

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of Swaraj Engines Limited will be held on **Tuesday, the 28th day of July, 2015 at 2.00 P.M.** at the Works of the Company at Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab - 160 062 to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Dr. Pawan Goenka (DIN 00254502) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.R.Deshpande (DIN 00007439) who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to Section 139 of the Companies Act, 2013, M/s Davinder S. Jaaj & Co., Chartered Accountants (ICAI Registration No. 000969N), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS

6. **To consider and, if thought fit, to pass, with or without modification(s), the following as a Special Resolution:**
"RESOLVED that pursuant to the provisions of sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be accorded to revise the remuneration of Shri M.N. Kaushal (DIN 02881972), Whole Time Director (herein after referred to as "the appointee") with effect from 1st October, 2014 as detailed below:

Salary

Rs. 1,95,227 per month in the scale of Rs. 1,95,227 to Rs. 2,50,000 per month with the authority accorded to the Board of Directors of the Company (hereinafter referred to as 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) to revise the salary payable to the appointee within the above mentioned scale of salary.

Performance Linked Bonus

A performance linked bonus in the range of Rs. 9,78,750/- to Rs. 19,57,500/- per annum, to be paid annually, with the authority to the Board to fix the same based on certain performance criteria to be laid down from time to time.

Perquisites

In addition to the salary and performance linked bonus payable, he shall also be entitled to perquisites as below:

- Benefits which would include company leased accommodation or house rent allowance in lieu thereof, use of Company car with driver, leave travel assistance for self and family, supplementary allowance and other perquisites, benefits and amenities in accordance with the Rules of the Company not exceeding amount of Rs. 43,16,447 per annum.
- Company contribution to Provident Fund.
- Benefits which are over and above salary include club membership fees, accrual and encashment of leaves, telephone and other communication facilities at residence, medical and personal accident insurance and other benefits, amenities and facilities as per the policy / rules of the Company.

Provided that the remuneration payable to the appointee (including the salary, performance linked bonus, perquisites, benefits and amenities) does not exceed the limits laid down in section 197 of the Act including any statutory modifications or re-enactment thereof.

FURTHER RESOLVED that where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company may pay to the appointee, the above remuneration as the minimum remuneration for a period not exceeding 3 (three) years from 1st October, 2014 by way of salary, perquisites and other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED that pursuant to Clause 49(VII)(E) of the Listing Agreement with the Stock Exchanges (including any amendment, modification or re-enactment thereof), consent of the members of the Company be and is hereby accorded to the following related party transactions, entered into or to be entered into with respect to sale, purchase, service or supply of goods or materials, availing or rendering of services, leasing of property of any kind, selling or otherwise disposing off or buying property of any kind or any other transaction which will be in ordinary course of business and at arm's length (Transactions), with effect from 1st April, 2015, and every year thereafter, upto the maximum value of transactions per annum as appended in the table below:

S.No.	Name of related party	Relationship	Maximum value of Transactions per annum (Rs. in Crores)*
1	Mahindra & Mahindra Limited	Associate	1200

*Expected maximum annual value of transactions over the next three to four years

FURTHER RESOLVED that the Board of Directors of the Company, which includes any Committee thereof and/or any individual(s) authorized by the Board be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to the above resolution."

8. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s V. Kumar & Associates, Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016, be paid a remuneration of Rs. 70,000/- (Rupees seventy thousand only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and rules framed thereunder (including Companies (Share Capital and Debenture) Rules, 2014) and other applicable provisions if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment of the Act for the time being in force and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 including any modifications thereof or supplements thereto ("the SEBI SBEB Regulations") and the Listing Agreement entered into with the Stock Exchange(s) where the securities of the Company are listed or other relevant authority, from time to time and subject to such other legislations, consents, permissions, sanctions and approvals as may be necessary and subject to granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee), consent of the Shareholders be and is hereby accorded to the Employee Stock Option Scheme - 2015 ("the Scheme") the salient features of which are detailed in the Explanatory Statement to this Notice and to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the permanent employment of the Company (hereinafter referred to as "Employee" or "Employees"), under the Scheme, such number of equity shares and/ or equity linked instruments (including Options/Warrants/Restricted Stock Units) ("Options") not exceeding 0.25% of the Paid-up Equity Share Capital of the Company as on 31st March, 2015 i.e. not exceeding 31,000 equity shares of Rs. 10 each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time), in one or more tranches, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the Scheme, the SEBI SBEB Regulations and other provisions of the law as may be prevailing at that time.

FURTHER RESOLVED that the new equity shares to be issued and allotted in the manner aforesaid shall rank paripassu in all respects with the then existing equity shares of the Company.

FURTHER RESOLVED that the Company shall conform to the accounting policies prescribed with regard to the Stock Options from time to time under the SEBI SBEB Regulations.

FURTHER RESOLVED that for the purpose of creating, offering, issuing, allotting and listing of the Securities and/or for the purpose of complying with any guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time, provided such variations, modifications, alterations or revisions are not detrimental to the interests of the Employees.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorised to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company."

NOTES

1. Explanatory statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Share Transfer Agent Limited having their office at F-65, First Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020.
5. The Register of Members and Share Transfer Books of the Company will be closed from 11th July, 2015 to 17th July, 2015 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, would be paid / despatched on or after 29th July, 2015 to those shareholders or their mandates:

SWARAJ ENGINES LIMITED

- (a) whose names appear as Beneficial Owners as at the end of the business hours on 10th July, 2015 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
- (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Share Transfer Agent on or before 10th July, 2015.
7. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.
8. 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 10 days before the date of the Meeting so that information required may be compiled and made available at the Meeting.
9. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for and upto the financial year ended 31st March, 2007 to the Investor Education and Protection Fund (IEPF). The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 31st July, 2014 (date of last Annual General Meeting) on the website of the Company (www.swarajenterprise.com). Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH13 duly filled in to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
12. Payment of Dividend through ECS:
- a) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
- b) Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by 17th July, 2015, to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited. Members located in places where ECS/NECS facility is not available may submit their bank details to enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
13. For receiving all shareholder communications faster, including annual reports, the shareholders are requested to kindly register/update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited.
14. Members are requested to:
- Intimate to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form.
 - Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in dematerialised form. The Company will not take cognizance of any such requests directly from shareholders.
 - Quote their folio numbers/Client ID/ DP ID in all correspondence.
 - consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
15. Voting through electronic means
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The shareholders may cast their vote using an electronic voting system from a place other than the venue of the meeting ("Remote e-voting").
- The instructions for remote e-voting are as under:
- 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.nsdsl.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 e-mail to ajaykcs@gmail.com with a copy marked to evoting@nsdl.co.in
- B. For the members whose email IDs are not registered with the Company/Depository Participant(s):
- (i) Initial password alongwith physical copy of the Notice of AGM is being sent separately in the permitted mode.
 - (ii) Please follow all steps from Sl. No. (i) to Sl. No. (xii) above, to cast vote.
- II. 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.nsdsl.com
- III. 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).
- IV. The remote e-voting period commences on 24th July, 2015 (9:00 am) and ends on 27th July, 2015 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 21st July, 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast the vote again. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- V. The facility for voting through ballot will also be made available at the AGM and shareholders attending the AGM who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, the 21st July, 2015.
- VII. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 21st July, 2015, may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or Registrar and Share Transfer Agent of the Company.
- If the shareholder is already registered with NSDL for remote e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.
- VIII. Mr. Ajay K Arora, Practicing Company Secretary (Membership No. 2191), Proprietor - M/s. A. Arora & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- IX. The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- X. As per Clause 35A of the Listing Agreement, the results of e-voting are to be communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.swarajenterprise.com and on the website of NSDL.
- XI. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 28th July, 2015.
16. Appointment /Re-appointment of Directors
- Dr. Pawan Goenka and Shri R.R.Deshpande shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.
- Dr. Pawan Goenka and Shri R.R.Deshpande do not hold any Equity Shares in the Company.
- None of the Directors of the Company are inter-se related to each other.
- In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed / re-appointed, members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

Regd. Office :
Phase IV, Industrial Area , S.A.S. Nagar (Mohali) Punjab - 160 055
Email: grewal.maninder@mahindraswaraj.com
Dated: 25th June, 2015
CIN: L50210PB1985PLC006473

BY ORDER OF THE BOARD

(M.S.GREWAL)
Company Secretary

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the items of the Special Business.

Item No. 6

Shri M.N. Kaushal was appointed as Whole-time Director of the Company with effect from 1st April, 2012 for a period of 5 years. Shri Kaushal besides Whole-time Director was also looking after the Finance & Accounts function of Tractor and Farm Mechanization business of Mahindra & Mahindra Limited and Rs. 1.0 lac per month was being charged to the Company for his services as Whole-time Director. However, with effect from 1st October, 2014, he has been spending full time in Swaraj Engines Limited. Therefore, need has arisen to revise his remuneration. Accordingly, the Board, on the recommendation of the Nomination and Remuneration Committee, has in its meeting held on 20th October, 2014, subject to the approval of members, revised the remuneration payable to Shri M.N. Kaushal, Whole-time Director, with effect from 1st October, 2014.

Terms of remuneration of Shri M.N. Kaushal are set out in the Special Resolution under Item No. 6 of the Notice.

The Board recommends the Special Resolution set out in Item No. 6 of the Notice for approval of the members.

Except Shri M.N. Kaushal, none of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The following additional information as required by Schedule V to the Act is given below:

I. General Information

- (1) Nature of Industry
The Company is in the business of manufacture of Diesel Engines and its components.
- (2) Date or expected date of commencement of commercial production
The Company was incorporated on 24th September, 1985 and started commercial production of diesel engines in the year 1989.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.
Not Applicable
- (4) Financial performance based on given indicators - as per audited financial results for the year ended 31st March, 2015

Particulars	(Rs. in Crores)
Turnover & Other Income	556.01
Net profit as per Statement of Profit & Loss (After Tax)	51.84
Profit as computed under Section 198 of the Act	78.78
Net Worth	212.07
- (5) Foreign investments or collaborations, if any : Nil

II. Information about the appointee

- (1) Background details
Shri M.N. Kaushal
Shri M.N. Kaushal joined the Company's Board in December, 2009 and has been appointed as Whole-time Director for a period of 5 years with effect from 1st April, 2012.
Shri Kaushal is a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Having joined the erstwhile Punjab Tractors (since merged with Mahindra & Mahindra Limited) in 1981, his last assignment in M&M was Sr. Vice President - Finance of Farm Division of Mahindra & Mahindra Ltd. and has made significant contributions in business planning, cost control and management & judicious allocation of financial resources.
- (2) Past remuneration during the financial year ended 31st March, 2015
Remuneration of Rs. 1,00,000/- per month till 30th September, 2014 in the scale of Rs. 1,00,000/- to Rs. 1,25,000/- per month.
- (3) Recognition or awards
Career profile already covered in the section "Background details".
- (4) Job Profile and his suitability
Shri M.N. Kaushal, Whole-time Director, is responsible for operations and the affairs of Company. Taking into consideration his qualifications and expertise in relevant fields, he is best suited for the responsibilities currently assigned to him by the Board of Directors.
- (5) Remuneration proposed
As set out in Item No. 6 of the Notice.
- (6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)
Taking into consideration the size of the Company, the profile of Shri M.N. Kaushal, the responsibilities assigned, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.
- (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.
Besides the remuneration proposed to be paid to him, Shri M.N. Kaushal does not have any other pecuniary relationship with the Company or relationship with any of its managerial personnel.

III. Other Information

- (1) Reasons of loss or inadequate profits
Not applicable, as the Company has posted a net profit after tax of Rs. 51.84 crores for the year ended 31st March, 2015.
- (2) Steps taken or proposed to be taken for improvement and
- (3) Expected increase in productivity and profits in the measurable terms
Not applicable as the Company has adequate profits. The Company posted an operating profit of Rs. 74.71 crores for the year ended 31st March, 2015.

IV. Disclosures

The information and disclosures for remuneration criteria of the managerial personnel have been mentioned in the Annual Report for the year ended 31st March, 2015 in the Corporate Governance Report Section under the Heading "Remuneration to Directors".

Item No. 7

Clause 49(VII)(E) of the Listing Agreement provides that all material transactions that a company enters into with its Related Parties have to be approved by the shareholders of the company by passing a special resolution. Clause 49(VII)(C) defines a material related party transaction as a transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Mahindra & Mahindra Limited (M&M) is a related party of the Company. The Company has transactions with M&M for sale, purchase, service or supply of goods or materials, availing or rendering of services, leasing of property, selling or otherwise disposing off or buying property of any kind or such transactions which are in the Ordinary Course of business and at Arm's Length (Transactions). Considering the aggregate of the transactions which the Company has with M&M, the value of such transactions exceeds the threshold of material related party transaction as provided under Clause 49 of the Listing Agreement (i.e. the aggregate value of such transactions exceeds ten percent of the annual consolidated turnover of the Company as per its last audited financial statements). Therefore, your Directors recommend the Special Resolution proposed as set out at Item No. 7 of this Notice for your approval.

The particulars of the contracts/arrangements/transactions are as under:

1. Name of the related party: Mahindra & Mahindra Limited
2. Name of the Director or Key Managerial Personnel who is related: None of the Directors and/or Key Managerial Personnel of the Company and/or their respective relatives are in any way concerned or interested in the aforesaid Special Resolution save and except to the extent of their directorship / shareholding, if any, in any of the entities mentioned in the resolution.
3. Nature of relationship: Swaraj Engines Limited is an associate company of Mahindra & Mahindra Limited.
4. Nature, material terms of the contracts/arrangements/transactions: Sale, purchase, service or supply of goods or materials, availing or rendering of services, leasing of property, selling or otherwise disposing off or buying property of any kind or such transactions on arm's length basis.
5. Monetary Value: Maximum value of Rs. 1200 crores per annum
6. Any other information relevant or important for the members to take a decision on the proposed resolution: None.

Pursuant to Clause 49(VII)(E) of the Listing Agreement, the related parties have to abstain from voting on the special resolution that is being proposed for the consideration of the shareholders. No shareholder of the Company being a related party or having any interest in the Special Resolution as set out at Item No. 7 of the Notice shall be entitled to vote on this Special Resolution.

None of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice save and except to the extent of their directorship / shareholding, if any, in any of the entities mentioned in the resolution .

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

Item No. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s V. Kumar & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 and the Board, subject to the ratification by the members, approved the remuneration of Rs. 70,000/- (Rupees seventy thousand only) plus applicable taxes and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016.

None of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

Item No. 9

Stock Options represent a reward system based on performance. It help companies to attract, retain and motivate the best available talent. Stock Options also provide a Company with an opportunity to optimise its personnel costs. This also provides an opportunity to employees to participate in the growth of the Company, besides creating long term wealth in their hands.

Keeping in line with the above, "Swaraj Engines Limited Employees Stock Option Scheme - 2015" ('the Scheme') has been formulated in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI SBEB Regulations') issued by SEBI and other applicable laws. The Scheme has been approved by the Nomination and Remuneration Committee and by the Board of Directors at their Meeting held on 25th June, 2015.

The Scheme will be operated and administered under the superintendence of the Company's Nomination and Remuneration Committee, which is a Committee of the Board of Directors, the majority of whose Members are Independent Directors. The Nomination and Remuneration Committee will formulate the detailed terms and conditions of the Scheme including:

- Number of options to be granted to any Employee, and in the aggregate;
- Terms on which the options will vest;
- The conditions under which options vested in Employees may lapse in case of termination of Employees for misconduct;
- The exercise period within which an Employee should exercise the options, and lapsing of options on failure to exercise the options within the exercise period;
- The specified time period within which the Employee shall exercise the vested options in the event of termination or resignation of the Employee;
- The right of an Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
- The grant, vesting and exercise of options in case of Employees who are on long leave; and
- Any other related or incidental matters.

Brief Description of the Scheme is given as under:

- a) The total number of options to be granted
The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 31,000 equity shares of Rs. 10 each, which represents 0.25% of the Paid-up equity share capital of the Company as on 31st March, 2015 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).
- b) Identification of classes of employees entitled to participate in the Scheme;
Persons who are employees as defined in the SEBI SBEB Regulations for the time being in force and as may be decided by the Nomination and Remuneration Committee from time to time.
The class of Employees eligible for participating in the Scheme shall be determined on the basis of the grade, length of service, performance, and such other parameters as may be decided by the Nomination and Remuneration Committee from time to time.
The options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- c) Requirements of vesting and period of vesting
Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as may be stipulated by the Nomination and Remuneration Committee.
- d) Maximum period within which the options shall be vested
The maximum vesting period may extend up to five years from the date of grant of options, unless otherwise decided by the Nomination and Remuneration Committee.
- e) Exercise price or pricing formula
Exercise Price means the price at which the Employee is entitled to acquire the equity shares pursuant to the options granted and vested in him/her under the Scheme.
The Exercise Price per equity share shall be equal to or not less than the face value of the shares in accordance with the recommendations of the Nomination and Remuneration Committee at the time of grant of options.
- f) Exercise period and process of exercise
The exercise period may commence from the date of vesting and will expire not later than five years from the date of vesting, or such other period as may be decided by the Nomination and Remuneration Committee from time to time.
The options will be exercisable by the Employees by a written application to the Company or any other entity which may be set up for this purpose to exercise the options, in such manner, and on execution of such documents, as may be prescribed by the Nomination and Remuneration Committee from time to time.
The options will lapse, if not exercised within the specified exercise period. The options may also lapse, under certain circumstances even before the expiry of the specified exercise period.
- g) Appraisal Process for determining the eligibility of Employees to the Scheme.
The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee.
- h) Maximum number of options to be issued per Employee and in the aggregate
The maximum number of options to be granted per Employee will not exceed 10,000 equity shares of Rs. 10 each. The aggregate of all such grants shall not exceed 31,000 equity shares of Rs. 10 each, representing 0.25% of the Paid-up equity share capital of the Company as on 31st March, 2015 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).
- i) Whether the scheme is to be implemented and administered directly by the Company or through a trust
The Scheme will be implemented directly by the Company under the guidance of the Nomination and Remuneration Committee of the Board.
- j) Whether scheme involves new issue of shares by the Company or Secondary acquisition by the trust
The Scheme will involve only new issue of shares by the Company
- k) Disclosure and accounting policies
The Company shall conform to the accounting policies specified by Securities & Exchange Board of India as per the SEBI SBEB Regulations, amended from time to time.
- l) Method of Valuation
The Company follows the intrinsic value method for computing the compensation cost, if any, for the options granted. The difference between the employee compensation cost so calculated and employee compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share would be disclosed in the Directors' Report.
- m) Other terms
The Board or Nomination and Remuneration Committee shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the Regulations and Guidelines as prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the Employees.
The Securities may be allotted directly to the Employees in accordance with the Scheme.
As the Scheme would entail further shares to be offered to persons other than existing Members of the Company, consent of the Members is sought pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per the requirement of Clause 6 of the SEBI SBEB Regulations.
None of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice save and except to the extent of their entitlements, if any, under the Scheme.
The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the members.

Regd. Office :
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab - 160 055
Email: grewal.maninder@mahindraswaraj.com
Dated: 25th June, 2015
CIN: L50210PB1985PLC006473

BY ORDER OF THE BOARD

(M.S.GREWAL)
Company Secretary

SWARAJ ENGINES LIMITED

Registered Office :

Phase-IV, Industrial Area, S.A.S. Nagar (Mohali), Punjab-160 055

29th Annual General Meeting - 28th July, 2015

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

NAME OF THE SHAREHOLDER/PROXY
ADDRESS

Folio No.

DP ID*

Client ID*

No. of Shares held :

I hereby record my presence at the 29th ANNUAL GENERAL MEETING of the Company at its Works at Plot No. 2, Industrial Phase IX, S.A.S. Nagar (Mohali), Punjab -160 062 on Tuesday, the 28th July, 2015 at 2:00 p.m.

*To be used for shares held in
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration Rules, 2014)]

SWARAJ ENGINES LIMITED

(CIN: L50210PB1985PLC006473)

Regd. Office: Phase IV, industrial Area, S.A.S.Nagar (Mohali), Punjab-160055

Email:selinvestor@swarajenterprise.com, Website: www.swarajenterprise.com

Name of the Member (s):

Registered Address:

Email id:

Folio / DP ID-Client ID No:

I/We, being the member(s) of _____ shares of the above named Company hereby appoint :

- (1) Name _____ Address _____
E-mail id _____ Signature _____ or falling him;
- (2) Name _____ Address _____
E-mail id _____ Signature _____ or falling him;
- (3) Name _____ Address _____
E-mail id _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday, 28th July, 2015 at 2.00 p.m. at the Works of the Company at Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab - 160062 and at any adjournment thereof in respect of such resolutions as are indicated below:

	Resolutions	Optional*	
		For	Against
	Ordinary Business		
1	Adoption of Financial Statements for the year ended 31st March, 2015, Reports of the Directors and the Auditors thereon		
2	Declaration of Dividend on Equity Shares		
3	Re-appointment of Dr. Pawan Goenka as Director, who retires by rotation		
4	Re-appointment of Shri R.R. Deshpande as Director, who retires by rotation		
5	Appointment of Auditors and fix their remuneration		
	Special Business		
6	Approval to the revision in remuneration of Shri M.N. Kaushal, Whole Time Director		
7	Approval to the Related Party Transactions		
8	Approval to the remuneration of Cost Auditors		
9	Approval to the Employee Stock Option Scheme		

Signed this _____ day of _____ 2015

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 29th Annual General Meeting.
- *3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.