (Punjab).**BOARD OF DIRECTORS**

YASH MAHAJAN - Chairman

S.K. TUTEJA

G.P. GUPTA

Dr. T.N. KAPOOR

ATUL C. KIRLOSKAR

GAUTAM KULKARNI

D.R. SWAR

G.S. RIHAL - Managing Director

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SWARAJ ENGINES LIMITED**ANNUAL GENERAL MEETING**

on Monday, 30th September, 2002

at 4.00 P.M. at Swaraj Engines Limited,

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

Distt. Ropar-160 059 (Punjab).

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SWARAJ ENGINES LIMITED

10 Years in Retrospect

(Rs. in lacs)

Fiscal Year →	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	CARG (1993-2002)
Engines Sold (Nos)	8559	8875	10851	12498	15921	17382	24705	27532	22168	21013	10.5%
Total Revenue (Net)	2531	2926	3985	5133	7259	8374	12457	13975	11891	11460	18.3%
PBIDT	369	421	657	965	1375	1675	2609	3275	3004	2979	26.1%
Finance Charges (Net)	55	38	4	2	6	123	178	135	115	60	
Depreciation	30	30	35	42	56	138	256	312	370	385	
Profit Before Tax	284	353	618	921	1313	1414	2175	2828	2519	2534	27.5%
Income Tax	73	112	201	320	386	335	610	935	915	908	
Profit After Tax	211	241	417	601	927	1079	1565	1893	1604	1626	25.5%
Dividend %	40	50	80	100	*65	*100	*200	*225	*225	*225	
Dividend Payout	83	104	166	207	269	414	828	931	931	931	
Equity Share Capital	207	207	207	207	+414	+414	+414	+414	+414	+414	
Net worth	506	643	894	1289	1919	2543	3188	4021	4598	4630	30.5%
Capital Employed	605	989	1269	1378	2912	4564	4345	5148	4768	5711	
Market Capitalisation	1656	3933	5175	6935	16146	20037	34982	16932	11012	9894	
PBIDT/Total Revenue %	14.6	14.4	16.5	18.8	18.9	20.0	20.9	23.4	25.3	26.0	
Return on Net worth %	42	37	47	47	48	42	49	47	35	35	
Earnings Per Share (Rs.)	10.2	11.6	20.1	29.0	*22.4	*26.1	*37.8	*45.7	*38.7	*39.3	
Book Value Per Share (Rs.)	24.4	31.1	43.2	62.3	+46.4	+61.4	+77.0	+97.1	+111.1	+111.8	

*On Expanded Capital
+After 1 : 1 Bonus Issue

SWARAJ ENGINES LIMITED**SHAREHOLDERS' INFORMATION**

1. **Annual General Meeting** : **30th September, 2002 at 4.00 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, Ahmedabad & National Stock Exchange
6. **Listing Fees** : Paid for all the above Stock Exchanges for 2002-2003
7. **Regd. Office** : Phase IV, S.A.S. Nagar, Distt. Ropar-160 055 (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	270	230	270	228
May	280	225	278	221
June	280	222	273	224
July	280	247	275	245
August	270	236	276	236
September	246	214	244	214
October	249	216	247	212
November	272	234	271	230
December	260	217	265	223
2002				
January	258	231	261	233
February	258	236	254	238
March	256	236	254	236
April	275	235	275	232
May	274	232	276	232
June	260	233	260	234
July	268	228	275	225
August	244	206	243	225

9. **Stock Code** : BSE - 500407 & NSE - SWARAJENG
10. **Dematerialisation of Shares:**

The Securities & Exchange Board of India (SEBI), with effect from 21st March, 2000 has included the shares of Swaraj Engines 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 42% of the Company's shares are now held in electronic form.**

SWARAJ ENGINES LIMITED

International Securities Identification Number : INE277A01016
(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 18,300 (Previous Year – 40,800)

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

MCS Limited,
Sri Venkatesh Bhawan,
212-A, Shahpur Jat,
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	2	50.56	20,93,000
UTI	1	1.99	82,350
Banks, Financial Institutions & Insurance Co's	7	4.32	1,78,899
FII's / NRI's / OCB's	31	4.68	1,93,809
Other Bodies Corporate	155	2.81	1,16,196
Individuals	6322	35.64	14,75,686

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	3950	2,34,115	5.66
101-200	1691	3,26,942	7.90
201-500	525	1,92,523	4.65
501-1000	189	1,47,307	3.56
1001-5000	140	3,61,460	8.73
5001-above	23	28,77,593	69.50

15. The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments.

16. Investor queries etc. may be addressed to :
With respect to the financial statements of the Company

Mr. P. Sivaram, Executive Director- Finance,
Swaraj Engines Limited,
SCO : 204-205, Sector 34-A,
Chandigarh – 160 022.

With respect to shares and secretarial matters

Mr. Gopal Bansal, AVP-Finance & Company Secretary,
Swaraj Engines Limited,
SCO : 204-205, Sector 34-A,
Chandigarh – 160 022.

Phone : 0172-647700-10
Fax : 0172-615111 & 647802

17. Website Address : www.swarajenterprise.com

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

Notice is hereby given that the Sixteenth 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 (Punjab) on 30th September, 2002 at 4 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' Reports and Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Dr. T.N. Kapoor who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri D.R. Swar 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 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) | <p>'Beneficial Owner' means a person or persons whose name(s) is recorded as such with a depository.</p> <p>'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.</p> <p>'SEBI' means the Securities & Exchange Board of India.</p> <p>'Security' means such security as may be specified by SEBI from time to time.</p> |
| Dematerialisation of securities | (2) | <p>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.</p> |
| Options for Investors | (3) a | <p>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.</p> |
| | b | <p>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.</p> |

SWARAJ ENGINES LIMITED

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 purpose 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 with in 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 depositories	(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."

7. 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 Sections 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.

By Order of the Board

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

New Delhi, 5th September, 2002

(GOPAL BANSAL)
Associate Vice President-Finance
& Company Secretary

SWARAJ ENGINES LIMITED**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 AND VOTE 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 11th September, 2002 to 18th September, 2002 (both days inclusive).
4. Members are requested to bring their copy of Annual Report to the Meeting. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 7 days before the date of the Meeting so that information required may be made available at the Meeting.
5. 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 30th September, 2002 but within the Statutory time limit, to those Members whose names appear in the Register of Members as on 18th September, 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 10th September, 2002 as per details furnished by the Depositories for the purpose.
6. The Company has already transferred, all unclaimed dividend, for and upto the financial year ended 31.3.1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Members who have not encashed dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, 286, Defence Colony, Jalandhar-144 001 (Punjab).

Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrant(s) for the financial year ended 31.3.1996 and onward are requested to approach the Company for revalidation/obtaining duplicate Dividend Warrants. **It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.**
7. 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.50,000/- 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 25th September, 2002 as it would not be possible for the Company to act upon such declaration / certificates received after that date.
8. 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 numbers in all their correspondence.
9. As per regulations of National Securities Depository Limited (NSDL) and Central Depository Services Limited (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.
10. Members / Proxy holders are requested to produce the attached admission slip duly completed and signed, for admission to the Meeting Hall.

11. Appointment / Re-appointment of Directors:

At the ensuing Annual General Meeting Dr. T.N. Kapoor & Shri D.R. Swar retire by rotation and being eligible offer themselves for re-election. The information or details to be provided for the aforesaid Directors under Corporate Governance Code are as under:

- a) Dr. T.N. Kapoor has been a Director of the Company since 1998. He possesses a Master's degree in Commerce, a Bachelor's degree in Law and a Doctorate in Philosophy. He is an eminent Educationist and has been Professor & Dean, Faculty of Business Management & Commerce at Panjab University, Chandigarh for many years and retired as Vice-Chancellor of the University in 1997. He is a Management Advisor and is associated with several Public Limited Companies.

The details of Dr. T.N. Kapoor's Directorships and Memberships in Committees are given below:

Name of Company	Name of Committee
1. Swaraj Engines Ltd.	Shareholders/Investors Relations Committee and Audit Committee
2. Mahavir Spinning Mills Ltd.	Audit Committee
3. Omax Auto Ltd.	Investor Grievances & Share Transfer Committee and Audit Committee
4. Modern Steels Ltd.	Investor Grievances & Share Transfer Committee
5. Kamla Dials & Devices Ltd.	Audit Committee
6. Haryana Telecom Ltd.	Audit Committee
7. Sterling Tools Ltd.	Investor Grievances & Share Transfer Committee and Audit Committee

- b) Shri D.R. Swar is BE (Mech.), Dip. in Production & Material Management, EDP-IIIMA. He has been a Director of the Company since 2000.

Joining Kirloskar Oil Engines Ltd. (KOEL) in 1987 as Associate Vice President (Materials), he was appointed a whole-time Director in 2001. He has 35 years experience in industry and management.

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

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 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.

Item no.7

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 7 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.