

# SWARAJ ENGINES LIMITED

CIN: L50210PB1985PLC006473

Registered Office: Phase IV, Industrial Area, S.A.S. Nagar (Mohali), Punjab 160055

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E-mail: selinvestor@swarajenterprise.com; Website: www.swarajenterprise.com

## POSTAL BALLOT NOTICE

Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014

Dear Member(s),

Notice is hereby given pursuant to Section 110 and other applicable provisions of the Companies Act, 2013, (the "Act"), read together with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (the "Management Rules"), including any statutory modification or re-enactment thereof for the time being in force and any other applicable provisions of the Act and the rules made thereunder, that the resolution set out below for the proposed buyback by Swaraj Engines Limited (the "Company") of its fully paid up equity shares each having a face value of Rs. 10/- ("Equity Shares") is proposed to be passed by way of Postal Ballot. An Explanatory Statement pertaining to the said resolution setting out the material facts and the reasons thereof is annexed to the Notice, along with a Postal Ballot form (the "Postal Ballot Form") for your consideration.

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> November, 2017 has, subject to approval of Members of the Company and approval of statutory, regulatory or governmental authorities as may be required under applicable laws, approved the proposal to buyback equity shares of the Company on a proportionate basis through a tender offer route in accordance with the Act, the Management Rules, and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended ("Buy-back Regulations"). The aggregate consideration for the aforesaid buyback shall be less than 25% of the aggregate paid up equity capital and free reserves of the Company as per the audited accounts of the Company as on 31<sup>st</sup> March, 2017 at a price of Rs. 2,400/- per equity share.

In accordance with the provisions of Sections 68(2)(b), 69, 110 of the Act read with Rule 22(16)(g) of the Management Rules and other applicable provisions of the Act and the rules made thereunder, and the Articles of Association of the Company, the Company is required to obtain approval of its Members by way of special resolution through postal ballot for the Buyback, since the Buyback is more than 10% of the total paid up equity capital and free reserves of the Company. The Buyback will comprise of purchase of up to 2,94,746 Equity Shares (aggregating up to 2.37% of the paid-up equity share capital of the Company) at a price of Rs 2,400/- (Rupees Two Thousand Four Hundred only) per Equity Share, payable in cash, aggregating to an amount of upto Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only). Accordingly, the Company seeks your approval for the proposed Buyback.

Pursuant to Rule 22(5) of the Management Rules, the Company has appointed Mr. Ajay K Arora (Membership no. 2191), Practicing Company Secretary (Certificate of Practice No. 993) as the scrutinizer (the "Scrutinizer") for conducting the Postal Ballot and voting by electronic means ("e-voting") process in a fair and transparent manner.

The Members of the Company are requested to carefully read the instructions printed on the Postal Ballot Form, record your assent (for) or dissent (against) therein and return the Postal Ballot Form, in original, duly completed in all respects, in the enclosed postage prepaid reply envelope addressed to the

scrutinizer (if posted in India) so as to reach the Scrutinizer, on or before the close of working hours (5:00 p.m. IST) on Tuesday, the 2<sup>nd</sup> January, 2018. Please note that any Postal Ballot Form(s) received after the said date and time will be treated as not having been received.

E-Voting facility is also provided to all the members to enable them to cast their votes electronically instead of dispatching Postal Ballot Forms. Members desiring to opt for e-voting as per facilities arranged by the Company are requested to follow the procedure as stated in the notes to the Notice and instructions for casting of votes by e-voting on the reverse of the Postal Ballot Form. Members of the Company will have both the options of voting i.e. by e-voting and through Postal Ballot Form. Kindly note that while exercising their vote, members of the Company can opt for only one of the modes of voting i.e. either through Postal Ballot Form or e-voting. If you are opting for e-voting, then you are requested not to vote through Postal Ballot Form and vice versa. In case member votes through both the modes, voting done by e-voting shall prevail and votes cast through postal ballot will be treated as invalid.

Upon completion of the scrutiny of the Postal Ballot Forms and e-voting, the Scrutinizer will submit his report to the Chairman (the "Chairman") or to any other person of the Company duly authorised in this regard, in a fair and transparent manner. The result of the Postal Ballot including e-voting would be announced by the Chairman or any other person duly authorised, on or before Thursday, the 4<sup>th</sup> January, 2018 by 2.00 p.m. (IST) at the registered office of the Company and will also be displayed on the Company's website ([www.swarajenterprise.com](http://www.swarajenterprise.com)) and on the website of NSDL (<https://nsdl.co.in>), besides being communicated to the Stock Exchanges, where the Equity Shares of the Company are listed, Depositories and Registrar and Share Transfer Agent.

The resolution, if passed by the requisite majority, shall be deemed to have been passed on Tuesday, the 2<sup>nd</sup> January, 2018 i.e. the last date specified for receipt of duly completed Postal Ballot Forms or e-voting.

### Approval for the Buyback of Equity Shares of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in accordance with Article 65 of the Articles of Association of the Company and the provisions of Sections 68, 69 and 110 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules"), the Companies (Management and Administration) Rules, 2014 (the "Management Rules"), including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended ("the Buy-back Regulations"), and subject to such other approvals, permissions and sanctions as may be necessary and subject to any modifications and conditions, if any, as may be prescribed by the Securities and Exchange Board of India ("SEBI"), Registrar of Companies (the "ROC") and/or other appropriate authorities

which may be agreed by the Board of Directors of the Company (hereinafter referred to as the **"Board"**, which expression includes any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) and subject to such conditions and modifications as may be prescribed or imposed by such government, regulatory or statutory authorities, the consent of the Members be and is hereby accorded for the Buyback by the Company of its fully paid-up equity shares of a face value of Rs. 10/- each (**"Equity Share"**), from the equity Members of the Company, for an amount not exceeding Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only), excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, etc. (hereinafter referred to as the **"Buyback Offer Size"**), (being less than 25% of the total paid-up equity capital and free reserves of the Company as per latest audited balance sheet as on 31<sup>st</sup> March, 2017), at a price of Rs. 2,400/- (Rupees Two Thousand Four Hundred only) per Equity Share on a proportionate basis through the **"Tender Offer"** route (hereinafter referred to as the **"Buyback"**), in accordance and consonance with the provisions contained in the Buy-back Regulations and the Act;

**RESOLVED FURTHER THAT** the Company shall implement the Buyback from out of its free reserves and that the Buyback shall be through the Tender Offer route in such manner as may be prescribed under the Act and the Buy-back Regulations and on such terms and conditions as the Board may deem fit.

**RESOLVED FURTHER THAT** as required by Regulation 6 of the Buy-back Regulations, the Company shall buy back Equity Shares from the Members on a proportionate basis under the Tender Offer, provided 15% of the number of Equity Shares which the Company proposes to buy back or number of Equity Shares entitled as per the shareholding of small Members at the Record Date, whichever is higher, shall be reserved for small Members, as defined in the Buy-back Regulations.

**RESOLVED FURTHER THAT** the Company shall implement the Buyback using the **"Mechanism for acquisition of shares through Stock Exchange"** notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated 13<sup>th</sup> April, 2015 as amended via SEBI circular CFD/DCR/2/CIR/P/2016/131 dated 9<sup>th</sup> December, 2016, including any amendments thereof.

**RESOLVED FURTHER THAT** the Buyback from non-resident Members, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors, Foreign Portfolio Investors and Members of foreign nationality, if any, shall be subject to such approvals, if and to the extent necessary or required from concerned authorities including approvals from the Reserve Bank of India (**"RBI"**) under Foreign Exchange Management Act, 1999 and rules and regulations framed there under, if any.

**RESOLVED FURTHER THAT** nothing contained hereinabove shall confer any right on the part of any Member to offer, or any obligation on the part of the Company or the Board to buyback any shares and/or impair any power of the Company or the Board to terminate any process in relation to such Buyback if so permissible by law.

**RESOLVED FURTHER THAT** the Company shall earmark adequate sources of funds for the purpose of the Buyback.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to give effect to the aforesaid resolutions and may delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Director(s)/Officer(s)/ Authorised Representative(s)/Committee (**"Buyback Committee"**) of the Company in order to give effect to the aforesaid resolutions, including but not limited to finalizing the terms of the Buyback

like record date, entitlement ratio, the timeframe for completion of Buyback; appointment of intermediaries/agencies, as may be required, for the implementation of the Buyback; preparation, signing and filing of the Public Announcement, the Draft Letter of Offer / Letter of Offer with the SEBI, the stock exchanges and other appropriate authorities and to make all necessary applications to the appropriate authorities for their approvals including but not limited to approvals as may be required from the SEBI, RBI under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder; and to initiate all necessary actions for preparation and issue of various documents including letter of offer, opening, operation and closure of necessary accounts including escrow account with the bank, entering into agreements, release of public announcement, filing of declaration of solvency, obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law, extinguishment of dematerialized shares and physical destruction of share certificates in respect of the equity shares bought back by the Company, and such other undertakings, agreements, papers, documents and correspondence, under the Common Seal of the Company, as may be required to be filed in connection with the Buyback with the SEBI, RBI, stock exchanges, Registrar of Companies, Depositories and/or other regulators and statutory authorities as may be required from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient or proper, to be in the best interest of the Members for the implementation of the Buyback, including but not limited to carrying out incidental documentation as also to make applications to the appropriate authorities for their approvals and to initiate all necessary actions for preparation and issue of various documents, opening of accounts including public announcement, letter of offer, extinguishment of share certificates and 'Certificate of Extinguishment' required to be filed in connection with the Buyback on behalf of the Board and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the Securities and Exchange Board of India, Reserve Bank of India, BSE Limited, National Stock Exchange of India Limited, Registrar of Companies, Depositories and/or other authorities.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

Registered Office:  
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Fax: + 91-172-2272731  
E-mail: selinvestor@swarajenterprise.com;  
Website: www.swarajenterprise.com  
CIN: L50210PB1985PLC006473  
Mumbai, 28<sup>th</sup> November, 2017

By Order of the Board  
For Swaraj Engines Limited

(M.S.GREWAL)  
Company Secretary

**Notes:**

1. The Explanatory Statement pursuant to Section 102 read with Section 110 of the Act setting out material facts pertaining to the resolution is annexed hereto along with the Postal Ballot Form for your consideration. It also contains all the disclosures as specified in Schedule II Part A of SEBI (Buyback of Securities) Regulations, 1998.
2. The Notice is being sent to all the Members, whose names appear on the Register of Members/List of Beneficial Owners on Tuesday, the 28<sup>th</sup> November, 2017, as received from National Securities Depository Limited and Central Depository Services (India) Limited. The Postal Ballot Notice is being sent to Members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/the Company's Registrar and Share Transfer Agent (in case of physical shareholding). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice along with Postal Ballot Form are being sent by permitted mode along with a postage prepaid reply envelope addressed to the Scrutinizer.
3. The Company has appointed Mr. Ajay K Arora (Membership No. 2191), Practicing Company Secretary, (Certificate of Practice No. 993) as Scrutinizer for conducting the Postal Ballot/e-voting process in a fair and transparent manner. After completion of the scrutiny of the Postal Ballot Forms and e-voting, he will submit his report to the Chairman or to any other person of the Company duly authorised in this regard. The results of the Postal Ballot including e-voting would be announced by the Chairman or any other person, duly authorized on or before Thursday, the 4<sup>th</sup> January, 2018 by 2.00 p.m. (IST) at the registered office of the Company and will also be displayed on the Company's website ([www.swarajenterprise.com](http://www.swarajenterprise.com)) and on the website of NSDL (<https://nsdl.co.in>), besides being communicated to the Stock Exchanges, where the Equity Shares of the Company are listed, Depositories and Registrar and Share Transfer Agent.
4. The Members whose e-mail IDs are registered with Depositories are being sent this Notice of Postal Ballot by e-mail and others are being sent through permitted mode of dispatch along with Postal Ballot Form. The Members who have received Postal Ballot Notice by e-mail and who wish to vote through Physical Postal Ballot Form can download the same from the website of the Company [www.swarajenterprise.com](http://www.swarajenterprise.com) and send the duly completed and signed Postal Ballot Form to the Scrutinizer so as to reach on or before 5.00 p.m. (IST), Tuesday, the 2<sup>nd</sup> January 2018. In case a Member is desirous of obtaining duplicate Postal Ballot Form, the Member may write to the Company's Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited or download the Postal Ballot Form from the Company's website, [www.swarajenterprise.com](http://www.swarajenterprise.com) or from the website of NSDL, [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
5. In compliance with the provisions of Section 108 and 110 of the Act read with the Management Rules and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is offering e-voting facility to all the Members of the Company to enable them to cast their votes electronically. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility to its Members. The instructions for e-voting are annexed to this Postal Ballot Notice.
6. The Members desiring to exercise vote by Postal Ballot Form are requested to carefully read the instructions printed on the reverse of the Postal Ballot Form and return the Postal Ballot Form duly completed, in all respects and signed in the enclosed postage prepaid reply envelope addressed to the Scrutinizer so that it reaches the Scrutinizer not later than by 5.00 p.m. (IST) on Tuesday, the 2<sup>nd</sup> January 2018. The postage cost will be borne by the Company. However, envelopes containing Postal Ballot Forms, if sent in person, by courier or registered/speed post at the expense of the Members will also be accepted. If any Postal Ballot Form is received after 5.00 p.m. (IST) on Tuesday, the 2<sup>nd</sup> January 2018, it will be considered that no reply from the Member has been received.
7. The voting rights of the Members shall be in proportion to their holding of Equity Shares with the paid up equity share capital of the Company as on 28<sup>th</sup> November, 2017 being the cut-off date. Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by Postal Ballot or e-voting. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
8. Facility to exercise vote by Postal Ballot including voting through electronic means will be available during the following period:  
Commencement of voting: From 9.00 a.m. (IST) on Monday, the 4<sup>th</sup> December, 2017  
End of voting: At 5.00 p.m. (IST) on Tuesday, the 2<sup>nd</sup> January, 2018 (both days inclusive)  
(The facility for voting through electronic means will be disabled for voting by NSDL upon expiry of the aforesaid voting period)
9. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The Scrutinizer's decisions on the validity of Postal Ballot Form shall be final and binding.
10. Votes will be considered invalid on the following grounds:
  - if the Member's signature does not tally
  - if the Member has marked all his shares both in favour and also against the resolution
  - if neither the assent nor dissent is mentioned
  - if the Postal Ballot Form is unsigned or has not been signed by or on behalf of the Member
  - the Postal Ballot Form not being accompanied by a certified copy of the relevant specific authority, if the Postal Ballot Form is signed in a representative capacity
  - if the Postal Ballot Form is received torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or on one or more of the above grounds
  - if the information filled in the Postal Ballot Form is incomplete
  - if any other form or photocopy of the Postal Ballot Form is used
  - any direction given by competent authority in writing to the Company to freeze the voting rights of the Member
  - if the Member has made any amendment to the resolution or imposed any condition while exercising his vote
  - if the envelope containing the Postal Ballot Form is received after the last date prescribed.

11. A Member cannot exercise his vote by proxy on Postal Ballot.

**Instructions and other information relating to e-voting:**

**A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:**

- (i) Open email and open attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Open the internet browser by typing the URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder - Login
- (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- (vi) Password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.
- (viii) Select "EVEN" (E-Voting Event Number) of Swaraj Engines Limited. Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through email to [ajaykcs@gmail.com](mailto:ajaykcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**B. For the members whose email IDs are not registered with the Company/Depository Participant(s):**

- (i) Initial password along with physical copy of the Notice of AGM is being sent separately in the permitted mode
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote

**C.** In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free number 1800-222-990.

**D.** You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE**

With an objective of rewarding Members holding Equity Shares of the Company, through return of surplus cash, the Board at its meeting held on 28<sup>th</sup> November, 2017 has approved the proposal for recommending buyback of Equity Shares as contained in the resolution in the Notice.

Since the Buyback is more than 10% of the total paid up equity capital and free reserves of the Company, in terms of Section 68(2)(b) of the Act, it is necessary to obtain the consent of the members of the Company, to the Buyback, by way of a special resolution. Further, as per Section 110 of the Act read with Rule 22(16)(g) of the Management Rules, the consent of the Members of the Company is required for the Buyback to be obtained by means of postal ballot. Accordingly, the Company is seeking your consent for the aforesaid proposal as contained in the resolution.

As per the relevant provisions of the Act and the Buy-back Regulations, the Explanatory Statement contains relevant and material information to enable the Members holding equity shares of the Company to consider and approve the Special Resolution on the Buyback of the Company's equity shares. Requisite details relating to the Buyback are given below:

**a) Objective of the Buyback**

The Buyback is being undertaken by the Company to return surplus cash to the equity shareholders, which are over and above its ordinary capital requirements and in excess of any current investment plans, in an expedient, effective and cost-efficient manner. The Buyback is being undertaken for the following reasons:

- i. The Buyback will help the Company to return surplus cash to its members holding equity shares broadly in proportion to their shareholding, thereby, enhancing the overall return to members;
- ii. The Buyback, which is being implemented through the Tender Offer route as prescribed under the Buy-back Regulations, would involve allocation of higher number of shares as per their entitlement or 15% of the number of shares to be bought back, reserved for the small shareholders. The Company believes that this reservation for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder" as per Regulation 2(1)(a) of the Buy-back Regulations;
- iii. The Buyback may help in improving return on equity and earnings per share by reduction in the equity base, thereby leading to long term increase in shareholders' value;
- iv. The Buyback gives an option to the members holding equity shares of the Company, who can choose to participate and get cash in lieu of equity shares to be accepted under the Buyback offer or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post the Buyback offer, without additional investment.

**b) Method to be adopted for the Buyback**

The Buyback shall be on a proportionate basis (subject to the reservation for small shareholders), from all the Members holding equity shares of the Company through the "Tender Offer" route, as prescribed under the Buy-back Regulations and the mechanism notified under the SEBI circular CIR/CFD/ POLICYCELL/1/2015 dated 13<sup>th</sup> April, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated 9<sup>th</sup> December, 2016, including any amendments thereof. The Buyback will be implemented in accordance with the Act and the Share Capital Rules to the extent applicable and on such terms and conditions as may be deemed fit by the Company.

As required under the Buy-back Regulations, the Company will announce a record date (the **"Record Date"**) for determining the names of the Members holding equity shares of the Company who will be eligible to participate in the Buyback.

In due course, upon the passing of this resolution, each Member as on the Record Date, will receive a Letter of Offer along with an intimation indicating the entitlement of the Member for participating in the Buyback.

The equity shares to be bought back as a part of the buyback is divided in two categories:

- (a) Reserved category for small shareholders; and
- (b) General category for all other shareholders.

As defined in the Buy-back Regulations, a "small shareholder" is a shareholder who holds equity shares having market value, on the basis of closing price on the recognized stock exchange in which highest trading volume in respect of Equity Shares as on Record Date, of not more than Rs. 2,00,000/- (Rupees Two Lacs Only). In accordance with Regulation 6 of the Buy-back Regulations, 15% (fifteen percent) of the number of equity shares which the Company proposes to Buyback or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders as part of this Buyback. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder".

On the basis of the holding on the Record Date, the Company will determine the entitlement of each Member to tender their shares in the Buyback. This entitlement for each Member will be calculated based on the number of equity shares held by the respective Member as on the Record Date and the ratio of Buyback applicable in the category to which such Member belongs.

Members' participation in Buyback will be voluntary. Members holding equity shares of the Company can choose to participate and get cash in lieu of shares to be accepted under the Buyback or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buyback, without additional investment. Members holding equity shares of the Company may also accept a part of their entitlement. Members holding equity shares of the Company also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other Members, if any. The maximum tender under the Buyback by any Member cannot exceed the number of equity shares held by the Member as on the Record Date.

The equity shares tendered as per the entitlement by Members holding equity shares of the Company as well as additional shares tendered, if any, will be accepted as per the procedure laid down in the Buy-back Regulations. The settlement of the tenders under the Buyback is expected to be done using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/ CFD/POLICYCELL/1/2015 dated 13<sup>th</sup> April, 2015 as amended via circular no. CFD/DCR2/ CIR/P/2016/131 dated 9<sup>th</sup> December, 2016, including any amendments thereof.

Detailed instructions for participation in the Buyback (tender of equity shares in the Buyback) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the Members holding equity shares of the Company as on the Record Date.

**c) Maximum amount required under the Buyback and the sources of funds from which the Buyback would be financed**

The Maximum amount required for Buyback will not exceed Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only) excluding transaction costs

viz. brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, etc., which is not exceeding 25% of the aggregate of the fully paid share capital and free reserves of the Company as on 31<sup>st</sup> March, 2017.

The funds for the implementation of the proposed Buyback will be sourced out of the free reserves of the Company or such other source may be permitted by the Buy-back Regulations or the Act.

The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and details of such transfer shall be disclosed in its subsequent audited financial statement.

The funds borrowed, if any, from Banks and Financial Institutions will not be used for the Buyback.

**d) Buyback Price and the basis of arriving at the Buyback Price**

The Equity Shares of the Company are proposed to be bought back at a price of Rs. 2,400/- (Rupees Two Thousand Four Hundred only) per share (the **"Buyback Price"**). The Buyback Price has been arrived at after considering various factors including, but not limited to the trends in the volume weighted average market prices of the Equity Shares on BSE Limited (**"BSE"**) and National Stock Exchange of India Limited (**"NSE"**) where the Equity Shares are listed, the network of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buyback on the earnings per Share.

The Offer Price represents:

- i) Premium of 19.56% and 18.79% over the volume weighted average market price of the Equity Shares on BSE and NSE, respectively, during the three months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback.
- ii) Premium of 25.54% and 25.87% over the volume weighted average market price of the Equity Shares on BSE and NSE, respectively, for two weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback.

The Company confirms that as required under Section 68(2)(d) of the Act, the ratio of the aggregate of secured and unsecured debts owed by the Company will be not more than twice the paid-up share capital and free reserves as on 31<sup>st</sup> March, 2017 after the Buyback.

The earning per share of the Company on pre-Buyback as on 31<sup>st</sup> March, 2017 was Rs. 55.42 which will increase to Rs. 56.76 post Buyback assuming full acceptance of the Buyback.

The return on net-worth of the Company on pre Buyback as on 31<sup>st</sup> March, 2017 was 24.29% which will increase to 32.37% post Buyback assuming full acceptance of the Buyback.

**e) Number of shares that the Company proposes to buyback and the time limit for completing the Buyback**

The Company proposes to buyback not exceeding 2,94,746 (Two Lakhs Ninety Four Thousand Seven Hundred Forty Six only) Equity Shares of face value of Rs. 10/- each of the Company. The Buyback is proposed to be completed within 12 months from the date of Special Resolution approving the proposed Buyback.

**f) Compliance with Section 68(2)(c) of the Act**

The aggregate paid-up share capital and free reserves as at 31<sup>st</sup> March, 2017 (the audited financial statements available as on the date of the Board Meeting recommending the proposal of the Buyback) is Rs. 282.96 crores. Under the provisions of the Act, the funds deployed for the Buyback cannot exceed 25% of the total paid-up share capital and free reserves of the Company i.e. Rs. 70.74 crores. The maximum amount proposed

to be utilized for the Buyback, is Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only) and is therefore within the limit of 25% of the Company's total paid-up share capital and free reserves as per the audited Balance Sheet as at 31<sup>st</sup> March, 2017. Further, under the Act, the number of equity shares that can be bought

back in any financial year cannot exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of equity shares that can be bought back in the current financial year is 31,04,955 Equity Shares. Since the Company proposes to buyback up to 2,94,746 Equity Shares, the same is within the aforesaid 25% limit.

**g) The aggregate shareholding of the Promoters, the directors of the Promoter where Promoter is a Company and of directors and key managerial personnel of the Company as on the date of this Notice:**

1. The aggregate shareholding of the Promoters who are in control of the Company:

Sr. No.	Name of Shareholder	No. of Shares held	Percentage (%)
1	Mahindra & Mahindra Limited	41,26,417	33.22
2	Kirloskar Industries Limited	21,60,000	17.39
	<b>Total</b>	<b>62,86,417</b>	<b>50.61</b>

2. None of the directors of the Company's promoters viz. Mahindra & Mahindra Limited (M&M) and Kirloskar Industries Limited (KIL) hold any Equity Shares in the Company, except for the following:

Sr. No.	Name of the Director of Promoter	No. of Shares held	Percentage (%)
1	Mr. Nadir B Godrej (Director of M&M)	1,199	0.01%
2	Mr. Atul C Kirloskar (Director of KIL)	600	0.00%
	<b>Total</b>	<b>1,799</b>	<b>0.01%</b>

3. None of the Directors or Key Managerial Personnel of the Company hold any Equity Shares in the Company except for the following:

Sr. No.	Shareholding of Directors & Key Managerial Personnel	Designation	No. of Shares held	Percentage
1	Mr. Rajinder Arora	Chief Financial Officer	1,050	0.01%

4. No Equity Shares of the Company have been purchased/sold by any of the Promoters, directors of the Company's promoters, Directors and Key Managerial Personnel of the Company during the period from six months preceding the date of the Board Meeting at which the Buyback was proposed and from the date of the Board Meeting till the date of this Notice, except for the following transactions:

Name of Promoter/ Director	Date of Transfer	No. of Shares Sold	Details of Transfer	Maximum Price (Rs.)*	Date of Maximum Price	Minimum Price (Rs.)*	Date of Minimum Price	Average Price (Rs.)*
Mr. Anil Alawani (Director of KIL)	8 <sup>th</sup> Nov., 2017	60	Sale	1,903 per share	8 <sup>th</sup> Nov., 2017	—	—	1,903 per share

\*Excluding Brokerage and other transaction costs

5. In terms of the Buy-back Regulations, under the Tender Offer route, the promoters of the Company have the option to participate in the Buyback. In this regard, the promoters of the Company have expressed their intention vide their letters, each dated 28<sup>th</sup> November, 2017, to participate in the Buyback in the following manner:

- I. Mahindra & Mahindra Limited ("M&M") has indicated that it would tender a maximum of 97,915 Equity Shares or such lower number depending on the response received from the public shareholders
- II. Kirloskar Industries Limited ("KIL") has indicated that it would tender a maximum of 51,254 Equity Shares or such lower number depending on the response received from the public shareholders.

6. Details of the date and price of acquisition of the Equity Shares that promoters intend to tender are set-out below:

**Mahindra & Mahindra Limited**

Date of Acquisition	# of Shares	Nominal Value (Rs.) per share	Issue Price/Transfer Price (Rs.) per share	Consideration (Rs.)	Nature of Transaction
6 July 2007	7,417	10.00	151.00	11,19,967.00	Purchased Shares pursuant to the Open Offer*
16 February 2009	90,498	10.00	1.67	1,51,131.66	Arising out of merger of Punjab Tractors Limited with M&M
Maximum # of Equity Shares intended to be tendered				97,915	

\* In addition to the acquisition price, the open offer also entailed other expenses

**Kirloskar Industries Limited\***

Date of Acquisition	# of Shares	Nominal Value (Rs.) per share	Issue Price/Transfer Price (Rs.) per share	Consideration (Rs.)	Nature of Transaction
25 August 1989	51,254	10.00	10.00	5,12,540.00	Subscription to IPO
Maximum # of Equity Shares intended to be tendered				51,254	

\* The name of the Company has been changed from "Kirloskar Oil Engines Ltd." to "Kirloskar Industries Ltd." with effect from 31 March, 2010, pursuant to a Scheme of Arrangement for Demerger between the Company and Kirloskar Engines India Ltd. (KEIL) as sanctioned by the Hon'ble High Court of Judicature at Bombay, vide its Order dated 31 July 2009 read with its Order 19 March 2010.

**h) Confirmations from the Board**

The Board of Directors of the Company has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion:

- i. That immediately following the date of the Board Meeting held on 28<sup>th</sup> November, 2017 and the date on which the Members' resolution by Postal Ballot/E-voting (the "**Postal Ballot Resolution**") will be passed, there will be no grounds on which the Company can be found unable to pay its debts;
- ii. That as regards the Company's prospects for the year immediately following the date of the Board meeting held on 28<sup>th</sup> November, 2017 as well as the year immediately following the date on which the Postal Ballot Resolution will be passed, approving the Buyback and having regards to the Board's intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board meeting approving the Buyback or within a period of one year from the date of passing of the Postal Ballot Resolution, as the case may be;
- iii. In forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Act, and the Insolvency and Bankruptcy Code, 2016 (to the extent notified and in force).

**i) Report addressed to the Board of Directors by the Company's Auditors on the permissible capital payment and the opinion formed by directors regarding insolvency:**

The text of the report dated 28<sup>th</sup> November, 2017 of B.K. Khare & Co, Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board is reproduced below:

To,  
The Board of Directors,  
Swaraj Engines Limited,  
Phase IV, Industrial Area,  
S. A. S. Nagar (Mohali),  
Punjab – 160055

Dear Sirs,

**Re: Proposed Buy-back of Equity Shares**

In connection with the proposed Buy-back of Equity Shares by Swaraj Engines Limited (the '**Company**') as approved by the Board of Directors at its meeting held on November 28, 2017 at a price of Rs. 2,400/- per share in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013 ("the **Act**") and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended (the "**SEBI Buyback Regulations**"); and based on the information and explanations given to us which were to the best of our knowledge and belief necessary for this purpose, we confirm as under:

1. We have enquired into the state of affairs of the Company in relation to its audited financial statements for the year ended March 31, 2017 which have been approved by the Board of Directors of the Company.
2. The amount of permissible capital payment (including premium) towards the proposed buyback of equity shares as computed in the table below is properly determined in our view in accordance with Section 68 (2)(c) of the Act. The amounts of share capital and free reserves have been extracted from the audited financial statements of the Company for the year ended March 31, 2017.

Particulars as on March 31, 2017		Amount (Rs. in crores)
Paid up share capital (1,24,19,820 equity shares of Rs. 10/- each)	A	12.42
Free Reserves:		
Retained earnings		110.57
General reserve		159.97
Total Free Reserves	B	270.54
Total paid up capital and free reserves	A+B	282.96
Maximum amount permissible for buyback under Section 68 of the Companies Act, 2013 (25% of the total paid up capital and free reserves, if the buyback is carried through tender offer route (in accordance with Chapter III of the Buyback Regulations and section 68(2)(c) of the Act i.e. Rs. 70,73,92,513/-).		70.74
Maximum amount permitted by Board Resolution dated November 28, 2017 approving Buyback, subject to shareholder approval, based on the audited financial statements for the year ended March 31, 2017 i.e. Rs. 70,73,90,400/-.		70.74

3. The Board of Directors of the Company, in their meeting held on November 28, 2017 have formed their opinion as specified in Part A, clause (x) of Schedule II to the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended, on reasonable grounds, that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution dated November 28, 2017, and from the date on passing of the shareholders' resolution by Postal Ballot with regard to the proposed buyback.

Based on the representations made by the Company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that we are not aware of anything to indicate that the opinion expressed by the Board of Directors in the declaration as to any of the matters mentioned in the declaration as approved by the Board of Directors in their meeting held on November 28, 2017 is unreasonable in all the circumstances in the present context.

This report has been issued at the request of the Company solely for use of the Company in relation to filling information with the explanatory statement to the notice for special resolution and in connection with the proposed buyback of equity shares of the Company in pursuance to the provisions of Sections 68 and other applicable provisions of the Companies Act, 2013 and the SEBI Buyback Regulations and may not be suitable for any other purpose.

For **B.K. Khare & Co,**  
Chartered Accountants  
(Registration No. 105102W)

**Munish Saraogi**  
Partner  
(Membership No. 054106)

Date: 28<sup>th</sup> November, 2017  
Place: Mumbai

**j) General obligations of the Company as per the provisions of the Buy-back Regulations and the Act:**

- i. The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buyback;
- ii. The Company shall not raise further capital for a period of one year from the closure of Buyback offer except in discharge of its subsisting obligations;
- iii. The special resolution approving the Buyback will be valid maximum for a period of one year from the date of passing of the said special resolution (or such extended period as may be permitted under the Act or the Buyback Regulations or by the appropriate authorities). The exact time table for the Buyback shall be decided by the Board (or its duly constituted Committee) within the above time limits;
- iv. The equity shares bought back by the Company will be compulsorily cancelled and will not be held for re-issuance;
- v. The Company shall not withdraw the Buyback after the public announcement of the offer to Buyback is made;
- vi. The Company shall not buyback locked-in equity shares and non-transferable equity shares till the pendency of the lock-in or till the equity shares become transferable; and

- vii. The Company confirms that there are no defaults subsisting in the repayment of deposit or interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.
- viii. For any queries, clarifications or grievances related to the postal ballot process, electronic voting process or Buyback process, Members holding equity shares of the Company may contact the following:

Mr. M.S. Grewal, Company Secretary  
Tel: +91 172 2271620-27; Fax +91 172 2272731;  
Email: selinvestor@swarajenterprise.com

All the material documents referred to in the Notice and Explanatory Statement such as the Memorandum and Articles of Association of the Company, relevant Board resolution for the Buyback, the Auditors Report dated 25<sup>th</sup> April, 2017 and the audited accounts for the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017 are available for inspection by the Members of the Company at its Registered Office on any working day between 10:00 a.m. and 4:00 p.m. up to the last date of receipt of Postal Ballot Form specified in the accompanying Notice.

In the opinion of the Board, the proposal for Buyback is in the interest of the Company and its Members holding Equity Shares of the Company. The Directors, therefore, recommend passing of the Special Resolution as set out in the accompanying Notice.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives are in anyway, concerned or interested, either directly or indirectly in passing of the said resolution, save and except to the extent of their shareholding in the Company.

Registered Office:  
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Punjab 160055  
Tel.: +91-172-2271620-27  
Fax: + 91-172-2272731  
E-mail: selinvestor@swarajenterprise.com;  
Website: www.swarajenterprise.com  
CIN: L50210PB1985PLC006473  
Mumbai, 28<sup>th</sup> November, 2017

By Order of the Board  
For Swaraj Engines Limited

(M.S.GREWAL)  
Company Secretary