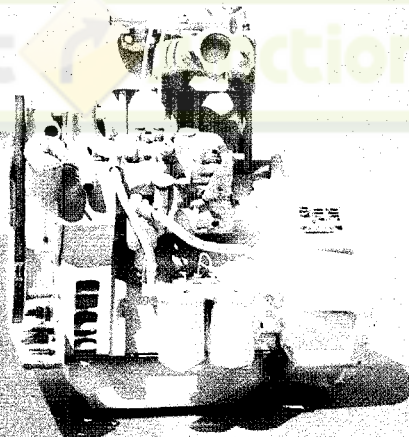


# ANNUAL REPORT 2004

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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

DONALD PECK

G.S. RIHAL - Managing Director

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

on Saturday, 28th August, 2004

at 9.30 A.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

## KEY PERFORMANCE INDICATORS - LAST ELEVEN YEARS

(Rs. in lacs)											
Fiscal Year →	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 CARG (1994-2004)
Engines Sold (Nos.)	8875	10851	12498	15921	17382	24705	27532	22168	21013	13578	14844 5.3%
Total Revenue (Net)	2926	3985	5133	7259	8374	12457	13975	11891	11460	7786	8979 11.9%
PBIDT	421	657	965	1375	1675	2609	3275	3004	2979	1810	2021 17.0%
Finance Charges (Net)	38	4	2	6	123	178	135	115	60	24	21
Depreciation	30	35	42	56	138	256	312	370	385	377	379
Profit Before Tax	353	618	921	1313	1414	2175	2828	2519	2534	1409	1621 16.5%
Income Tax	112	201	320	386	335	610	935	915	908	505	586
Profit After Tax	241	417	601	927	1079	1565	1893	1604	1626	904	1035 15.7%
Dividend %	50	80	100	*65	100	200	225	225	225	125	150
Dividend Payout	104	166	207	269	414	828	931	931	931	517	621
Equity Share Capital	207	207	207	+414	414	414	414	414	414	414	414
Net worth	643	894	1289	1919	2543	3188	4021	4598	4630	4950	5285 23.4%
Capital Employed	989	1269	1378	2912	4564	4345	5148	4768	5711	5788	6190
Market Capitalisation	3933	5175	6935	16146	20037	34982	16932	11012	9894	7162	9770
PBIDT/Total Revenue %	14.4	16.5	18.8	18.9	20.0	20.9	23.4	25.3	26.0	23.2	22.5
Return on Net worth %	37.5	46.6	46.6	48.3	42.4	49.1	47.1	34.9	35.1	18.3	19.6
Earning Per Share (Rs.)	11.6	20.1	29.0	*22.4	26.1	37.8	45.7	38.7	39.3	21.8	25.0
Book Value Per Share (Rs.)	31.1	43.2	62.3	+46.4	61.4	77.0	97.1	111.1	111.8	119.6	127.7

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

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

1. **Annual General Meeting** : **28th August, 2004 at 9.30 A.M.**
2. **Financial Calender (tentative)**  
Financial reporting for
  - Quarter ended 30<sup>th</sup> June, 2004 : Taken on record on 24th July, 2004
  - Quarter ending 30<sup>th</sup> September, 2004 : 3rd/4th week of October, 2004
  - Quarter ending 31<sup>st</sup> December, 2004 : 3rd/4th week of January, 2005
  - Year ending 31<sup>st</sup> March, 2005 : May/June, 2005
3. **Book Closure Dates** : 16th August, 2004 to 25th August, 2004 (both days inclusive)
4. **Dividend Payment** : On or after 28th August, 2004, but within the statutory time limit
5. **Listing on Stock Exchanges** : Bombay (BSE) & National Stock Exchange (NSE)
6. **Listing Fees** : Paid for both the Stock Exchanges for 2004-05
7. **Stock Market Data**

Monthly High - Low quotations for one SEL Equity Share of Rs.10 each at BSE & NSE are as under :

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
<b>2003</b>				
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
September	252	210	254	210
October	242	213	240	210
November	249	212	249	204
December	363	220	345	220
<b>2004</b>				
January	345	258	328	255
February	290	265	320	247
March	300	210	280	210
April	285	222	285	220
May	288	223	298	215
June	309	251	309	252

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) Limited (CDSL). **On date, over 44% 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 the 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 2003-04 were 15,650 (Previous Year – 4,150)

- 11. Share Transfer & other Communication regarding Share Certificates, Dividends and Change of Address, etc. may be addressed to**
- |   |   |
|---|---|
| Shares Department,<br>Swaraj Engines Limited,<br>SCO : 204-205, Sector 34-A,<br>Chandigarh-160 022.<br>e-mail : gbsanal@swarajenterprise.com<br>Phone : 0172-2647700-10<br>Fax : 0172-2615111 | MCS Limited,<br>Sri Venkatesh Bhawan,<br>OR W-40, Okhla Ind. Area,<br>Phase-II,<br>New Delhi-110 020.<br>Phone : 011-26384909<br>Fax : 011-26384907 |
|---|---|

**12. Categories of Shareholders as on June, 2004**

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	2	50.56	20,93,000
UTI	1	1.85	76,560
Banks, Financial Institutions & Insurance Co's	6	4.45	1,84,081
FII's / NRI'S / OCB's	44	4.22	1,74,694
Other Bodies Corporate	191	4.85	2,01,029
Individuals	5772	34.07	14,10,576

**13. Distribution of Shareholdings as on June, 2004**

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Share-holdings
1-100	3528	2,18,285	5.27
101-200	1514	2,89,402	6.99
201-500	535	1,97,566	4.77
501-1000	238	1,84,444	4.46
1001-5000	159	3,18,862	7.70
5001-above	42	29,31,381	70.81

- 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 : 0172-2647700-10  
Fax : 0172-2615111 & 2647802

- 17. Website Address :** [www.swarajenterprise.com](http://www.swarajenterprise.com)



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

Notice is hereby given that the Eighteenth 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 28th August, 2004 at 9.30 A.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, 2004, together with the Directors' Report and Auditors' Report thereon.
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 reappointment.
4. To appoint a Director in place of Shri Atul C. Kirloskar who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri G.P. Gupta who retires by rotation and, being eligible, offers himself for reappointment.
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 Shri Donald Peck who was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> May, 2004 and who in terms of Section 260 of the Companies Act, 1956 holds such office until this Annual General Meeting, be and is hereby appointed as Director of the Company."

Regd. Office:

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

New Delhi, 24th July, 2004

By Order of the Board

(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 16<sup>th</sup> August, 2004 to 25<sup>th</sup> August, 2004 (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 28<sup>th</sup> August, 2004, but within the Statutory time limit, to those Members whose names appear in the Register of Members as on 25<sup>th</sup> August, 2004. In respect of shares held in electronic form, dividend will be payable to the beneficial owners of the shares as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the purpose.
6. The Company has transferred unclaimed amounts of dividends for and upto the financial year ended 31<sup>st</sup> March, 1996 to the General Revenue Account / Investor Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956.

Pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956, as amended, dividend for the financial year ended 31<sup>st</sup> March, 1997 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<sup>st</sup> March, 1997 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 mentioned above, no claim shall lie in respect thereof.**

7. **Payment of Dividend through ECS :**
  - a) Members holding shares in demat form may please note that, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as directed by the Stock Exchanges. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in demat form must give instructions regarding bank account in which they wish to receive dividend, to their Depository Participants. The Company or the Registrar and Share Transfer Agents will not act on any direct request from these members for change/deletion in such bank details.
  - b) Members holding shares in physical form are advised to submit particulars of their bank account, viz., name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 25<sup>th</sup> August, 2004, to the Company's Registrar and Share Transfer Agents M/s MCS Ltd., Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase II, New Delhi-110 020.
8. 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, W-40, Okhla Industrial Area, Phase-II, New Delhi- 110 020.

**In case of dematerialised shares, the change of address requests, bank mandates etc. should be sent directly to the concerned Depository Participant.**



## SWARAJ ENGINES LIMITED

9. Members / Proxy holders are requested to produce the attached Attendance Slip duly completed and signed, for admission to the Meeting Hall.
10. Appointment / Reappointment of Directors:

At the ensuing Annual General Meeting, S/Shri Yash Mahajan, Atul C. Kirloskar and G.P. Gupta retire by rotation and, being eligible, offer themselves for reelection. Shri Donald Peck is being appointed as Director of the Company. Information or details to be provided for the aforesaid Directors under Corporate Governance code are as under :

- a) Shri Yash Mahajan is a UK qualified Chartered Accountant and a fellow member of the Institute of Chartered Accountants of England and Wales. He has been associated with the Swaraj Group of Companies since April 1973.

Shri Mahajan has been associated with the Company from its very inception, firstly as Director and then as Chairman since 1992. He is presently the Group Chief Executive of Swaraj Group of Companies. He is also Vice Chairman & Managing Director of Punjab Tractors Ltd. and Swaraj Mazda Ltd., and Chairman of Swaraj Automotives Ltd. He is also a Director in UTI bank Ltd., Hindustan Aeronautics Ltd. and Pidilite Industries Ltd.

Shri Mahajan's achievements were nationally recognised in 2000 when he was selected as one of the outstanding entrepreneurs and included in the list of thirty finalists for the Ernst and Young entrepreneur award.

Details of Shri Yash Mahajan's Membership in Committees are given below:

Name of Company	Name of Committee
1 Punjab Tractors Ltd.	Shareholder / Investor Relations Committee Capital Expenditure Committee
2 Swaraj Mazda Ltd.	Shareholder / Investor Relations Committee
3 Swaraj Engines Ltd.	Shareholder / Investor Relations Committee Remuneration / Compensation Committee
4 UTI Bank Ltd.	Audit Committee of Board Risk Management Committee
5 Hindustan Aeronautics Ltd.	Audit Committee of Board

- b) Shri Atul C. Kirloskar is Chairman and Managing Director of Kirloskar Oil Engines Limited. He is also the Chairman of G.G. Dandekar Machine Works Ltd., Kirloskar Ferrous Industries Ltd. and Kirloskar Kisan Equipment Ltd. He also holds the position as Director on the Board of Kirloskar Systems Ltd.

Details of Shri Atul C. Kirloskar's Membership in Committees are given below:

Name of Company	Name of Committee
1 Bharat Forge Ltd.	Audit Committee Finance Committee Executive Committee
2 Kirloskar Ferrous Industries Ltd.	Shareholder / Investor Relations Committee Debenture Allotment Committee Share Allotment Committee Finance Committee
3 Kirloskar Systems Ltd.	Audit Committee – Chairman Shareholder/ Investor Relations Committee – Chairman
4 Swaraj Engines Ltd.	Remuneration / Compensation Committee

**SWARAJ ENGINES LIMITED**

- c) Shri G.P. Gupta retired as Chairman, Industrial Development Bank of India in 2001. He holds Masters degree in Commerce. Shri G.P. Gupta is also Director on the Board of Bharat Heavy Electricals Ltd., National Aluminum Company Ltd., Hindustan Aeronautics Ltd., Jammu & Kashmir Bank Ltd., M.P. Power Generating Company Ltd., Birla Sun Life Insurance Company Ltd. and Power Trading Corporation of India Ltd.

Details of Shri G.P. Gupta's Membership in Committees are given below:

<b>Name of Company</b>	<b>Name of Committee</b>
1 Jammu and Kashmir Bank Ltd.	Audit Committee
2 Bharat Heavy Electricals Ltd.	Audit Committee
3 Hindustan Aeronautics Ltd.	Audit Committee – Chairman
4 National Aluminum Company Ltd.	Audit Committee – Chairman
5 Swaraj Engines Ltd.	Audit Committee Remuneration / Compensation Committee

- d) Shri Donald Peck is based in Delhi and is currently the Chief Executive of Actis (formerly CDC Capital Partners).

Shri Donald Peck holds a Ph.D in Economic History from Oxford University. He worked for thirteen years in Merchant Banking at Llyods Bank, Morgan Grenfell and then in Equity Investment/Fund Management at IFC (Washington) before joining the CDC Group at its London headquarters in 1991.

Shri Peck is also on the Board of Alumnus Software Ltd., CICO Technologies Ltd., Ortel Communications Ltd., International Auto Ltd., Punjab Tractors Ltd., Swaraj Mazda Ltd. and as an Alternate Director in Infrastructure Development Finance Co. Ltd.

Details of Shri Donald Peck's Membership in Committees are given below:

<b>Name of Company</b>	<b>Name of Committee</b>
1 Punjab Tractors Ltd.	Remuneration / Compensation Committee
2 Infrastructure Development Finance Co. Ltd.	Executive Committee

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item no. 7**

Shri Donald Peck was appointed as an Additional Director with effect from 29<sup>th</sup> May, 2004 and he holds office upto the date of the forthcoming Annual General Meeting.

Shri Peck is based in Delhi and is currently the Chief Executive of Actis (formerly CDC Capital Partners). Shri Peck possesses vast experience in financial services.

The Board is of the considered view that Shri Donald Peck's association as Director would be of value to the Company and recommends the resolution for approval.

A notice under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Shri Donald Peck as a Director. Hence, this resolution is proposed.

Shri Donald Peck is interested and concerned in the item.