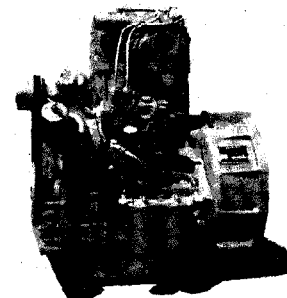


# ANNUAL REPORT 2003



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**Swaraj Engines Limited**

## Swaraj Engines Limited

### Executive Director - Finance

P. SIVARAM

### Company Secretary

M.S. GREWAL

### Auditors

M/S DAVINDER S. JAAJ & CO.

Chartered Accountants

### Bankers

CANARA BANK

### Registered Office

PHASE-IV, S.A.S. NAGAR,  
DISTT. ROPAR-160 055 (Punjab).

### Works

PLOT NO. 2, INDUSTRIAL PHASE IX,  
S.A.S. 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

**SWARAJ ENGINES LIMITED****ANNUAL GENERAL MEETING**

on Tuesday, 30th September, 2003  
 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)

<b>Fiscal Year →</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>CARG (1994-2003)</b>
<b>Engines Sold (Nos)</b>	<b>8875</b>	<b>10851</b>	<b>12498</b>	<b>15921</b>	<b>17382</b>	<b>24705</b>	<b>27532</b>	<b>22168</b>	<b>21013</b>	<b>13578</b>	<b>4.8%</b>
<b>Total Revenue (Net)</b>	<b>2926</b>	<b>3985</b>	<b>5133</b>	<b>7259</b>	<b>8374</b>	<b>12457</b>	<b>13975</b>	<b>11891</b>	<b>11460</b>	<b>7786</b>	<b>11.5%</b>
<b>PBIDT</b>	<b>421</b>	<b>657</b>	<b>965</b>	<b>1375</b>	<b>1675</b>	<b>2609</b>	<b>3275</b>	<b>3004</b>	<b>2979</b>	<b>1810</b>	<b>17.6%</b>
Finance Charges (Net)	38	4	2	6	123	178	135	115	60	24	
Depreciation	30	35	42	56	138	256	312	370	385	377	
<b>Profit Before Tax</b>	<b>353</b>	<b>618</b>	<b>921</b>	<b>1313</b>	<b>1414</b>	<b>2175</b>	<b>2828</b>	<b>2519</b>	<b>2534</b>	<b>1409</b>	<b>16.6%</b>
Income Tax	112	201	320	386	335	610	935	915	908	505	
<b>Profit After Tax</b>	<b>241</b>	<b>417</b>	<b>601</b>	<b>927</b>	<b>1079</b>	<b>1565</b>	<b>1893</b>	<b>1604</b>	<b>1626</b>	<b>904</b>	<b>15.8%</b>
<b>Dividend %</b>	<b>50</b>	<b>80</b>	<b>100</b>	<b>*65</b>	<b>100</b>	<b>200</b>	<b>225</b>	<b>225</b>	<b>225</b>	<b>125</b>	
Dividend Payout	104	166	207	269	414	828	931	931	931	517	
Equity Share Capital	207	207	207	+414	414	414	414	414	414	414	
<b>Net worth</b>	<b>643</b>	<b>894</b>	<b>1289</b>	<b>1919</b>	<b>2543</b>	<b>3188</b>	<b>4021</b>	<b>4598</b>	<b>4630</b>	<b>4950</b>	<b>25.5%</b>
Capital Employed	989	1269	1378	2912	4564	4345	5148	4768	5711	5788	
Market Capitalisation	3933	5175	6935	16146	20037	34982	16932	11012	9894	7162	
<b>PBIDT/Total Revenue %</b>	<b>14.4</b>	<b>16.5</b>	<b>18.8</b>	<b>18.9</b>	<b>20.0</b>	<b>20.9</b>	<b>23.4</b>	<b>25.3</b>	<b>26.0</b>	<b>23.2</b>	
<b>Return on Net worth %</b>	<b>37.5</b>	<b>46.6</b>	<b>46.6</b>	<b>48.3</b>	<b>42.4</b>	<b>49.1</b>	<b>47.1</b>	<b>34.9</b>	<b>35.1</b>	<b>18.3</b>	
<b>Earnings Per Share (Rs.)</b>	<b>11.6</b>	<b>20.1</b>	<b>29.0</b>	<b>*22.4</b>	<b>26.1</b>	<b>37.8</b>	<b>45.7</b>	<b>38.7</b>	<b>39.3</b>	<b>21.8</b>	
<b>Book Value Per Share (Rs.)</b>	<b>31.1</b>	<b>43.2</b>	<b>62.3</b>	<b>+46.4</b>	<b>61.4</b>	<b>77.0</b>	<b>97.1</b>	<b>111.1</b>	<b>111.8</b>	<b>119.6</b>	

\*On Expanded Capital  
+After 1 : 1 Bonus Issue

**SWARAJ ENGINES LIMITED****SHAREHOLDERS' INFORMATION**

1. **Annual General Meeting** : **30th September, 2003 at 4.00 P.M.**
2. **Financial Calender (tentative)**  
Financial reporting for  
 Quarter ended 30th June, 2003 Taken on record on 31st July, 2003  
 Quarter ending 30th September, 2003 Last week of October, 2003  
 Quarter ending 31st December, 2003 Last week of January, 2004  
 Year ending 31st March, 2004 June, 2004
3. **Book Closure Dates** : 16th September, 2003 to 23th September, 2003 (both days inclusive)
4. **Dividend Payment** : On or after 30th September, 2003, but within the statutory time limit
5. **Listing on Stock Exchanges** : Mumbai, Ludhiana, Delhi, Ahmedabad & National Stock Exchange  
 Due to lack of trading, the Company proposes to de-list its shares from Ludhiana, Delhi and Ahmedabad stock exchanges.
6. **Listing Fees** : Paid for all the above Stock Exchanges for 2003-2004
7. **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.)
<b>2002</b>				
April	275	235	279	232
May	274	232	276	232
June	260	233	260	234
July	268	228	275	225
August	245	206	249	225
September	242	215	243	218
October	224	187	234	185
November	209	189	208	190
December	214	190	218	181
<b>2003</b>				
January	201	184	205	183
February	201	182	196	180
March	195	173	189	174
April	184	172	184	175
May	203	183	206	180
June	216	195	223	193
July	232	193	236	188
August	227	199	225	200

8. **Stock Code** : BSE – 500407 & NSE – SWARAJENG
9. **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. For this, the Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). **On date, over 43% of the Company's shares are 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.

**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 in order in all respects.

Total number of physical shares transferred during 2002-03 were 4,150 (Previous Year – 18,300)

- 11. Share Transfer & other Communication** : Shares Department, MCS Limited,  
regarding Share Certificates, Dividends, Swaraj Engines Limited, Sri Venkatesh Bhawan,  
and Change of Address, etc. may be SCO : 204-05, Sector 34-A, OR 212-A, Shahpur Jat,  
addressed to Chandigarh-160 022. New Delhi-110 049.  
E-mail : gbansal@swarajenterprise.com Tele : 011-26494830  
Fax : 011-26494152

**12. Categories of Shareholders as on August, 2003**

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	5	4.37	1,81,081
FII's / NRI'S / OCB's	34	4.91	2,03,260
Other Bodies Corporate	214	2.70	1,11,866
Individuals	6193	35.47	14,68,383

**13. Distribution of Shareholdings as on August, 2003**

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Share-holdings
1-100	3910	2,33,493	5.64
101-200	1652	3,16,566	7.65
201-500	537	1,95,407	4.72
501-1000	192	1,50,062	3.62
1001-5000	123	2,58,386	6.24
5001-above	35	29,86,026	72.13

- 14. The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments.**

- 15. Plant Location :** Swaraj Engines Limited,  
Plot No. 2, Industrial Phase IX,  
S.A.S. Nagar, Distt. Ropar, Punjab

- 16. Investor queries etc. may be addressed to :**

**Mr. P. Sivaram**, Executive Director- Finance,  
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](http://www.swarajenterprise.com)

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

Notice is hereby given that the Seventeenth 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, 2003 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 31<sup>st</sup> March, 2003, together with the Directors' Report and Auditors' Report 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 Gautam Kulkarni 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 in partial modification of the special resolution passed by the shareholders in the annual general meeting of the Company held on 15<sup>th</sup> September, 2001 and subject to the provisions of Sections 198, 269, 309 and 316 read with the Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such approvals as may be necessary under the provisions of the Act, Shri G.S. Rihal, who was appointed Managing Director of the Company for 5 years from 21<sup>st</sup> November, 2000 be paid remuneration with effect from 1<sup>st</sup> December, 2002 as set out in the Explanatory Statement forming part of the notice convening this meeting, with liberty and authority to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) of the Company to alter and vary the terms and conditions thereof in such a manner as may be agreed to between the Board and Shri G.S. Rihal.

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

7. As a Special Resolution:

"RESOLVED THAT subject to provisions of the Securities Contracts (Regulation) Act, 1956, Listing Agreements with the Stock Exchanges and Guidelines / Rules of the Securities & Exchange Board of India and all other applicable laws, rules, 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 authorised to de-list the Equity Shares of the Company from the Stock Exchanges at Ludhiana, Delhi and Ahmedabad at one time or from time to time".

" RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents, deeds and writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

By Order of the Board

Regd.Office:

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

New Delhi, 3rd September, 2003

(M.S. GREWAL)

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 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 16th September, 2003 to 23rd September, 2003 (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, 2003, but within the Statutory time limit, to those Members whose names appear in the Register of Members as on 23rd September, 2003. 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 15th September, 2003 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 31.03.1995 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, Punjab, Chandigarh and Himachal Pradesh, 286, Defence Colony, Jalandhar (Punjab) –144 001.  
Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31<sup>st</sup> 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 31.03.1996 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. Members are requested to notify any change in their address, mandates, etc., to the Company's Registrar and Share Transfer Agents, M/s MCS Ltd., Sri Venkatesh Bhawan, 212-A, Shahpur Jat, Behind Panchsheel Club, New Delhi- 110 049  
In case of dematerialised shares, the change of address requests, bank mandates, etc. should be directly sent to the Depository Participant concerned.
8. 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.
9. Members / Proxy holders are requested to produce the attached admission slip duly completed and signed, for admission to the Meeting Hall.
10. Appointment / Reappointment of Directors:  
At the ensuing Annual General Meeting , Shri S.K Tuteja and Shri Gautam Kulkarni retire by rotation and being eligible



**SWARAJ ENGINES LIMITED**

offer themselves for re-election. Information or details to be provided for the aforesaid. Directors under Corporate Governance code are as under:

- a) Shri S.K Tuteja is M.Com. from Delhi University besides being a founder Member of the Institute of Company Secretaries of India. He belongs to the Punjab Cadre of the Indian Administrative Service and possesses vast experience in administration, industry, finance and company affairs. Prior to his current assignment as Secretary, Small Scale and Agro Industries, Government of India, Shri Tuteja has held various key positions in the Government including that of Additional Secretary & Development Commissioner- Small Scale Industries, Government of India. Chairman, Punjab State Electricity Board, Principal Secretary to Government of Punjab, Deptt. of Industries & Commerce and Managing Director, Punjab State Industrial Development Corporation Ltd. (PSIDC).

Shri S.K Tuteja has been a Director of the Company since July, 1997. He was the Chairman of Company during the crucial formative years. In addition to Swaraj Engines Limited, Shri Tuteja is also a Director in PSIDC, Punjab Tractors Ltd., Swaraj Mazda Ltd. and Abhishek Industries Ltd.

Shri S.K Tuteja is the Chairman of Audit Committee of the Company and group companies – Punjab Tractors Ltd. and Swaraj Mazda Ltd. He is also a Chairman of Remuneration/Compensation Committee of the Company. He is a member of Shareholder / Investor Relations Committee of Company and Swaraj Mazda Ltd. He is also the Chairman of Shareholder/Investor Relations Committee of Punjab Tractors Ltd.

- b) Shri Gautam Kulkarni, has been on the Board of the Company since June, 2000. Shri Kulkarni, Joint Managing Director, Kirloskar Oil Engines Ltd. has 25 years experience in Management and Industry. He is also the Vice Chairman of Kirloskar Brothers Ltd. and Director of Kirloskar Kisan Equipment Ltd.

Shri Gautam Kulkarni is a member of the Audit Committee in Kirloskar Brothers Ltd. and a member of the Shareholder / Investor Relations Committee in Kirloskar Oil Engines Ltd.

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

Members would recall that having regard to Shri G. S. Rihal's outstanding contributions and the future needs of the Company, he had been appointed as Managing Director for a period of 5 years w.e.f. 21<sup>st</sup> November, 2000. This appointment has been without any remuneration till 30<sup>th</sup> November, 2002.

After considering the above matter and the recommendations of the Compensation Sub Committee of the Board, Directors have decided to offer following remuneration package to Shri Rihal w.e.f. 1<sup>st</sup> December, 2002.

**A) Salary**

- (i) Rs. 55,000 per month in the scale of 55,000 – 5,000 – 1,00,000
- (ii) Dearness Allowance of Rs. 20,000 per month
- (iii) Annual increment will be effective from 1<sup>st</sup> December, 2003 and the additional increments will be considered by the Board of Directors on merits in its absolute discretion.

**B) Perquisites & Allowances**

- (i) House Rent Allowance equal to 35% of Salary and Dearness Allowance.
- (ii) Medical Allowance and reimbursement as applicable to Senior Management staff in Punjab Tractors Limited (PTL) and group companies.
- (iii) Leave Travel Allowance and all other allowances as applicable to Senior Management Staff in PTL and group Companies.
- (iv) Leave, Encashment of leave as applicable to Senior Management Staff in PTL and group companies.

**SWARAJ ENGINES LIMITED**

- (v) Company's contribution to Provident Fund and gratuity as applicable to Senior Management staff in PTL and group companies.
- (vi) Provision of car for use on Company business.
- (vii) Provision of a telephone at the residence.

The above perquisites and allowances shall be subject to a ceiling of 100% of annual Salary and Dearness Allowance. The evaluation will be done as per Income Tax Rules wherever applicable. Accordingly, items (iv) to (vii) herein shall not be included in the computation of ceiling for perquisites and allowances.

**Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Shri Rihal the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.

As required under Company Law provisions, the terms of remuneration as detailed herein above is placed before the Shareholders for their approval.

Shri Rihal is interested in this item as it concerns his emoluments.

This may be treated as an abstract of terms and conditions, as approved by Board of Directors, for payment of remuneration to Shri G.S. Rihal, Managing Director, pursuant to Section 302 of the Companies Act, 1956.

**Item No. 7**

Equity shares of the Company are presently listed in Stock Exchanges at Mumbai, Ludhiana, Delhi, Ahmedabad and National Stock Exchange.

The Securities and Exchange Board of India (SEBI) has notified "Delisting of Securities Guidelines – 2003" ("The Guidelines"). As per the Guidelines, a company may seek voluntary delisting of its securities from all or some of the Stock Exchanges and further that an exit opportunity is not required to be provided in cases where such securities continue to be listed at a Stock Exchange having nationwide trading terminals i.e. The Stock Exchange, Mumbai (BSE), the National Stock Exchange (NSE) and any other stock exchange(s) that may be specified by SEBI in this regard.

With the extensive networking of BSE and NSE, members of the Company have access to online dealing in the Company's securities across the Country. The Company's equity shares are specified by the SEBI for settlement only in dematerialised form by all the investors. Furthermore, bulk of dealings in Company's securities take place on BSE and NSE and as per the information provided by the stock exchanges there is no trading in the Company shares on the Stock Exchanges at Ludhiana, Delhi and Ahmedabad during recent past. It is felt that continued listing with Regional Stock Exchanges does not provide any significant tangible advantage to the members of the Company. Therefore, it is proposed to get SEL shares delisted from the Stock Exchanges at Ludhiana, Delhi and Ahmedabad.

The Directors commend acceptance of the resolution set out in Item No. 7 of the convening notice.

None of the Directors of the Company is interested or concerned in the proposed resolution.