

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a registered Equity Shareholder of **Swaraj Engines Limited** (the “Company”) as on the Record Date in accordance with Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended. If you require any clarifications about the action to be taken, you should consult your stock broker or investment consultant or the Manager to the Buyback Offer (Kotak Mahindra Capital Company Limited) or the Registrar to the Buyback Offer (Karvy Computershare Private Limited). Please refer to the section on ‘Definitions’ for the definitions of the capitalized terms used herein.



Swaraj Engines Limited

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

Tel.: +91-172-2271620-27 Fax: + 91-172-2272731

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

Compliance Officer: Mr M. S. Grewal, Company Secretary

CASH OFFER TO BUYBACK NOT EXCEEDING 2,94,746 FULLY PAID-UP EQUITY SHARES OF FACE VALUE RS. 10/- EACH, REPRESENTING 2.37% OF THE TOTAL NUMBER OF EQUITY SHARES IN THE ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY, FROM ALL THE EXISTING SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF THE COMPANY AS ON THE RECORD DATE I.E. 12TH JANUARY, 2018, ON A PROPORTIONATE BASIS, THROUGH THE “TENDER OFFER” ROUTE AT A PRICE OF RS. 2,400/- (RUPEES TWO THOUSAND FOUR HUNDRED ONLY) PER EQUITY SHARE FOR AN AGGREGATE AMOUNT NOT EXCEEDING RS. 70,73,90,400/- (RUPEES SEVENTY CRORES SEVENTY THREE LAKHS NINETY THOUSAND FOUR HUNDRED ONLY)

- 1) The Buyback is in accordance with Article 65 of the Articles of Association of the Company and is subject to the provisions of Section 68 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014 and in compliance with Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 including any amendments, statutory modifications or re-enactments thereof, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, Reserve Bank of India, etc.
- 2) The Buyback Offer Size is 25% of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended 31st March, 2017 and is within the statutory limits of 25% of the fully paid-up equity share capital and free reserves as per the last audited accounts of the Company.
- 3) The Letter of Offer will be sent to the Equity Shareholder(s) / Beneficial Owner(s) of Equity Shares of the Company as on the Record Date i.e. 12th January, 2018.
- 4) The procedure for tender and settlement is set out in paragraph 23 of this Letter of Offer. The tender form (“Tender Form”) is enclosed together with this Letter of Offer.
- 5) For mode of payment of consideration to the Equity Shareholders, please refer to paragraph 23.26 of Letter of Offer.
- 6) A copy of the Public Announcement published on 4th January, 2018 and this Letter of Offer (including Tender Form) is available on the website of Securities and Exchange Board of India - <http://www.sebi.gov.in>.
- 7) Equity Shareholders are advised to read this Letter of Offer and in particular, refer to paragraph 19 (Details of Statutory Approvals) and paragraph 24 (Note on Taxation) before tendering their Equity Shares in the Buyback.

BUYBACK OPENS ON: 31ST JANUARY, 2018 (WEDNESDAY)

BUYBACK CLOSES ON: 14TH FEBRUARY, 2018 (WEDNESDAY)

LAST DATE OF RECEIPT OF COMPLETED TENDER FORMS AND OTHER SPECIFIED DOCUMENTS INCLUDING PHYSICAL SHARE CERTIFICATES BY THE REGISTRAR: 16TH FEBRUARY, 2018 (FRIDAY)

MANAGER TO THE BUYBACK

REGISTRAR TO THE BUYBACK



Kotak Mahindra Capital Company Limited

27BKC, 1st floor, Plot no. C-27, “G” Block,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051

Tel: +91 22 22 4336 0128

Fax: +91 22 22 6713 2447

Email: project.swarajbuyback@kotak.com

Contact Person: Mr. Ganesh Rane

SEBI Registration Number: INM000008704

CIN: U67120MH1995PLC134050

Validity Period: Perpetual



Karvy Computershare Private Limited

Karvy Selenium, Tower B, Plot number 31 & 32 Gachibowli,
Financial District, Nanakramguda
Hyderabad 500 032, India

Tel: +91- 40 67162222

Fax: +91- 40 – 23431551

Email: sel.buybackoffer@karvy.com

Contact Person : Mr. M. Muralikrishna

SEBI Registration: INR000000221

CIN: U72400TG2003PTC041636

Validity Period: Perpetual

The Offer is pursuant to SEBI (Buy Back of Securities) Regulations, 1998 and subsequent amendments as well as in accordance with provisions of Section 68 and all other applicable provisions, if any, of the Companies Act, 2013

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1. SCHEDULE OF ACTIVITIES

Activity	Schedule of activities	
	Date	Day
Date of Board Meeting approving the proposal for the Buyback	28 th November, 2017	Tuesday
Public Announcement of Buyback	4 th January, 2018	Thursday
Record Date for determining the Buyback Entitlement and the names of Eligible Shareholders	12 th January, 2018	Friday
Buyback Opens on	31 st January, 2018	Wednesday
Buyback Closes on	14 th February, 2018	Wednesday
Last date of receipt of completed Tender Forms and other specified documents including physical share certificates by the Registrar	16 th February, 2018 5.00 PM	Friday
Last date of verification by Registrar	23 rd February, 2018	Friday
Last date of providing Acceptance to the Stock Exchange by the Registrar	23 rd February, 2018	Friday
Last date of settlement of bids on the Stock Exchange	26 th February, 2018	Monday
Last date of dispatch of share certificate(s) by Registrar / return of unaccepted demat shares by Stock Exchange to Selling Member	26 th February, 2018	Monday
Last Date of Extinguishment of Shares	5 th March, 2018	Monday

2. KEY DEFINITIONS

Acceptance Form	Tender Form
Act	The Companies Act, 2013, as amended
Articles	Articles of Association of the Company
Board	Board of Directors of the Company
Board Meeting	Meeting of Board of Directors of Swaraj Engines Limited held on 28 th November, 2017
Bank	Kotak Mahindra Bank Limited
BSE	BSE Limited
Buyback Regulations	Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998
Buyback Committee or Committee	Buyback committee comprising of Mr. S. Durgashankar, Director, Mr. Vijay Varma, Director, Mr. Subhash Mago, Whole Time Director & CEO, Mr. M.S.Grewal, Company Secretary and Mr. Rajinder Arora, Chief Financial Officer of the Company, constituted on 28 th November, 2017
Buyback Entitlement or Entitlement	The number of Equity Shares that an Eligible Shareholder is entitled to tender, in the Buyback, based on the number of Equity Shares held by such Eligible Shareholder, on the Record Date and the ratio / percentage of Buyback applicable to such Shareholder
Buyback or Buyback Offer or Offer	Offer to buyback up to 2,94,746 Equity Shares of Rs.10/- each of Swaraj Engines Limited at a price of Rs. 2,400/- per Equity Share in accordance with the regulations and relevant provisions of the Act via the tender offer route
Buyback Price or Offer Price	Price at which shares will be bought back from the shareholders i.e. Rs. 2,400/- per Equity Share
Buyback Size or Offer Size	Number of Equity Shares proposed to be bought back multiplied by the Buyback Price i.e. Rs. 2,400/-
Clearing Corporation	Indian Clearing Corporation Limited
Closing Date	14 th February, 2018
Company	Swaraj Engines Limited
Draft LOF or Draft Letter of Offer	The draft letter of offer dated 8 th January, 2018
DP	Depository Participant
Equity Share(s) or Share(s)	The Company's fully paid-up equity share(s) of face value of Rs. 10/- (Rupees Ten) each
Equity Shareholder(s) or Shareholder(s) or Members	Holders of the Equity Shares of the Company
Eligible Person(s) or Eligible Shareholder(s) or	Person(s) eligible to participate in the Buyback Offer and would mean all equity shareholders/beneficial owner(s) of Equity Shares of the Company as on Record Date i.e. 12 th January, 2018 and excludes Person(s) who do not have the capacity under applicable law to tender shares.
Escrow Account	Escrow account opened in accordance with Buyback Regulations, in the name of 'Swaraj Engines Buyback Escrow Account' bearing the account number 5511891864
Escrow Agent	Kotak Mahindra Bank Limited
Escrow Agreement	The escrow agreement entered into between the Company, the Manager to the Offer and Kotak Mahindra Bank Limited
FEMA	Foreign Exchange and Management Act, 1999 including the regulations, circulars, directions and notifications issued thereunder.
General Category	Eligible Shareholders other than the Small Shareholders
IT Act/ Income Tax Act	Income-tax Act, 1961, as amended

LOF or Letter of Offer	Letter of offer dated 20th January, 2018
LODR Regulations	The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended
Manager to the Buyback or Manager to the Offer	Kotak Mahindra Capital Company Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer Period or Tendering Period	Period of ten working days from the date of opening of the Buyback Offer i.e. 31st January, 2018 till its closure i.e. 14th February, 2018 (both days inclusive)
Opening Date	31st January, 2018
PA or Public Announcement	The public announcement, made in accordance with the Buyback Regulations, dated 3 rd January, 2018 published on 4 th January, 2018 in all editions of Financial Express (English national daily), Jansatta (Hindi national daily), Punjabi Tribune (Regional language daily – Punjabi), each with wide circulation
PAN	Permanent Account Number
RBI	Reserve Bank Of India
Record Date	The date for the purpose of determining the entitlement and the names of the Equity Shareholders, to whom the Letter of Offer will be sent and who are eligible to participate in the Buyback Offer in accordance with Buyback Regulations. This date shall be 12 th January, 2018
Registrar to the Buyback or Registrar to the Offer	Karvy Computershare Private Limited
Reserved Category	The Small Shareholders eligible to tender Shares in the Buyback
SEBI	The Securities and Exchange Board of India
SEBI Circular	“Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/ CFD/POLICYCELL/1/2015 dated April 13, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated 9 th December, 2016, including any amendments thereof
Seller Member or Seller Broker	A Stock broker (who is a member of the BSE) of an Eligible Shareholder, through whom the Eligible Shareholder wants to participate in the Buyback
Small Shareholder	An Equity Shareholder, who holds Equity Shares of market value not more than Rs. 200,000/- (Rupees Two Lacs Only), on the basis of closing price on the recognized stock exchange registering the highest trading volume, as on Record Date i.e. 12 th January, 2018
Share Capital Rules	Companies (Share Capital and Debentures) Rules, 2014
Shareholders	Holders of Equity Shares and includes beneficial owners thereof
Stock Exchanges	National Stock Exchange of India Limited together with BSE Limited
Tender Offer	Method of buyback as defined in Regulation 2(1)(o) of the Buyback Regulations
TRS	Transaction Registration Slip
Working Day	Working day as defined in the Buyback Regulations

3. DISCLAIMER CLAUSE

As required, a copy of this Letter of Offer has been submitted to the SEBI.

It is to be distinctly understood that submission of the Letter of Offer to SEBI should not, in any way be deemed/ construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of the Company to meet the Buyback commitments or for the correctness of the statements made or opinions expressed in the offer document. The Manager to the Buyback, Kotak Mahindra Capital Company Limited certifies that the disclosures made in the offer document are generally adequate and are in conformity with the provisions of the Companies Act and the Buyback Regulations. This requirement is to facilitate investors to take an informed decision for tendering their Shares in the Buyback.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the Manager to the Buyback is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buyback, Kotak Mahindra Capital Company Limited has furnished to SEBI a Due Diligence Certificate dated 8th January, 2018 in accordance with BuyBack Regulations, which reads as follows:

“We have examined various documents and material papers relevant to the Buyback, as part of the due-diligence carried out by us in connection with the finalisation of the Public Announcement and Draft Letter of Offer. On the basis of such examination and the discussions with the Company, we hereby state that:

- The Public Announcement and Draft Letter of Offer are in conformity with the documents, materials and papers relevant to the Buyback.
- All legal requirements connected with the said offer including SEBI (Buy-Back of Securities) Regulations, 1998, have been duly complied with.
- The disclosures in the Public Announcement and Draft Letter of Offer are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well-informed decision in respect of the Buyback.
- Funds used for Buyback shall be as per the provisions of the Companies Act, 2013, as amended.”

The filing of the Letter of Offer with SEBI does not however, absolve the Company from any liabilities under the provisions of the Companies Act or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buyback.

Directors of the Company declare and confirm that no information/ material likely to have a bearing on the decision of investors has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ mis-representation and in the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to a mis-statement/ misrepresentation, the Board and the Company shall be liable for penalty in terms of the provisions of the Companies Act and the Buyback Regulations.

The directors also declare and confirm that funds borrowed from banks and financial institutions will not be used for the Buyback.

Disclaimer for U.S. Persons

The information contained in this Letter of Offer is exclusively intended for persons who are not U.S. Persons in term of the U.S. Securities Act of 1933, as amended, and who are not physically present in the United States of America. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any such restrictions.

Disclaimer for Persons in other foreign countries

This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation would subject the Company or the Manager to the Offer to any new or additional requirements or registrations. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any applicable legal requirement or restrictions.

Forward Looking Statement:

This Letter of Offer contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect', 'estimate', 'intend', 'objective', 'plan', 'project', 'will', 'will continue', 'will pursue' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, inter alia, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

4. DETAILS OF RESOLUTION PASSED AT THE BOARD MEETING

The Buyback through Tender Offer was considered and approved by the Board of Directors of the Company at their meeting held on 28th November, 2017. The extracts of the Board resolution are as follows:

RESOLUTION:

Buyback of Equity shares

“RESOLVED THAT in accordance with Article 65 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 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 “**Buyback Regulations**”), and subject to the approval of the members of the Company by way of postal ballot 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, Punjab (the “**ROC**”) and/ or other appropriate authorities which 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) agreed and subject to such conditions and modifications as may be prescribed or imposed by such government, regulatory or statutory authorities, the consent of the Board 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 members of the Company, as on a record date (“**Record Date**”), 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 31st 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 Buyback 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 Buyback Regulations and on such terms and conditions as the Board may deem fit, subject to members' approval.

RESOLVED FURTHER THAT in accordance with Section 68 and all other applicable provisions, if any, of the Act, the Articles of Association of the Company, and other applicable laws, the approval of the members for the Buyback be sought by way of postal ballot.

RESOLVED FURTHER THAT as required by Regulation 6 of the Buyback Regulations, the Company shall buyback 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 buyback or number of Equity Shares entitled as per the shareholding of small shareholders at the Record Date, whichever is higher, shall be reserved for small shareholders, as defined in the Buyback Regulations.

RESOLVED FURTHER THAT all of the members of the Company will be eligible to participate in the Buyback including promoters who hold Equity Shares as of the Record Date.

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 13th April, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated 9th December, 2016, including any further amendments thereof.

RESOLVED FURTHER THAT the Buyback from non-resident members, Overseas Corporate Bodies (OCB's), 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 the Company has complied and shall continue to comply with Section 70 of the Act, wherein:

- (a) It shall not directly or indirectly purchase its own shares:
 - (i) through a subsidiary company including its own subsidiary companies, if any; or
 - (ii) through any investment company or group of investment companies;
- (b) There are no defaults subsisting in the repayment of deposits or interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any member, or repayment of any term loans or interest payable thereon to any financial institution or banking company, in the last three years; and
- (c) The Company is in compliance with the provisions of Sections 92, 123, 127 and 129 of the Act

RESOLVED FURTHER THAT the proposed Buyback be implemented from the existing members including the promoter(s) of the Company (as have been disclosed under the shareholding pattern filings made by the Company from time to time under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011 ("**SEBI Takeover Regulations**"), from its free reserves and/or surplus and/or such other sources or by such mechanisms as may be permitted by law, and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit.

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 of Directors 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 as required under the provision to Section 68(6) of the Act and Regulation 8(7) of the Buyback Regulations, the Declaration of Solvency along with annexures thereof be and is hereby approved for filing with the ROC and SEBI after having it verified by an affidavit and signed by Shri Subhash Mago, Whole Time Director & CEO and any one of the following Directors namely Shri S.Durgashankar and Shri Rajesh Jejurikar, who are hereby authorised to sign the same.

RESOLVED FURTHER Shri Subhash Mago, Whole Time Director & CEO, Shri S.Durgashankar, Director and Shri Rajesh Jejurikar, Director be and are hereby authorised to make changes in the Declaration of Solvency as may be necessary, and to file the same with the ROC and with the SEBI.

RESOLVED FURTHER THAT a Buyback Committee comprising of Shri S.Durgashankar, Director, Shri Vijay Varma, Director, Shri Subhash Mago, Whole Time Director & CEO, Shri M.S.Grewal, Company Secretary and Shri Rajinder Arora, Chief Financial Officer of the Company be and is hereby constituted and the powers of the Board in respect of Buyback be delegated to the Committee ("**Buyback Committee**") and the Buyback Committee be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient or proper with regard to the implementation of the Buyback, including, but not limited to, the following:

1. The initiating of all necessary actions for preparation, finalization and dispatch of Postal Ballot Notice along with explanatory statement and seek member approval for the Buyback
2. The initiating of all necessary actions for preparation and issue of Public Announcement, Letter of Offer and related documents
3. The preparation, finalization and filing of Public Announcement, Draft Letter of Offer, Letter of Offer, related documents and also the certificates for Declaration of Solvency and other filings with the SEBI, ROC, the stock exchanges and other appropriate authority(ies), if any
4. Finalizing the terms of Buyback such as the entitlement ratio, fixing the Record Date, the schedule of activities for Buyback including finalizing the date of opening and closing of Buyback, the timeframe for completion of the Buyback
5. The appointment of Merchant Banker, Registrars, Broker, e-voting Agency, Scrutinizer, Depository Participant, Printers, Advertisement Agency, and other Advisors, Consultants or Representatives and settlement of the remuneration for all such intermediaries/ agencies/ persons, including by the payment of commission, brokerage, fee, charges etc. and enter into agreements/ letters in respect thereof
6. Obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable laws
7. Earmarking and making arrangements for adequate sources of funds for the purpose of the Buyback
8. The opening, operation and closure of cash Escrow Account and Special Account in accordance with the escrow agreement to be executed by the Company in this regard
9. The opening, operation and closure of demat Escrow Account in accordance with the escrow agreement to be executed by the Company with the depository participant
10. To settle all such questions, difficulties or doubts that may arise in relation to the implementation of the Buyback
11. To make all applications to the appropriate authority(ies) for their requisite approvals including for approvals as may be required from the RBI under the Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any
12. To sign the documents as may be necessary with regard to the Buyback and use the Common Seal of the Company on relevant documents required to be executed for the Buyback of shares and to initiate all necessary actions for preparation and issue of various documents and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the SEBI, RBI, ROC, stock exchanges, depositories and/or other appropriate authorities

13. To deal with stock exchanges (including their clearing corporations), where the Equity Shares of the Company are listed, and to sign, execute, and deliver such documents as may be necessary or desirable in connection with implementing the Buyback using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated 13th April, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated 9th December, 2016, including any further amendments thereof.
14. Extinguishment of share certificates and Certificates of extinguishment required to be filed in connection with the Buyback on behalf of the Board
15. To do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper
16. Sign, execute and deliver such documents as may be necessary or desirable in connection with or incidental to the Buyback

RESOLVED FURTHER THAT the Buyback Committee 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 SEBI, Reserve Bank of India, BSE Limited, National Stock Exchange of India Limited, ROC, Depositories and/or other authorities.

RESOLVED FURTHER THAT the quorum for a meeting of the Buyback Committee shall be presence of any two members and Buyback Committee may regulate its own proceedings and meet as often as required, to discharge its functions.

RESOLVED FURTHER THAT the Buyback Committee shall have the power and authority to delegate all or any of the authorities conferred upon it to any officer(s) and/or representatives of the Company, in order to give effect to the aforesaid resolutions and to revoke and substitute such delegation / sub-delegation of authority from time to time.

RESOLVED FURTHER THAT the Buyback Committee do report from time to time to the Board at the meeting of the Board, status/progress of actions taken by the Buyback Committee concerning Buyback and the minutes of meeting(s) of the Buyback Committee held in the intervening period of two successive meetings of the Board shall be put up at the subsequent meeting of the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Buyback Committee 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.

RESOLVED FURTHER THAT in compliance with Securities and Exchange Board of India (Buyback of Securities) Regulations 1998, Kotak Mahindra Capital Company Limited be appointed as the Merchant Banker for the proposed buyback transaction.

RESOLVED FURTHER THAT no information/ material likely to have a bearing on the decision of the investors has been/shall be suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to mis-statement/ misrepresentation, the Board and the Company shall be liable for penalty in terms of the provisions of the Companies Act and Buyback Regulations.

RESOLVED FURTHER THAT the Company must create an Escrow Account with Kotak Mahindra Bank Limited, a scheduled commercial bank for a sum in accordance with Buyback Regulations in the said Escrow Account by way of a deposit in a timely manner in compliance with the requirements of the Buyback Regulations.

RESOLVED FURTHER THAT as required by Clause (x) of Part A of Schedule II under Regulation 5(1) of the Buyback Regulations, the Board confirms that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion:

1. That immediately following the date of Board Meeting held on 28th November, 2017 and the date on which the members' resolution passed by way of Postal Ballot/ E-voting ("Postal Ballot Resolution"), there will be no grounds on which the Company can be found unable to pay its debts.
2. That as regards the Company's prospects for the year immediately following the date of the Board Meeting held on 28th November, 2017 as well as for the year immediately following the date of passing of the members' resolution by way of Postal Ballot and having regard to the Board's intentions 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 and also from the date of passing of the members' resolution.
3. 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.

RESOLVED FURTHER THAT the Board hereby confirms that:

- a) All the equity shares for Buyback are fully paid-up;
- b) That the Company has noted that the Company shall not issue and allot any Equity Shares including by way of bonus or convert any outstanding ESOPs/outstanding instruments into Equity Shares, from the date of members' resolution for the Buyback till the date of closure of this Buyback;
- c) That the Company, as per provisions of Section 68(8) of the Companies Act and 19(1)(f) of Buyback Regulations, shall not make further issue of the same kind of shares or other specified securities within a period of twelve months after the completion of the Buyback except by way of bonus shares or equity shares issued to discharge subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares;
- d) 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;
- e) that the Company shall not Buyback its shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback
- f) that there are no defaults subsisting in the repayment of Deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
- g) that funds borrowed from Banks and Financial Institutions will not be used for the Buyback;
- h) that the aggregate amount of the Buyback i.e. Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred Only) does not exceed 25% of the total paid-up equity capital and free reserves of the Company as on 31st March, 2017
- i) that the maximum number of shares proposed to be purchased under the Buyback shall not exceed 25% of the total number of shares in the paid-up equity capital as per the audited balance sheet as on 31st March, 2017;
- j) the Company shall not make any offer of Buyback within a period of one year reckoned from the date of closure of the Buyback

- k) there is no pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Companies Act, as on date; and
- l) that the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves after the Buyback.”

Compliance Officer for purpose of Buyback

“**RESOLVED THAT** Shri M.S.Grewal, Company Secretary, be and is hereby appointed as Compliance Officer for Buyback Offer of the Company in terms of Regulation 19(3) of the Buyback Regulations.

RESOLVED FURTHER THAT Shri M.S.Grewal, Company Secretary be and is hereby authorised to represent the Company before the Ministry of Corporate Affairs ('MCA'), the Securities and Exchange Board of India ('SEBI'), the Stock Exchanges on which the Equity Shares of the Company are listed viz., BSE Limited and National Stock Exchange of India Limited or any other agencies connected with the Buyback Offer of the Company and to sign and submit all forms, letters, documents or other papers that may be required for the implementation of the Buyback Offer.

RESOLVED FURTHER THAT Shri M.S.Grewal, Company Secretary be and is hereby authorised to (i) maintain a register of securities bought back wherein details of Equity Shares bought back be entered including consideration paid for the Equity Shares bought back, date of cancellation of Equity shares and date of extinguishing and physically destroying of Equity shares and such other particulars as may be prescribed, (ii) authenticate the entries made in the said register.

RESOLVED FURTHER THAT Shri Subhash Mago, Whole Time Director & CEO, Shri S.Durgashankar, Director, Shri Rajinder Arora, Chief Financial Officer and Shri M.S.Grewal, Company Secretary of the Company be and are hereby authorised severally to do all such acts and things that may be necessary or incidental for signing and filing of forms, payment of fees etc. and to do all such other acts, things and deeds, as may be required for the aforesaid purpose or other services that may be notified from time to time.”

5. DETAILS OF PUBLIC ANNOUNCEMENT

The Public Announcement dated 3rd January, 2018, published on 4th January, 2018 in the following newspapers, in accordance with Regulation 8(1) of the Buyback Regulations, within two working days from the date of passing the resolution by the members of the Company, on 2nd January, 2018:

Publication	Language	Editions
Financial Express	English	All
Jansatta	Hindi	All
Punjabi Tribune	Punjabi	Chandigarh (Mohali)

The Company will publish further notices or corrigenda, if any, in the abovementioned newspapers.

The Public Announcement is available on the SEBI website at www.sebi.gov.in

6. DETAILS OF THE BUYBACK OFFER

1. The Board of Directors of Swaraj Engines Limited at its meeting held on 28th November, 2017 has approved the Buyback of up to 2,94,746 Equity Shares at a price of Rs. 2,400/- (Rupees Two Thousand Four Hundred Only) per Equity Share up to an aggregate amount not exceeding Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only) excluding the transaction costs viz. brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, etc, which works out to be 25 % of the aggregate of the fully paid-up share capital and free reserves as per the audited accounts of the Company for the financial year ended 31st March, 2017, through the "Tender Offer" route as prescribed under the Buyback Regulations on a proportionate basis, from the equity shareholders / beneficial owners of the Equity Shares of the Company as on the Record Date. The Buyback is being undertaken in terms of Chapter III of the Buyback Regulations under the Tender Offer route, as prescribed by the Buyback Regulations and in accordance with other provisions of the Buyback Regulations, the SEBI Circulars, LODR Regulations

and Section 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013, and the relevant rules framed thereunder, including the Share Capital Rules, to the extent applicable. The Buyback is subject to receipt of any approvals, permissions and sanctions of statutory, regulatory or governmental authorities as may be required under applicable laws, including SEBI, RBI and the Stock Exchanges.

2. With the Buy-back Price of Rs. 2,400/- and Buyback Size of Rs. 70,73,90,400/-, the total number of shares to be bought back in the Buyback shall be 2,94,746 Equity Shares, representing 2.37% of the total issued and paid-up equity capital of the Company.
3. The Buyback shall be undertaken on a proportionate basis from the Shareholders as of the Record Date being 12th January, 2018 through the Tender Offer prescribed under Regulation 4(1)(a) of the Buyback Regulations, to the extent permissible, and the "Mechanism for acquisition of shares through Stock Exchanges" as prescribed under the SEBI Circulars. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by such Shareholders and settlement of the same, as prescribed in the SEBI Circular.
4. In terms of the Buyback Regulations, under Tender Offer, the promoters of the Company have the option to participate in the Buyback. In this regard, the promoters have informed the Company vide their letters each dated 28th November, 2017 regarding their intention to participate in the Buyback. The extent of their participation in the Buyback has been detailed in paragraph 11 of this Letter of Offer.
5. The Buyback Price represents a premium of 19.56% and 18.79% over the volume weighted average price of the Equity Shares on BSE and on NSE respectively for 3 months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback and 25.54% and 25.87% over the volume weighted average price of the Equity Shares on the BSE and on the NSE, respectively for 2 weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback.
6. The aggregate paid-up share capital and free reserves as at 31st 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), which is 25% of the total paid-up share capital and free reserves of the Company and is therefore not exceeding the limit of 25% of the Company's total paid-up share capital and free reserves as per the audited Balance Sheet as at 31st March, 2017.
7. 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.
8. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the promoters in the Company may increase over the existing 50.61% holding in the total equity capital and voting rights of the Company. The promoters of the Company are already in control over the Company and therefore such further increase in voting rights of the promoters will not result in any change in control over the Company. For details regarding the shareholding of the promoters' pre-Buyback and post-Buyback please refer to paragraph 11 of this Letter of Offer.
9. Pursuant to the completion of the Buyback, the non-promoter shareholding of the Company shall not fall below the minimum level required as per listing conditions/ agreement or the LODR Regulations.

7. AUTHORITY FOR THE BUYBACK

The Buyback is being undertaken by the Company in accordance with Article 65 of the Articles, the provisions of section 68, 69, 70 and other applicable provisions of the Companies Act, the Rules thereunder and the Buyback Regulations. The Buyback is subject to such other approvals and permissions, as may be required from statutory, regulatory or governmental authorities under applicable laws.

The Board at its meeting held on 28th November, 2017, passed a resolution approving the Buyback of

Equity Shares of the Company and sought approval of its Shareholders, by a special resolution, through a Postal Ballot Notice dated 28th November, 2017. The Shareholders of the Company have approved the Buyback by way of a special resolution, through the postal ballot, on 2nd January, 2018.

8. NECESSITY FOR BUYBACK

The Board of the Company, at its meeting held on 28th November, 2017, considered all relevant factors, including the present debt to equity of the Company, investments planned in the next 2-3 years as well as the increase in accumulated free reserves, and considered it appropriate to allocate a sum not exceeding Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred Only) for distributing to the members holding equity shares of the Company, through a Buyback.

Thus, after considering several factors as well as benefits to the members holding equity shares of the Company, the Board decided to recommend Buyback not exceeding 2,94,746 equity shares (representing 2.37% of the total issued and paid-up equity capital of the Company) at a price of Rs. 2,400/- (Rupees Two Thousand Four Hundred Only) per equity share for an aggregate consideration not exceeding Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred Only).

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 Buyback 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)(la) of the Buyback 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.

9. MAXIMUM NUMBER OF SECURITIES THAT THE COMPANY PROPOSES TO BUYBACK

The Company proposes to Buyback not exceeding 2,94,746 Equity Shares of the Company.

10. MAXIMUM AMOUNT REQUIRED UNDER THE BUYBACK

The maximum amount required under the Buyback would not exceed Rs.70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only), which is not more than 25% of the total paid-up capital and free reserves as per the audited accounts of the Company for the financial year ended 31st March, 2017 (excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, etc.)

The Buyback would be financed out of free reserves of the Company. 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 the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.

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 shall not be more than twice the paid-up equity share capital and free reserves after the Buyback.

11. MANAGEMENT DISCUSSION AND ANALYSIS ON LIKELY IMPACT OF THE BUYBACK ON THE COMPANY

- i. The Buyback is not likely to cause any impact on the profitability/ earnings of the Company, except to the extent of reduction of in the amount available for investment, which the Company could have otherwise deployed towards generating investment income. In the event that there is 100% acceptance of the Equity Shares tendered in the Buyback from Shareholders on a proportionate basis, the funds deployed by the Company towards the Buyback would be Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only). This shall impact the investment income earned by the Company, on account of reduced amount of funds available for investments.
- ii. The Buyback is not expected to impact growth opportunities for the Company.
- iii. The Buyback is expected to contribute to the overall enhancement of shareholder value and result in an increase in the return on equity of the Company.
- iv. The Buyback will not result in a change in control or otherwise affect the existing management structure of the Company.
- v. In terms of the Buyback 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 28th November, 2017, to participate in the Buyback in the following manner:
 - a. 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
 - b. 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.
 - c. 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 31st 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 19th March 2010.

- d. Consequent to the Buyback and based on the number of shares bought back within each category of shareholders, the shareholding pattern of the Company would undergo a change
- e. 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
	Total	62,86,417	50.61

- f. 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
	Total	1,799	0.01

- g. 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

- h. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the promoters in the Company may increase over the existing 50.61% holding in the total equity capital and voting rights of the Company. The promoters of the Company are already in control over the Company and therefore such further increase in voting rights of the promoters will not result in any change in control over the Company.
- i. Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Shareholders upto their entitlement, the aggregate shareholding of the promoters, may increase to 50.75% post Buyback from current pre-Buyback shareholding of 50.61%, and the aggregate shareholding of the public in the Company shall decrease to 49.25% post Buyback from current pre-Buyback shareholding of 49.39%.
- vi. Consequent to the Buyback and based on the number of Equity Shares bought back from the Non-Resident Shareholders, Indian financial institutions, banks, mutual funds and the public including other bodies corporate, the shareholding of promoters would undergo a change.

- vii. The debt-equity ratio post Buyback will be compliant with the permissible limit of 2:1 prescribed by the Companies Act, even if the response to the Buyback is to the extent of 100% (full acceptance) from all the Equity Shareholders upto their BuyBack Entitlement.
- viii. The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buyback.
- ix. The Company shall not raise further capital for a period of one year from the closure of Buyback except in discharge of its subsisting obligations.
- x. The promoters shall not deal in the Equity Shares of the Company, including any *inter se* transfer of shares amongst the promoters for the period between the date of passing of the Special Resolution and the date of the closure of the Buyback in accordance with the Buyback Regulations.
- xi. Salient financial parameters consequent to the Buyback based on the latest audited results as on 31st March, 2017 are as under:

Particulars	Pre Buyback*	Post Buyback*
Net Worth (in Rs cr) ^a	283.37	212.63
Return on Net Worth/ Return on Equity (%) ^b	24.29%	32.37%
Basic Earnings per Share - Basic (Rs) ^c	55.42	56.76
Book value per Equity Share/ NAV per Share (Rs) ^d	228.16	175.34
P/E as per the latest audited financial result ^e	26.77	26.13
Total Debt/Equity Ratio ^f	0	0

Notes:

- a. Based on audited financials as of 31st March, 2017
- b. Return on Networth = Profit after Tax for the period divided by Networth for the period
- c. Earnings per share = Profit after Tax for the period divided by total number of shares outstanding
- d. Book Value per Equity Share = Networth divided by total number of shares outstanding
- e. Price / Earnings (P/E) = Closing market price of the Equity Shares on NSE on 31st March, 2017 divided by Earnings per Equity Share
- f. Total debt / equity Ratio = Total debt divided by Networth

*Pre and Post Buyback calculations are based on audited financials as of 31st March, 2017

12. BUYBACK PRICE AND BASIS OF DETERMINING THE PRICE OF THE BUYBACK

The Equity Shares are proposed to be bought back at a price of Rs. 2,400/- (Rupees Two thousand Four Hundred only) per share ("**Buyback Price**"). The Buyback Price has been arrived at after considering many factors, including, but not limited to the trends in the volume weighted average prices of the Equity Shares of the Company on the BSE and NSE Stock Exchanges where the Equity Shares of the Company are listed during last three months and two weeks, the net worth of the Company, impact of Buyback on the key financial ratios of the Company and impact on other financial parameters of the Company.

The Buyback Price represents a premium of 19.56% and 18.79% over the volume weighted average price of the Equity Shares on BSE and on NSE respectively for 3 months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback and 25.54% and 25.87% over the volume weighted average price of the Equity Shares on BSE and on NSE, respectively for 2 weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback.

For trends in the market price of the Equity Shares, please refer to paragraph 18 of this Letter of Offer.

The closing market price of the Equity Shares as on the date of intimation to the BSE and the NSE for the Board Meeting for considering the Buyback, was Rs.1,894.50 on the BSE and Rs. 1,889.95 on the NSE.

The earning per share of the Company pre-Buyback as on 31st March, 2017 was Rs. 55.42 which will increase to Rs. 56.76 post Buyback assuming full acceptance of the Buyback and subject to notes as disclosed under this Section.

The return of net-worth of the Company pre Buyback as on 31st March, 2017 was 24.29% which will increase to 32.37% post Buyback assuming full acceptance of the Buyback and subject to notes as disclosed under this Section.

13. SOURCES OF FUNDS

1. Assuming full acceptance, the funds that would be deployed by the Company for the purposes of the Buyback, would be 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..
2. The fund for the Buyback will be sourced from internal accruals. The Company has confirmed that funds for Buyback will be available from cash balances available with the Company and /or liquidation of financial instruments or other sources as permitted by the Buyback Regulations. The Company does not intend to raise additional debt for the explicit purposes of the Buyback. Thus, borrowed funds will not be used for the Buyback. The cost of financing the Buyback would be notional loss in other income, if any. However, if required, the Company may borrow funds in the ordinary course of its business.

14. DETAILS OF ESCROW ACCOUNT AND AMOUNT TO BE DEPOSITED THEREIN

1. In accordance with Regulation 10 of the Buyback Regulations, an Escrow Agreement has been entered into amongst the Company, Manager to the Buyback and the Escrow Agent having its registered office at 27 BKC, C27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 on 5th January, 2018.

In terms of the Escrow Agreement, the Company has (a) opened an escrow account in the name and style "Swaraj Engines Buyback Escrow Account" bearing the account number 5511891864; (b) has deposited in the Escrow Account cash aggregating to a sum of Rs. 17,70,00,000/- (Seventeen Crores Seventy Lakhs Only) i.e. more than to 25% of the Buyback Size by way of security for the fulfillment of its obligations under the Buyback. The Manager to the Offer has been empowered to operate the Escrow Account in accordance with the Buyback Regulations.

2. The amount of cash deposited in the Escrow Account is in accordance to the amount required to be deposited in terms of the Buyback Regulations. The amount deposited in the Escrow Account has been confirmed vide a confirmation letter dated 17th January, 2018 issued by the Bank.
3. The Company, duly authorized by its Buyback Committee, has identified and earmarked specific investments for the purpose of fulfillment of the obligations of the Company under the Buyback. Such investments are in excess of the Buyback Size.
4. Based on the resolution of the Buyback Committee dated 28th December, 2017 in this regard, and other facts/documents, B.K. Khare & Co., Chartered Accountants, Statutory Auditors of the Company (Registration number 105102W), have certified, vide their letter dated 28th December, 2017, that the Company has made firm financing arrangements for fulfilling the obligations under the Buyback.
5. The Manager to the Buyback, having regard to the above, confirms that firm arrangements for fulfilling the obligations under the Buyback are in place.

15. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

1. The present capital structure of the Company as on date of the issue of this Letter of Offer is as follows:

	Pre Buyback (Rs. Lacs)
Authorised Share Capital	
2,50,00,000 Equity Shares of Rs. 10/- each	2,500.00
Issued, Subscribed and Paid-Up Share Capital	
1,24,21,430 fully paid-up Equity Shares of Rs. 10/- each	1,242.14

2. Assuming full acceptance in the Buyback the capital structure post Buyback would be as follows:

	Post Buyback (Rs. Lacs)
Authorised Share Capital	
2,50,00,000 Equity Shares of Rs. 10/- each	2,500.00
Issued, Subscribed and Paid-Up Share Capital	
1,21,26,684 fully paid-up Equity Shares of Rs. 10/- each	1,212.67

3. There are no outstanding instruments convertible into Shares except 6,429 outstanding ESOPs granted by the Company.
4. The Company shall not issue and allot any Shares including by way of bonus or convert any ESOPs into Shares, from the date of Public Announcement till the date of closure of this Buyback.
5. There have been no other Buyback programmes of the Company over the last 3 years from the date of the Letter of Offer
6. The shareholding pattern of the Company as on 12th January, 2018 (Record Date) as well as post Buyback shareholding, are as shown below

Particulars	Number of Shares	% to existing share capital	No. of Shares post Buyback*	% holding post Buyback*
Promoters	62,86,417	50.61	61,54,390	50.75
Foreign Investors (OCBs/FIIs/NRIs/Non-residents/Non-domestic companies)	5,24,427	4.22		
Indian Financial Institutions/ Banks/Mutual Funds/Govt. Companies	15,05,828	12.12	59,72,294	49.25
Public including other Bodies Corporate	41,04,758	33.05		
Total	124,21,430	100.00	121,26,684	100.00

* Assuming full acceptance of Equity Shares in the Buyback in the ratio of their entitlement

7. 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 twelve months preceding the date of the Board Meeting at which the Buyback was approved and the date of this Letter of Offer, 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 th Nov., 2017	60	Sale	1,903 per share	8 th Nov., 2017	-	-	1,903 per share

*Excluding Brokerage and other transaction costs

8. Assuming full acceptance of the Buyback, the issued, subscribed and paid up equity share capital of the Company would be Rs. 1,212.67 Lacs comprising 1,21,26,684 Shares of Rs. 10/- each as more fully set out in paragraph 15 of this Letter of Offer.
9. Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Shareholders upto their entitlement, the aggregate shareholding of the promoters, post Buyback may increase to 50.75% from 50.61%.
10. There is no pending scheme of amalgamation or compromise or arrangement of the Company pursuant to any provisions of the Act.

16. BRIEF INFORMATION ABOUT THE COMPANY

1. The Company was incorporated on 24th September, 1985 under the Companies Act, 1956. The registered office of the Company is located at Phase IV, Industrial Area, S.A.S.Nagar (Mohali), Punjab 160055.
2. The paid up equity share capital of the Company for the year ended 31st March, 2017 was Rs. 12.42 crore and the total free reserves for the year ended 31st March, 2017 were Rs. 270.54 crore.

3. HISTORY AND GROWTH OF BUSINESS

Swaraj Engines Ltd. (SEL) is primarily engaged in the manufacturing of diesel engines in the range of 20 HP to above 50 HP for fitment into "Swaraj" tractors being manufactured by Mahindra & Mahindra Ltd. (M&M). Till date, it has supplied over 8,50,000 engines for fitment into "Swaraj" tractors. The Company is equipped with highly productive & precise quality analyzing machines and its operations have been characterised by a lean organisation structure, continuous improvement in process efficiencies and optimised resource utilisation. The equity shares of the Company are listed at BSE Limited (Script Code 500407) and National Stock Exchange of India Limited (Script Name SWARAJENG). Equity shares of the Company were listed at BSE in 1989 and at NSE in 1995. For the financial years ended 31st March, 2017, 2016 and 2015, the Company recorded total income of Rs. 683.32 Crores, Rs. 542.21 Crores and Rs. 556.01 Crores respectively, and profit after tax of Rs. 68.83 Crores, Rs. 51.31 Crores and Rs. 51.84 Crores respectively

4. Following is the share capital history of the Company since inception:

Date of Allotment	# of shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative	
						# of shares	Paid up Capital (Rs.)
24-09-1985	70	10	10	Cash	Subscribers to the Memorandum of Association	70	700
25-08-1989	20,69,900	10	10	Cash	IPO	20,69,970	2,06,99,700
07-02-1997	20,69,970	10	-	-	Bonus Issue (1:1)	41,39,940	4,13,99,400
24-08-2005	82,79,880	10	-	-	Bonus Issue (2:1)	1,24,19,820	12,41,98,200
24-07-2017	1,610	10	10	Cash	ESOP	1,24,21,430	12,42,14,300

5. The Board of Directors of the Company comprises the following:

Name and Age of the Director	Designation	Qualifications	Date of Appointment / Reappointment	Directorships in Other Companies and Bodies Corporate
Mr. Sudhir Mankad, IAS (Retd.)	Chairman Independent Director	Masters' degree in History	31-07-2012	- Gujarat International Finance Tec-city Co. Limited - Deepak Nitrite Limited

Name and Age of the Director	Designation	Qualifications	Date of Appointment / Reappointment	Directorships in Other Companies and Bodies Corporate
Age: 70 Years				- Gruh Finance Limited - Mahindra Intertrade Limited - IL&FS Skills Development Corp. Limited - Navin Fluorine International Limited - IL&FS Education & Technology Services Limited - Central Board of Reserve Bank of India
Dr. Pawan Goenka Age: 63 Years	Director	Mechanical Engineer from IIT Kanpur, Ph.D from Cornell University, U.S.A, Graduate of the Harvard Business School Advanced Management Program	06-05-2010	- Mahindra & Mahindra Limited - Mahindra Vehicle Manufacturers Limited - SsangYong Motor Company Limited - Mahindra & Mahindra South Africa (Pty) Limited - Mahindra USA Inc. - Mahindra Racing U.K. Limited - Mitsubishi Mahindra Agricultural Machinery Co. Limited - Mahindra Electric Mobility Limited - Mahindra Agri Solutions Limited - Mahindra Automotive North America Inc. - Mahindra First Choice Wheels Limited - Mahindra Two Wheelers Limited - Classic Legends Private Limited
Dr. T.N.Kapoor Age: 85 Years	Independent Director	Master's degree in Commerce, Bachelor's degree in Law, Doctorate in Philosophy	31-10-1998	- Omax Autos Limited - Sterling Tools Limited
Mr. R.R.Deshpande Age: 63 Years	Director	Mechanical Engineer	22-01-2008	Kirloskar Oil Engines Limited
Mr. Vijay Varma Age: 66 Years	Director	Mechanical Engineer	19-01-2009	
Mr. Rajesh Jejurikar Age: 53 Years	Director	Beachelor's degree in Economics & Statistic and MBA	25-04-2017	- Trringo.com Limited - Peugeot Motorcycle SAS - Hisarlar Makine Sanayi ve Ticaret Anonim Şirketi - Hisarlar Ithalat Ihracat Pazarlama Anonim Şirketi - Mahindra Two Wheelers Limited

Name and Age of the Director	Designation	Qualifications	Date of Appointment / Reappointment	Directorships in Other Companies and Bodies Corporate
				• Mahindra First Choice Wheels Limited • Mahindra USA Inc. • Mahindra Two Wheelers Europe Holdings S.a r.l. • Mahindra Racing SRL (Italy) • Mitsubishi Mahindra Agricultural Machinery Co. Limited • Erkunt Traktor Sanayi A.S
Mr. S.Durgashankar Age: 58 Years	Director	Chartered Accountant	18-06-2014	• Mahindra Integrated Business Solutions Pvt. Limited • EPC Industrie Limited • Mahindra Vehicles Manufacturers Limited • Mahindra eMarket Limited • Mahindra Namaste Limited • Mitsubishi Mahindra Agricultural Machinery Co. Limited • Mahindra HZPC Pvt. Limited
Mr. Dileep C. Choksi Age: 68 Years	Independent Director	Chartered Accountant, Cost Accountant and LLB	18-06-2014	• ICICI Bank Limited • ICICI Home Finance Co. Limited • Lupin Limited • Hexaware Technologies Limited • AIA Engineering Limited • Arvind Limited • Tata Housing Development Co. Limited • Miramac Properties Pvt. Limited • Vardan Ceqube Advisors Pvt. Limited.
Mrs. Neera Saggi, IAS (Retd.) Age: 61 Years	Independent Director	Masters in English Literature and MBA	01-10-2014	• Tata Projects Limited • TRF Limited • Tata Consulting Engineers Limited • Tata Realty and Infrastructure Limited • Maithon Power Limited • Mahindra Heavy Engines Limited • GE Power India Limited • GE T&D India Limited
Mr. Subhash Mago Age: 58 Years	Whole Time Director & CEO	Bachelor of Engineering from IIT, Roorkee	25-04-2017	

6. The details of change in Board of Directors during the last 3 years from the date of this Letter of Offer are as under:

Name	Appointment/ Resignation	Effective Date	Reasons
Mr. M.N.Kaushal	Retired	01-04-2017	Upon completion of his tenure as Whole Time Director
Mr. Rajan Wadhera	Resignation	24-04-2017	-
Mr. Rajesh Jejuriakar	Appointment	25-04-2017	-
Mr. Subhash Mago	Appointment	25-04-2017	Appointment as Whole Time Director & CEO for a period from 25 th April, 2017 to 31 st March, 2020

7. The Buyback will not result in any benefit to any directors of the Company / promoters / person in control of the Company / group companies except to the extent of their intention to participate in the Buyback and the change in their shareholding as per the response received in the Buyback, as a result of the extinguishment of Equity Shares which will lead to a reduction in the equity share capital post Buyback.

17. FINANCIAL INFORMATION

The brief audited financial information of the Company for the last three financial years and the unaudited financial results for the period ended 30th September, 2017 are provided below. It must be noted that the financial results for the period ended 30th September, 2017 although unaudited have been subjected to a limited review by the statutory auditors of the Company as is required under Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The results have been adopted by the Board of Directors of the Company at its meeting on 31st October, 2017 and the statutory auditors have issued their limited review report dated 31st October, 2017 on the same.

(Rs. Crore, except per share data)

Period Ending	Sep 30, 2017 [@]	Mar 31, 2017 [@]	Mar 31, 2016 [@]	Mar 31, 2016 [^]	Mar 31, 2015 [^]
Period	6 months	12 Months	12 Months	12 Months	12 Months
Income from Operations (Net of Excise Duty)	402.64	666.14	525.91	525.91	539.70
Other Income	9.92	17.18	16.30	16.30	16.31
Total Income	412.56	683.32	542.21	542.21	556.01
Total Expenses excluding Finance Costs, Depreciation, Tax & Extraordinary items	335.28	561.46	452.15	452.32	464.98
Finance Costs	-	0.12	0.05	0.04	0.01
Depreciation & Amortization	8.45	16.28	13.80	13.80	13.20
Profit before Tax	68.83	105.46	76.21	76.05	77.82
Provision for tax (incl. deferred tax)	23.83	36.63	24.90	24.85	25.98
Profit after tax (ordinary activities)	45.00	68.83	51.31	51.20	51.84
Extraordinary income (Net of expense)	-	-	-	-	-
Profit after tax & extraordinary activities	45.00	68.83	51.31	51.20	51.84
Other Comprehensive Income (Net of Tax)	-	0.20	(0.11)	NA	NA

Period Ending	Sep 30, 2017 [@]	Mar 31, 2017 [@]	Mar 31, 2016 [@]	Mar 31, 2016 [^]	Mar 31, 2015 [^]
Total Comprehensive Income for the period	45.00	69.03	51.20	NA	NA
As on	Sep 30, 2017 [@]	Mar 31, 2017 [@]	Mar 31, 2016 [@]	Mar 31, 2016 [^]	Mar 31, 2015 [^]
Equity Share Capital	12.42	12.42	12.42	12.42	12.42
Reserves & Surplus	251.83	270.95	251.02	201.63	199.65
Net Worth	264.25	283.37	263.44	214.05	212.07
Total Debt	-	-	-	-	-
Key Financial Ratios					
Basic Earnings per Share (Rs)(before extraordinary items)	36.23 [*]	55.42	41.31	41.22	41.74
Basic Earnings per Share (Rs)(after extraordinary items)	36.23 [*]	55.42	41.31	41.22	41.74
Book value per Share (Rs)	212.74	228.16	212.11	172.34	170.75
Debt-Equity Ratio	-	-	-	-	-
Return on Networth (%)	17.0% [*]	24.3%	19.5%	23.9%	24.4%

Notes:

1. Earnings per Share = Profit After Tax / No. of Shares at the end of the period

2. Book value per Share = Net Worth (excluding Revaluation Reserves, if any) / No. of Shares at the end of the period

3. Debt-Equity Ratio = Total Debt / Networth (excluding Revaluation Reserves, if any)

4. Return on Networth = Profit after tax / Networth (excluding Revaluation Reserves, if any)

[@] Prepared in accordance with Ind AS

[^] Prepared in accordance with IGAAP

^{*} Not annualized

The Company shall abide by SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company has complied with sections 68, 69 and 70 of the Companies Act, 2013.

18. STOCK MARKET DATA

- The Shares of the Company are listed on BSE and NSE.
- The high, low and average market prices for the last three years (April to March periods) and the monthly high, low and average market prices for the six months preceding the date of filing of Letter of Offer and the corresponding volumes on BSE are as follows:

Period	High (Rs.)	Date of High	Number of Shares traded on that date	Low (Rs.)	Date of Low	Number of Shares traded on that date	Average Price* (Rs.)	Total volume traded in period
3 Years								
FY17(Apr 16 – Mar 17)	1,486.00	28-Mar-17	922	844.25	1-Apr-16	313	1,247.64	361,982
FY16 (Apr 15 - Mar 16)	1,032.50	5-Aug-15	9,651	745.00	28-Apr-15	3,259	879.03	335,420
FY15 (Apr 14 - Mar 15)	1,080.00	23-Sep-14	6,671	665.00	25-Apr-14	3,607	882.19	1,014,330
6 months								
1 st July – 31 st July 2017	2,434.05	4-Jul-17	510	2,066.00	28-Jul-17	1,310	2,213.32	42,829
1 st Aug- 31 st Aug 2017	2,175.80	1-Aug-17	631	1,890.00	11-Aug-17	2,868	1,992.51	15,854
1 st Sep – 30 th Sep 2017	2,145.00	4-Sep-17	346	1,922.05	25-Sep-17	1,274	2,044.41	18,502
1 st Oct – 31 st Oct 2017	2,160.00	10-Oct-17	1,448	1,980.00	23-Oct-17	478	2,037.75	7,491
1 st Nov – 30 th Nov 2017	2,207.00	24-Nov-17	32,387	1,866.70	13-Nov-17	301	1,940.38	70,421
1 st Dec – 31 st Dec 2017	2,069.95	27-Dec-17	3,869	1,935.00	7-Dec-17	1,908	1,984.93	63,303

Source: www.bseindia.com

*Arithmetical average of closing prices

3. The high, low and average market prices for the last three years (April to March periods) and the monthly high, low and average market prices for the six months preceding date of filing of Letter of Offer and the corresponding volumes on NSE are as follows:

Period	High (Rs.)	Date of High	Number of Shares traded on that date	Low (Rs.)	Date of Low	Number of Shares traded on that date	Average Price* (Rs.)	Total volume traded in period
3 Years								
FY17(Apr 16 – Mar 17)	1,498.40	28-Mar-17	13,088	850.35	1-Apr-16	1,763	1,248	1,730,372
FY16 (Apr 15 - Mar 16)	1,030.00	5-Aug-15	37,131	742.00	28-Apr-15	26,439	879	1,258,942
FY15 (Apr 14 - Mar 15)	1,072.95	23-Sep-14	16,399	667.00	4-Apr-14	5,730	883	2,902,357
6 months								
1 st July – 31 st July 2017	2,385.00	6-Jul-17	3,674	2,050.05	28-Jul-17	3,396	2,208	84,182
1 st Aug- 31 st Aug 2017	2,164.15	2-Aug-17	3,773	1,875.00	11-Aug-17	6,640	1,991	67,526
1 st Sep – 30 th Sep 2017	2,150.00	4-Sep-17	2,288	1,912.20	25-Sep-17	2,815	2,041	51,795
1 st Oct – 31 st Oct 2017	2,184.00	10-Oct-17	6,676	1,962.70	5-Oct-17	1,970	2,036	54,480
1 st Nov – 30 th Nov 2017	2,210.00	24-Nov-17	298,192	1,860.00	14-Nov-17	2,946	1,938	6,78,997
1 st Dec – 31 st Dec 2017	2,067.00	29-Dec-17	48,733	1,931.50	6-Dec-17	48,182	1,983	504,709

Source: www.nseindia.com

*Arithmetical average of closing prices

4. Notice of the first Board Meeting convened to consider the proposal of the Buyback was given to the BSE and NSE on 23rd November, 2017. The closing price of the Company's equity share on 23rd November, 2017 on BSE was Rs. 1,894.50 and on NSE was Rs. 1,889.95. The Board, at its meeting held on 28th November, 2017, approved the proposal for the Buyback at Rs. 2,400/- per share and the intimation was sent to BSE and NSE on the same day. The high and low market prices on BSE on 27th November, 2017, (being the trading day before the date on which the Board Meeting was held to approve the Buyback) were Rs. 2,021.85 and Rs. 1,931.00 respectively and on NSE were Rs. 2,022.00 and Rs. 1,925.65.00 respectively respectively.

19. STATUTORY APPROVALS

1. The Buyback offer is subject to approvals, if any required, under the provisions of the Act, the Buyback Regulations, FEMA and/or such other acts in force for the time being.
2. The Board at its meeting held on 28th November, 2017 approved the proposal for the Buyback.
3. The Buyback of Shares from non-residents ("NR") and Non Resident Indian ("NRI") shareholders will be subject to approvals, if any, of the appropriate authorities, including Reserve Bank of India (RBI), as applicable. NRIs and erstwhile Overseas Corporate Bodies ("OCB") must obtain all approvals required to tender the Equity Shares held by them in this Buyback (including without limitation the approval from the RBI). It is the obligation of such NR, NRI, OCB shareholders, to obtain such approvals and submit such approvals along with the tender form, so as to enable them to tender equity shares in the buyback and for the Company to purchase such Equity Shares, tendered. The Company will have the right to make payment to the Eligible Shareholders in respect of whom no prior RBI approval is required and not accept Equity Shares from the Eligible Shareholders in respect of whom prior RBI approval is required in the event copies of such approvals are not submitted.
4. By agreeing to participate in the Buyback the NR and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.
5. As of date, there is no other statutory or regulatory approval required to implement the Buyback, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buyback Offer will be subject to such statutory or regulatory approval(s). In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buyback Offer, if any, shall be intimated to the Stock Exchanges.

20. REGISTRAR TO THE BUYBACK

The Company has appointed the following as the Registrar to the Buyback:

Name : **Karvy Computershare Private Limited**
Address : Karvy Selenium, Tower B, Plot Number 31 & 32, Gachibowli,
Financial District, Nanakramguda, Hyderabad 500 032, India
Contact Person : Mr. M. Muralikrishna
Phone : +91- 40 67162222
Fax: : +91- 40 – 23431551
Email : sel.buybackoffer@karvy.com

In case of any query, the shareholders may contact the Registrar to the Buyback during working hours i.e. 10 am and 4 pm all working days except Saturday, Sunday and public holidays

21. COLLECTION CENTRE

Eligible Shareholders are requested to submit their Form(s) and requisite documents either by registered post/ courier to the Registrar to the Buyback, superscribing the envelope as “Swaraj Engines Buyback Offer 2018”, or hand deliver the same to the Registrar at the address mentioned in paragraph 20

22. PROCESS AND METHODOLOGY FOR THE BUYBACK

1. The Company proposes to Buyback not exceeding 2,94,746 Equity Shares from all the existing Shareholders / beneficial owners of Equity Shares of the Company, on a proportionate basis, through the Tender Offer route at a price of Rs. 2,400/- (Rupees Two Thousand Four Hundred only) per Equity Share, payable in cash for an aggregate amount not exceeding Rs. 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only), (being not more than 25% of the total paid-up equity capital and free reserves of the Company as per latest standalone audited balance sheet as on 31st March , 2017). The maximum number of Equity Shares proposed to be bought back represents 2.37% of the total paid-up equity share capital of the Company. The Buyback is in accordance with Article 65 of the Articles of Association of the Company and subject to the provisions of Section 68 and all other applicable provisions, if any, of the Companies Act and in compliance with Buyback Regulations and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities including but not limited to SEBI, Stock Exchanges, RBI etc.
2. The aggregate shareholding of the promoters is 62,86,417 Equity Shares, which represents 50.61% of the existing equity share capital of the Company. In terms of the Buyback Regulations, under the Tender Offer route, the promoters of a company have the option to participate in the Buyback. In this regard, the promoter entities as listed in paragraph 11 of this Letter of Offer have expressed their intention, vide their letters, each dated 28th 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.
3. Assuming response to the Buyback Offer is to the extent of 100% from all the Shareholders upto their entitlement (full acceptance), post Buyback the aggregate shareholding of the promoters will be 61,54,390 Equity Shares, representing 50.75% of the post Buyback equity share capital of the Company i.e an increase of 0.14% (rounded-off) from their present holding of 50.61% of the pre Buyback equity share capital of the Company.
4. **Record Date, ratio of Buyback and entitlement of each Shareholder**
 - a. The Buyback Committee on 28th December, 2017 approved and fixed Friday, the 12th January, 2018 as the Record Date for the purpose of determining the entitlement and the names of the

Shareholders, who are eligible to participate in the Buyback Offer.

- b. The Equity Shares proposed to be bought back by the Company shall be divided in two categories:
- Reserved category for Small Shareholders ("**Reserved Category**"); and
 - General category for all Shareholders other than Small Shareholders ("**General Category**")
- c. As defined in the Buyback Regulations, a "Small Shareholder" is a Shareholder who holds Equity Shares having market value, on the basis of closing price on 12th January, 2018 as on Record Date, of not more than Rs. 200,000/- (Rupees Two Lacs). As on the Record Date, the closing price on NSE having the highest trading volume was Rs. 2,100.55 per Equity Share, accordingly all Shareholders holding not more than 95 Equity Shares as on the Record Date are classified as 'Small Shareholders' for the purpose of the Buyback Offer.
- d. Based on the above definition, there are 18,591 Small Shareholders with aggregate shareholding of 4,92,417 Shares, as on the Record Date, which constitutes 3.96% of the outstanding paid up equity share capital of the Company and 167.06% of the number of Equity Shares which are proposed to be bought back as part of this Buyback Offer.
- e. In compliance with Regulation 6 of the Buyback Regulations, the reservation for the Small Shareholders, will be 44,212 Equity Shares which is higher of:
- i. Fifteen percent of the number of Equity Shares which the Company proposes to Buyback i.e. 15% of 2,94,746 Equity Shares which works out to 44,212 Equity Shares; or
 - ii. The number of Equity Shares to which the Small Shareholders are entitled, as per their shareholding as on Record Date i.e. (4,92,417/1,24,21,430) X2,94,746 which works out to 11,685 Equity Shares. All the outstanding Equity Shares have been used for computing the entitlement of Small Shareholders since the Promoters also intend to offer Equity Shares held by them in the Buyback.
- f. Accordingly, General Category shall consist of 250,534 Equity Shares.
- g. Based on the above, the entitlement ratio of Buyback for both categories is decided as below:

Category Entitlement Ratio of Buyback

Category	Entitlement Ratio of Buyback*
Reserved Category	7 Equity Shares out of every 78 fully paid-up Equity Shares held on the Record Date
General Category	13 Equity Shares out of every 619 fully paid-up Equity Shares held on the Record Date

**The above Ratio of Buy-back is approximate and providing indicative Buy-back Entitlement. Any computation of entitled Equity Shares using the above Ratio of Buy-back may provide a slightly different number due to rounding-off. The actual Buy-back Entitlement for Reserved category for Small Shareholders is 8.9785689771068% and General category for all other Eligible Shareholders is 2.10020728454232%.*

5. Fractional Entitlements

If the entitlement under Buyback, after applying the above mentioned ratios to the Equity Shares held on Record Date, is not a round number (i.e. not in the multiple of 1 Equity Share) then the fractional entitlement shall be ignored for computation of entitlement to tender Equity Shares in the Buyback Offer, for both categories of Shareholders.

On account of ignoring the fractional entitlement, those Small Shareholders who hold 11 or less Equity Shares as on Record Date, will be dispatched a Tender Form with zero entitlement. Such Small Shareholders are entitled to tender additional Equity Shares as part of the Buyback Offer and will be given preference in the Acceptance of one Equity Share, if such Small Shareholders have tendered for additional Equity Shares.

6. Basis of Acceptance of Equity Shares validly tendered in the Reserved Category

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buyback Offer by the Small Shareholders in the Reserved Category in the following order of priority:

- a. Full acceptance of Shares from Small Shareholders in the Reserved Category who have validly tendered their Shares, to the extent of their Buyback Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 22.6.(a) (a), in case, there are any Shares left to be bought back in the Reserved Category, the Small Shareholders who were entitled to tender zero Shares (on account of ignoring the fractional entitlement), and have tendered additional Shares, shall be given preference and one Equity Share each from the additional Shares tendered by these Small Shareholders shall be bought back in the Reserved Category.
- c. Post the acceptance as described in paragraph 22.6 (a) and (b), in case, there are any validly tendered unaccepted Shares in the Reserved Category (**“Reserved Category Additional Shares”**) and Shares left to be bought back in Reserved Category, the Reserved Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buyback Regulations, i.e. valid acceptances per Shareholder shall be equal to the Reserved Category Additional Shares tendered by the Shareholder divided by the total Reserved Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in Reserved Category. For the purpose of this calculation, the Reserved Category Additional Shares taken into account for such Small Shareholders, from whom one Equity Share has been accepted in accordance with paragraph 22.6 (b), shall be reduced by one.
- d. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 22.6)(c), will be made as follows:
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

7. Basis of Acceptance of Equity Shares validly tendered in the General Category

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buyback Offer by Shareholders (other than Small Shareholders) in the General Category in the following order of priority:

- a. Full Acceptance of Shares from Shareholders in the General Category who have validly tendered their Shares, to the extent of their Buyback Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 22.7 (a), in case, there are any validly tendered unaccepted Shares in the General Category (**“General Category Additional Shares”**) and Shares left to be bought back in General Category, the General Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buyback Regulations, i.e. valid acceptances per Shareholder shall be equal to the General Category Additional Shares by the Shareholder divided by the total General Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in General Category.
- c. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 22.7 (b), will be made as follows:
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a

proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.

- For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

8. **Basis of Acceptance of Equity Shares between the two categories**

- a. After acceptances of tenders, as mentioned in paragraph 22.6 and 22.7 in case, there are any Shares left to be bought back in one category ("**Partially Filled Category**") and there are additional unaccepted validly tendered Shares ("**Further Additional Shares**") in the second category ("**Over Tendered Category**"), then the Further Additional Shares in the Over Tendered Category shall be accepted in a proportionate manner i.e. valid acceptances per Shareholder shall be equal to Further Additional Shares validly tendered by the Shareholder in the Over Tendered Category divided by the total Further Additional Shares in the Over Tendered Category and multiplied by the total Shares left to be bought back in the Partially Filled Category.
- b. If the Partially Filled Category is the General Category and the Over Tendered Category is the Reserved Category, then any Small Shareholder who has received a Tender Form with zero Buyback Entitlement and who has tendered Additional Shares shall be eligible for priority acceptance of one Equity Share before acceptance in paragraph 22.8(a) out of the Shares left to be bought back in the Partially Filled Category provided no acceptance could take place from such Shareholder in accordance with paragraph 22.6.
- c. Adjustment for fraction results in case of proportionate acceptance, as defined in paragraph 22.8(a):
 - For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.In case of any practical issues, resulting out of rounding-off of Shares or otherwise, the Buyback Committee or any person(s) authorized by the Buyback Committee will have the authority to decide such final allocation with respect to such rounding-off or any excess of Equity Shares or any shortage of Equity Shares after allocation of Equity Shares as set out in the process described in paragraph 22

9. **For avoidance of doubt, it is clarified that, in accordance with the clauses above:**

- Shares accepted under the Buyback from each Eligible Shareholder, shall be lower of the following:
 - the number of Shares tendered by the respective Shareholder and
 - the number of Shares held by the respective Shareholder, as on the Record Date.
- Shares tendered by any Shareholder over and above the number of Shares held by such Shareholder as on the Record Date shall not be considered for the purpose of Acceptance.

10. **Clubbing of Entitlement**

In order to ensure that the same shareholders with multiple demat accounts/ folios do not receive a higher entitlement under the Small Shareholder category, the Company will club together the Equity Shares held by such shareholders with a common PAN for determining the category (Small Shareholder or General) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the Equity Shares held in cases where the sequence of the PANs of the joint shareholders is identical. In case of Eligible Shareholders holding Equity Shares in physical form, where the sequence of PANs is identical and where the PANs of all joint shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the Equity Shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies, etc. with a common PAN will not be clubbed together for determining the category and will be considered separately where these Equity Shares are held for different schemes and have a

different demat account nomenclature based on information prepared by the Registrar as per the shareholder records received from the Depositories.

23. PROCEDURE FOR TENDERING SHARES AND SETTLEMENT

1. The Buyback is open to all Equity Shareholders / beneficial owners of the Company holding Equity Shares either in physical and/or dematerialized form on the Record Date.
2. The Company proposes to effect the Buyback through the Tender Offer route, on a proportionate basis. The Letter of Offer and Tender Form, outlining the terms of the Buyback as well as the detailed disclosures as specified in the Buyback Regulations, will be mailed/dispatched to Eligible Shareholders
3. The Eligible Shareholders who have registered their email IDs with the depositories / the Company, shall be dispatched the Letter of Offer through electronic means. The Eligible Shareholders who have not registered their email ids with the depositories / the Company, shall be dispatched the Letter of Offer through physical mode by registered post / speed post / courier. In case of non-receipt of Letter of Offer and the Tender Form, please follow the procedure as mentioned in paragraph 23.23 below. The Company shall accept all the Equity Shares validly tendered in the Buyback by Eligible Shareholders, on the basis of their Buyback Entitlement as on the Record Date.
4. The Company will not Accept any Equity Shares offered for Buyback which are under any restraint order of a court for transfer/ sale of such shares The Company shall comply with Regulation 19(5) of the Buyback Regulations which states that the Company shall not buyback locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till such Equity Shares become transferable. The Company shall accept all the Equity Shares validly tendered in the Buyback by the Eligible Shareholders, on the basis of the Buyback entitlement as on the Record Date.
5. Eligible Shareholders will have to transfer the Equity Shares from the same demat account in which they were holding the Equity Shares as on the Record Date and in case of multiple demat accounts, Eligible Shareholders are required to tender the applications separately from each demat account. In case of any changes in the demat account in which the Equity Shares were held as on Record Date, such Eligible Shareholders should provide sufficient proof of the same to the Registrar to the Buyback and such tendered Equity Shares may be Accepted subject to appropriate verification and validation by the Registrar to the Buyback. The Board or Buyback Committee authorized by the Board will have the authority to decide such final allocation in case of non-receipt of sufficient proof by such Eligible Shareholder.
6. Eligible Shareholders' participation in Buyback is voluntary. Eligible Shareholders 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. Eligible Shareholders holding Equity Shares of the Company may also accept a part of their entitlement. Eligible Shareholders 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 Eligible Shareholders, if any. If the Buyback entitlement for any Eligible Shareholder is not a round number, then the fractional entitlement shall be ignored for computation of entitlement to tender Equity Shares in the Buyback. The Acceptance of any Equity Shares tendered in excess of the Buyback Entitlement by the Eligible Shareholder shall be in terms of the procedure outlined herein.
7. The maximum tender under the Buyback by any Eligible Shareholder cannot exceed the number of Equity Shares held by the Eligible Shareholder as on the Record Date.
8. The Company shall Accept all the Equity Shares validly tendered for the Buyback by Eligible Shareholders, on the basis of their Buyback Entitlement as on the Record Date.
9. As elaborated under paragraph 22.4 above, the Equity Shares proposed to be bought as a part of the Buyback are divided into two categories; (a) Reserved Category for Small Shareholders and (b) the General Category for all other Eligible Shareholders. The Buyback Entitlement of Eligible Shareholders in each category shall be calculated accordingly.
10. Post Acceptance of the Equity Shares tendered on the basis of Buyback Entitlement, Equity Shares left to be bought as a part of the Buyback, if any, in one category shall first be Accepted, in proportion to the Equity Shares tendered, over and above their Buyback Entitlement, by Eligible Shareholders in that

category, and thereafter, from Eligible Shareholders who have tendered over and above their Buyback Entitlement, in other category.

11. The Buyback shall be implemented using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI Circulars and following the procedure prescribed in the Companies Act, the Share Capital Rules and the Buyback Regulations and as may be determined by the Board and on such terms and conditions as may be permitted by law from time to time.
12. For implementation of the Buyback, the Company has appointed Kotak Securities Limited as the registered broker to the Company (the “**Company’s Broker**”) to facilitate the process of tendering of Equity Shares through Stock Exchange Mechanism for the Buyback as described in this paragraph 23. In the tendering process, the Company’s Broker may also process the orders received from the Shareholders. The contact details of the Company’s Broker are as follows



Kotak Securities Limited

27 BKC, C 27, G Block,

Bandra Kurla Complex, Bandra (E), Mumbai 400051

Contact Person: Ms. Naaz Khan, Tel: +91 4285 2552, Email: Naaz.Khan@kotak.com

Website: www.kotaksecurities.com

SEBI Registration No. NSE Capital Market: INB230808130; BSE Equity: INB010808153

CIN: U99999MH1994PLC134051

13. The Company will request BSE to provide the separate acquisition window to facilitate placing of sell orders by shareholders who wish to tender Equity Shares in the Buyback. The BSE would be the designated stock exchange for the Buyback (“**Designated Stock Exchange**”). The details of the platform will be specified by Stock Exchanges from time to time.
14. All Eligible Sellers may place orders in the Acquisition Window, through their respective stock brokers (“**Seller Member(s)**”).
15. In the event Seller Member(s) are not registered with BSE or if the Eligible Seller do not have any stock broker then that Eligible Seller can approach any BSE registered stock broker and can make a bid by using quick unique client code (UCC) facility through that BSE registered stock broker after submitting the details as may be required by the stock broker to be in compliance with the Buy-back Regulations. In case Eligible Seller is not able to bid using quick UCC facility through any other BSE registered stock broker then the Eligible Seller may approach Company’s Broker viz. Kotak Securities Limited, to bid by using quick UCC facility. The Eligible Seller approaching BSE registered stock broker (with whom he does not have an account) may have to submit following details:

In case of Eligible Seller being an individual

If Eligible Seller is registered with KYC Registration Agency (“KRA”): Forms required:

- Central Know Your Client (CKYC) form including FATCA, IPV, OSV if applicable
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)

If Eligible Seller is not registered with KRA: Forms required:

- CKYC form including FATCA, IPV, OSV if applicable
- KRA form
- KYC form Documents required (all documents self-attested):
 - PAN card copy
 - Address proof

- Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required.

In case of Eligible Seller is HUF:

If Eligible Seller is registered with KYC Registration Agency ("KRA"): Forms required:

- Central Know Your Client (CKYC) form of KARTA including FATCA, IPV, OSV if applicable
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)

If Eligible Seller is not registered with KRA: Forms required:

- CKYC form of KARTA including FATCA, IPV, OSV if applicable
- KRA form
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - PAN card copy of HUF & KARTA
 - Address proof of HUF & KARTA
 - HUF declaration
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required.

In case of Eligible Seller other than Individual and HUF:

If Eligible Seller is KRA registered: Form required

- Know Your Client (KYC) form Documents required (all documents certified true copy)
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)
- FATCA, IPV, OSV if applicable
- Latest list of Directors/authorised signatories/partners/trustees
- Latest shareholding pattern
- Board resolution
- Details of ultimate beneficial owner along with PAN card and address proof
- Last 2 years financial statements

If Eligible Seller is not KRA registered: Forms required:

- KRA form
- Know Your Client (KYC) form Documents required (all documents certified true copy):
 - PAN card copy of company/ firm/trust
 - Address proof of company/ firm/trust
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)
- FATCA, IPV, OSV if applicable
- Latest list of Directors/authorised signatories /partners/trustees
- PAN card copies & address proof of Directors/authorised signatories/partners/trustees

- Latest shareholding pattern
- Board resolution/partnership declaration
- Details of ultimate beneficial owner along with PAN card and address proof
- Last 2 years financial statements
- MOA/Partnership deed /trust deed

Additionally, registered Equity Shareholders holding Equity Shares in Physical form must also provide the documents mentioned in Paragraph 24(18)(a).

It may be noted that above mentioned list of documents is an indicative list. The requirement of documents and procedures may vary from broker to broker.”

16. All Eligible Shareholders, through their respective Stock Broker(s) will be eligible and responsible to place orders in the acquisition window. All Eligible Shareholders can enter orders for Equity Shares in demat form as well as Equity Shares in physical form.
17. During the Tendering Period, the order for selling the Equity Shares will be placed in the acquisition window by Eligible Shareholders through their respective Stock Brokers during normal trading hours of the secondary market.
18. Stock Brokers can enter orders for Equity Shares in demat form as well as Equity Shares in physical form.
19. Modification/ cancellation of orders and multiple bids from a single Shareholder will be allowed during the Tendering Period of the Buyback offer. Multiple bids made by single Shareholder for selling the Equity Shares shall be clubbed and considered as ‘one’ bid for the purposes of Acceptance.
20. The cumulative quantity tendered shall be made available on websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, throughout the trading session and will be updated at specific intervals during the Tendering Period.
21. All documents sent by the Eligible Shareholders will be at their own risk. Eligible Shareholders are advised to safeguard adequately their interests in this regard.
22. **Procedure to be followed by Equity Shareholders holding Equity Shares in the dematerialised form**
 - a) Eligible Shareholders who desire to tender their Equity Shares in the electronic form under Buyback would have to do so through their respective Stock Broker by indicating to their Stock Broker the details of Equity Shares they intend to tender under the Buyback.
 - b) The Stock Broker would be required to place an order/ bid on behalf of the Eligible Shareholders who wish to tender Equity Shares in the Buyback using the acquisition window of the Designated Stock Exchange. Before placing the bid, the Eligible Shareholder would be required to transfer the tendered Equity Shares to the special account of the Indian Clearing Corporation Limited (“Clearing Corporation”), by using the early pay in mechanism of the Depository prior to placing the order/ bid on the platform of the Stock Exchanges by the Stock Broker. For further details, Eligible Shareholders may refer to the circulars issued by the Stock Exchange/ Clearing Corporation.
 - c) The details of the settlement number of the special account of the Clearing Corporation under which the Equity Shares are to be transferred in the account of Clearing Corporation for the Buyback will be provided in a separate circular to be issued by the Clearing Corporation.
 - d) For custodian participant orders for demat Equity Shares early pay-in is mandatory prior to confirmation of order/bid by custodian. The custodian shall either confirm or reject the orders not later than the closing of trading hours (i.e., 3:30 p.m.) on the last day of the Tendering Period (i.e., the Buyback Closing Date). Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed custodian participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.

- e) Upon placing the bid, the Stock Broker shall provide a TRS generated by the exchange bidding system to the Eligible Shareholder. TRS will contain the details of order submitted like bid ID number, application number, DP ID, client ID, number of Equity Shares tendered, etc.
- f) Eligible Shareholders shall also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):
 - i. Duly attested power of attorney, if any person other than the Eligible Shareholder has signed the Tender Form;
 - ii. Duly attested death certificate and succession certificate/ legal heirship certificate/court approved scheme of merger/amalgamation for a company, in case any Eligible Shareholder has expired; and
 - iii. In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).
- g) IN CASE OF DEMAT EQUITY SHARES, SUBMISSION OF TENDER FORM AND TRS IS NOT REQUIRED. After the receipt of the demat Equity Shares by the Clearing Corporation and a valid bid in the exchange bidding system, the Eligible Shareholders holding Equity Shares in demat form have successfully tendered the Equity Shares in the Buyback.
- h) The cumulative quantity tendered shall be made available on the website of the Stock Exchanges throughout the trading sessions and will be updated at specific intervals during the Tendering Period.
- i) The Eligible Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Buyback decided by the Company. Further, Eligible Shareholders will have to ensure that they keep the savings bank account attached with the DP account active and updated to receive credit remittance due to Acceptance of Buyback of shares by the Company

23. Procedure to be followed by Registered Equity Shareholders holding Equity Shares in Physical form

- a) Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buyback will be required to approach their respective Stock Brokers along with the complete set of documents for verification procedures to be carried out including the (i) original share certificate(s), (ii) valid share transfer form(s) (i.e., form SH-4) duly filled and signed by the transferors (i.e. by all registered Eligible Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favour of the Company, (iii) self-attested copy of the Eligible Shareholder's PAN Card, and (iv) any other relevant documents such as power of attorney, corporate authorization (including board resolution/ specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable. In addition, if the address of an Eligible Shareholder has undergone a change from the address registered in the Register of Members of the Company, such Eligible Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.
- b) Based on the documents mentioned in paragraph 23.21 above, the concerned Stock Broker shall place the bid on behalf of the Eligible Shareholder holding Equity Shares in physical form who wishes to tender Equity Shares in the Buyback using the acquisition window of the Stock Exchanges. Upon placing the bid, the Stock Broker shall provide a TRS generated by the Stock Exchanges' bidding system to the Eligible Shareholder. TRS will contain the details of order submitted like Folio No., Certificate No., Distinctive No., No. of Equity Shares tendered etc.
- c) After placing the Bid, the Stock Broker of the Eligible Shareholder has to deliver the original share certificate(s) and documents (as mentioned in paragraph 23.22.1 above along with TRS either by registered post or courier or hand delivery to the Registrar (at the address mentioned at paragraph 20 above or the collection centres of the Registrar details of which are included in the Letter of Offer not later than 2 (two) days from the Buyback Closing Date, by Friday, 16th February, 2018 (by 5 PM). The envelope should be super scribed as "Swaraj Engines Buyback Offer 2018". One copy of the TRS will be retained by Registrar and it will provide acknowledgement of the same to the

Stock Broker/ Eligible Shareholder.

- d) Eligible Shareholder holding physical Equity Shares should note that physical Equity Shares will not be Accepted unless the complete set of documents are submitted. Acceptance of the physical Equity Shares for the Buyback shall be subject to verification as per the Buyback Regulations and any further directions issued in this regard. The Registrar will verify such bids based on the documents submitted on a daily basis and till such time the Stock Exchanges shall display such bids as 'unconfirmed physical bids'. Once the Registrar confirms the bids, it will be treated as 'confirmed bids'.
 - e) All documents as mentioned above, shall be enclosed with the valid Tender Form, otherwise the Equity Shares tendered will be liable for rejection. The Equity Shares shall be liable for rejection on the following grounds amongst others: (i) If there is any other company's equity share certificate(s) enclosed with the Tender Form instead of the Equity Share certificate(s) of the Company; (ii) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders; (iii) If the Eligible Shareholders tender Equity Shares but the Registrar to the Buyback does not receive the Equity Share certificate(s); (iv) In case the signature on the Tender Form and Form SH-4 does not match as per the specimen signature recorded with Company/Registrar of the Company.
 - f) In case any Eligible Shareholder has submitted Equity Shares in physical form for dematerialization, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Buyback before Buyback Closing Date.
24. **For Equity Shares held by Eligible Shareholders, being Non-Resident Shareholders of Equity Shares (Read with paragraph 19 "DETAILS OF THE STATUTORY APPROVALS"):**
- a) Eligible Shareholders, being Non-Resident Shareholders of Equity Shares (excluding FIIs) shall also enclose a copy of the permission received by them from RBI, if applicable, to acquire the Equity Shares held by them.
 - b) In case the Equity Shares are held on repatriation basis, the Non-Resident Eligible Shareholder shall obtain and enclose a letter from its authorised dealer / bank confirming that at the time of acquiring such Equity Shares, payment for the same was made by the non-resident Eligible Shareholder from the appropriate account (e.g. NRE a/c.) as specified by RBI in its approval. In case the Non-Resident Seller is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non-repatriation basis and in that case the Non-Resident Seller shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid Equity shares accepted under the Buyback.
 - c) If any of the above stated documents (as applicable) are not enclosed along with the Tender Form, the Equity Shares tendered under the Buyback are liable to be rejected.

THE NON RECEIPT OF THE LETTER OF OFFER BY, OR ACCIDENTAL OMISSION TO DISPATCH THE LETTER OF OFFER TO ANY PERSON WHO IS ELIGIBLE TO RECEIVE THE SAME TO PARTICIPATE IN THE BUYBACK, SHALL NOT INVALIDATE THE BUYBACK OFFER IN ANY WAY.

25. **In case of non-receipt of this Letter of Offer:**

- a) **In case the Equity Shares are in dematerialised form:** If Eligible Shareholder(s) who have been sent the Letter of Offer through electronic means wish to obtain a physical copy of the Letter of Offer, they may send a request in writing to the Company or Registrar at the address or email id mentioned at the cover page of the Letter of Offer stating name, address, number of Equity Shares held on Record Date, client ID number, DP name / ID, beneficiary account number, and upon receipt of such request, a physical copy of the Letter of Offer shall be provided to such Eligible Shareholder. An Eligible Shareholder may participate in the Buyback by downloading the Tender Form from the website of the Company i.e. www.swarajenterprise.com or the website of the registrar <https://karisma.karvy.com> or by providing their application in writing on plain paper, signed by all Equity Shareholders, stating name and address of Shareholder(s), number of Equity Shares held as on the Record Date, Client ID number, DP Name/ ID, beneficiary account number

and number of Equity Shares tendered for the Buyback

- b) **In case the Equity Shares are in physical form:** An Eligible Shareholder may participate in the Buyback by providing their application in writing on plain paper signed by all Equity Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buyback and the distinctive numbers thereof, enclosing the original share certificate(s), copy of Equity Shareholders' PAN card(s) and executed share transfer form in favour of the Company. The transfer form SH-4 can be downloaded from the Company's website www.swarajenterprises.com. After placing the Bid through Stock Broker, the Stock Broker of the Equity Shareholders must ensure that the Tender Form, along with the TRS and requisite documents (as mentioned in paragraph 23.21) above, reach the Registrar not later than 2 (two) days from the Buyback Closing Date, by Friday, 16th February, 2018 (by 5 PM). If the signature(s) of the Eligible Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buyback.

Please note that Eligible Shareholder(s) who intend to participate in the Buyback will be required to approach their respective Seller Member (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Seller Member or broker in the electronic platform to be made available by BSE before the Closing Date.

The Company shall accept Equity Shares validly tendered by the Shareholder(s) in the Buyback on the basis of their shareholding as on the Record Date and the Buyback Entitlement. Eligible Shareholder(s) who intend to participate in the Buyback using the 'plain paper' option as mentioned in this paragraph are advised to confirm their entitlement from the Registrar to the Buyback Offer, before participating in the Buyback.

- c) The participation of the Eligible Shareholders in the Buyback is entirely at the discretion of the Equity Shareholders. The Company does not accept any responsibility for the decision of any Equity Shareholder to either participate or to not participate in the Buyback. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Equity Shareholders are advised to adequately safeguard their interest in this regard.

26. Method of Settlement

Upon finalization of the basis of acceptance as per Buyback Regulations:

- 1) The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
- 2) The Company will pay the consideration to the Company's Broker who will transfer the funds pertaining to the Buyback to the Clearing Corporation's bank accounts as per the prescribed schedule. For demat Equity Shares Accepted under the Buyback, the Clearing Corporation will make direct funds payout to respective Eligible Shareholders. If Eligible Shareholders' bank account details are not available or if the funds transfer instruction is rejected by RBI/Bank, due to any reason, such funds will be transferred to the concerned Stock Brokers settlement bank account for onward transfer to such Eligible Shareholders holding Equity Shares in dematerialized form.
- 3) In case of certain client types viz. NRI and foreign clients etc. (where there are specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out would be given to their respective Stock Broker's settlement accounts for releasing the same to the respective Eligible Shareholder's account. For this purpose, the client type details would be collected from the Depositories, whereas funds payout pertaining to the bids settled through custodians will be transferred to the settlement bank account of the custodian, each in accordance with the applicable mechanism prescribed by the Stock Exchanges and the Clearing Corporation from time to time.
- 4) For the Eligible Shareholders holding Equity Shares in physical form, the funds payout would be given to their respective Stock Broker's settlement accounts for releasing the same to the

respective Eligible Shareholder's account.

- 5) The Equity Shares bought back in demat form would be transferred directly to the Company Demat Account provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Company Demat Account on receipt of the Equity Shares from the clearing and settlement mechanism of the Stock Exchanges.
- 6) The Eligible Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance of shares under the Buyback.
- 7) Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Eligible Shareholders would be returned to them by the Clearing Corporation. Any excess physical Equity Shares pursuant to proportionate Acceptance/rejection will be returned back to the Eligible Shareholders directly by the Registrar. The Company is authorized to split the share certificate and issue new consolidated share certificate for the unaccepted Equity Shares, in case the Equity Shares Accepted by the Company are less than the Equity Shares tendered in the Buyback by Equity Shareholders holding Equity Shares in the physical form.
- 8) The Company's Broker would also issue a contract note to the Company for the Equity Shares Accepted under the Buyback. If Eligible Shareholders bank account details are not available or if the fund transfer instruction is rejected by RBI or bank, due to any reasons, then the amount payable to Eligible Shareholders will be transferred to the Stock Broker for onward transfer to the Eligible Shareholder.
- 9) Shareholders who intend to participate in the Buyback should consult their respective Seller Members for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the selling Shareholders for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the selling Shareholders from their respective Seller Members, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling Shareholders
- 10) The Equity Shares lying to the credit of the Demat Escrow Account and the Equity Shares bought back and accepted in physical form will be extinguished in the manner and following the procedure prescribed in the Regulations.

27. Rejection Criteria

The Equity Shares tendered by Eligible Shareholders would be liable to be rejected on the following grounds:

For Eligible Shareholders holding shares in the dematerialized form if:

- a. the Shareholder is not a Eligible Shareholder of the Company as on the Record Date; or
- b. If there is a name mismatch in the dematerialised account of the Shareholder.

For Eligible Shareholders holding Equity Shares in the physical form if:

- a. The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours 16th February, 2018 by 5:00p.m.;
- b. If there is any other company share certificate enclosed with the Tender Form instead of the share certificate of the Company;
- c. If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
- d. If the Eligible Shareholders bid the Equity Shares but the Registrar does not receive the physical Equity Share certificate; or
- e. In the event the signature in the Tender Form and Form SH-4 do not match as per the specimen signature recorded with Company or Registrar.

24. NOTE ON TAXATION

SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE ASSESSING OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE.

Given below is a broad summarization of the applicable sections of the Income-tax Act, 1961 relating to treatment of income-tax in case of Buyback of listed equity shares on the stock exchange, which is provided only as a guidance.

1. CLASSIFICATION OF SHARES AND SHAREHOLDERS

- a) **Based on the provisions of the Income Tax Act, shares can be classified under the following two categories:**
 - i. Shares held as investment (Income from transfer taxable under the head “Capital Gains”)
 - ii. Shares held as stock-in-trade (Income from transfer taxable under the head “Profits and Gains from Business or Profession”)
- b) **Based on the provisions of the Income Tax Act, shareholders can be classified under the following categories:**
 - a. **Resident Shareholders being:**
 - Individuals, HUF, AOP and BOI
 - Others
 - b. **Non Resident Shareholders being:**
 - NRIs
 - FIIs
 - Others:
 - Company
 - Other than Company

2. SHARES HELD AS INVESTMENT

- a) For non-residents, taxability of capital gains would be subject to beneficial provisions of applicable Double Taxation Avoidance Agreement (“DTAA”) subject to their procurement of Tax Residency Certificate (“TRC”).
- b) The taxability as per the provisions of the Income Tax Act is discussed below.
- c) To determine the nature of capital gains as to whether the capital gains are short-term or long-term in nature, as per the provisions of the Income Tax Act:
 - i. Where a capital asset, being listed equity shares of the Company being bought back, is held for a period of less than or equal to 12 months prior to the date of transfer, the same shall be treated as a short-term capital asset, and the gains arising therefrom shall be taxable as short-term capital gains (STCG).
 - ii. Similarly, where listed equity shares are held for a period of more than 12 months prior to the date of transfer, the same shall be treated as a long-term capital asset, and the gains arising therefrom shall be taxable as long-term capital gains (LTCG).
- d) Capital gains on buyback of shares are governed by the provisions of section 46A of the Income Tax Act. As per the provisions of section 46A, buyback of shares held as investment, would attract capital gains in the hands of shareholders as per provisions of section 48 of the Income Tax Act.

Buyback of shares through a recognized stock exchange

- e) Where transaction for transfer of such equity shares (ie buyback) is entered into through a recognized stock exchange and such transaction is chargeable to Securities Transaction Tax (STT), the taxability is as under (for all categories of shareholders):
- i. LTCG arising from such transaction would be exempt under section 10(38) of the Income Tax Act; and
 - ii. STCG arising from such transaction would be subject to tax @ 15% under section 111A of the Income Tax Act.

Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such STCG.

In addition to the above STCG tax, Surcharge, Education Cess and Secondary and Higher Education Cess are leviable as under:

- In case of foreign companies and FIIs: Surcharge @ 5% is leviable where the total income exceeds Rs. 10 crores and @ 2% where the total income exceeds Rs.1 crore but is less than or equal to Rs. 10 crores. Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable in all cases.
- In case of other non-resident assesseees (i.e. other than foreign companies): Surcharge @ 12% is leviable where the total income exceeds Rs.1 crore. Further, Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable in all cases.
- In case of domestic companies: Surcharge @ 12% is leviable where the total income exceeds Rs. 10 crores and @ 7% where the total income exceeds Rs. 1 crore but is less than or equal to Rs. 10 crores is leviable in all cases.
- In case of resident assesseees (i.e. other than domestic companies): Surcharge @ 12% is leviable where the total income exceeds Rs.1 crore. Also, Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable.

3. SHARES HELD AS STOCK-IN-TRADE

- a) If the shares are held as stock-in-trade by any of the Shareholders of the Company, then the gains would be characterized as business income. In such a case, the provisions of section 46A of the Income Tax Act would not apply.
- b) Resident Shareholders
- i. For individuals, HUF, AOP, BOI, profits would be taxable at slab rates.
 - ii. For persons other than individuals, HUF, AOP, BOI profits would be taxable @ 30%. No benefit of indexation by virtue of period of holding would be available in any case. In addition to the above, in the case of domestic companies, Surcharge @ 12% is leviable where the total income exceeds Rs. 10 crores and @ 7% where the total income exceeds Rs. 1 crore. In all other cases, Surcharge @ 12% is leviable where the total income exceeds Rs. 1 crore but is less than or equal to Rs. 10 crores. Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable in all cases.
- c) Non Resident Shareholders
- i. For Non Residents, taxability of profits as business income would be subject to beneficial provisions of applicable DTAA, subject to their procurement of TRC
 - ii. Where DTAA provisions are not applicable:
 - For non-resident individuals, HUF, AOP, BOI, profits would be taxable at slab rates

- For foreign companies, profits would be taxed in India @ 40%
- For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ 30%

In addition to the above, in the case of foreign companies, Surcharge @ 5% is leviable where the total income exceeds Rs. 10 crores and @ 2% where the total income exceeds Rs. 1 crore. In all other cases, Surcharge @ 12% is leviable where the total income exceeds Rs. 1 crore. Education Cess @ 2% and Secondary and Higher Education Cess @ 1% is leviable in all cases.

4. TAX DEDUCTION AT SOURCE

a) In case of Resident Shareholders

In absence of any specific provision under the Income Tax Act, the Company shall not deduct tax on the consideration payable to resident shareholders pursuant to the said Buyback.

b) In the case of Non Resident Shareholders

Since the Buyback is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is on the non-resident shareholder. It is therefore recommended the non-resident shareholder may consult their custodians/ authorised dealers/ tax advisors appropriately.

5. THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.

25. DECLARATION BY THE BOARD OF DIRECTORS

Declaration as required under clause (ix) and clause (x) of Part A of Schedule II to the Buyback Regulations:

The Board made the aforementioned declaration as on the date of passing the board resolution approving the Buyback i.e. 28th November, 2017.

- 1) There are no defaults subsisting in the repayment of Deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
- 2) 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 Board Meeting held on 28th November, 2017 and the date on which the members' resolution passed by way of Postal Ballot/ E-voting ("Postal Ballot Resolution"), 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 28th November, 2017 as well as for the year immediately following the date of passing of the members' resolution by way of Postal Ballot and having regard to the Board's intentions 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 and also from the date of passing of the members' resolution.
 - 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.

This declaration is made and issued by the Board of Directors in terms of the resolution passed at the meeting held on 28th November, 2017.

For and on behalf of the Board of Directors of the Company

Sd/-

Sd/-

Subhash Mago
Whole Time Director & CEO
DIN: 07797207

S.Durgashankar
Director
DIN: 00044713

In addition, the Company has also confirmed that it is in compliance with section 159, 207 and 211 of the Act.

26. AUDITOR'S CERTIFICATE

The text of the Report dated 28th November, 2017 received from, the Statutory Auditors of the Company addressed to the Board of Directors 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 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		70.74

Particulars as on March 31, 2017	Amount (Rs. in crores)
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/-)	
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: 28th November, 2017
Place: Mumbai

27. MATERIAL DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Buyback at 27BKC, Plot no. C-27, 1st floor, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm up to the date of closure of the Buyback.

- Copy of the Certificate of Incorporation and the Memorandum and Articles of Association of Swaraj Engines Limited
- Copy of the annual reports of Swaraj Engines Limited for the years ended 31st March, 2015, 31st March , 2016 and 31st March , 2017;
- Copy of the resolution passed by the Board of Directors at the meeting held on 28th November, 2017 approving proposal for Buyback;
- Copy of Certificate dated 28th November, 2017 received from B.K. Khare & Co,Chartered Accountants in terms of clause (xi) of Part A to Schedule II of the Buyback Regulations;
- Copy of Declaration of solvency and an affidavit in form SH-9 as prescribed under section 68(6) of the Companies Act;

- f) Copy of Escrow Agreement dated 5th January, 2018 between Swaraj Engines Limited, Kotak Mahindra Bank, Mumbai and Kotak Mahindra Capital Company
- g) Copy of the certificate from B.K. Khare & Co, Chartered Accountants., dated 28th December, 2017 certifying that the Company has adequate funds for the purposes of Buyback of 2,94,746 Equity Shares at the price of Rs.2,400/- per Equity Share;
- h) Copy of Public Announcement published in the newspapers on 4th January, 2018 regarding Buyback of Equity Shares; and
- i) Copy of SEBI observation letter no. CFD/DCR2/OWP/2018/2112/1 dated 19th January, 2018.

28. INVESTOR SERVICE CENTER AND COMPLIANCE OFFICER

The Company has designated the following as the Compliance Officer for the Buyback:

Name	: Mr. M.S. Grewal
Designation	: Company Secretary
Address	: Phase IV, Industrial Area, S.A.S.Nagar (Mohali), Punjab 160055
Phone	: +91 172 2271620-27
Email id	: selinvestor@swarajenterprise.com

In case of any clarifications or to address investor grievance, the Shareholders may contact the Compliance Officer, from Monday to Friday between 10 am to 4 pm on all working days, at the above mentioned address

29. REMEDIES AVAILABLE TO SHAREHOLDERS/ BENEFICIAL OWNERS

In case of any grievance relating to the Buyback (e.g. non-receipt of the Buyback consideration, share certificate, demat credit etc.) the investor can approach the Compliance Officer for redressal.

If the Company makes any default in complying with the provisions of Section 68 of the Companies Act or any rules made there-under, or any regulation or under clause (f) of subsection (2) of Section 68 of the Companies Act, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Companies Act.

The address of the concerned office of the Registrar of Companies is as follows:

Registrar of Companies, Punjab, Chandigarh and Himachal Pradesh

Corporate Bhawan, Plot No. 4B, Sector 27-B, Madhya Marg, Chandigarh – 160019

30. MANAGER TO THE BUYBACK

The Company has appointed the following as Manager to the Buyback:



Name	: Kotak Mahindra Capital Company Limited
Address	: 27BKC, 1st floor, Plot no. C-27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Phone	: +91 22 22 4336 0128
Fax	: +91 22 22 6713 2447
Email	: project.swarajbuyback@kotak.com
Contact Person	: Mr. Ganesh Rane
SEBI Registration Number	: INM000008704

31. DIRECTORS' RESPONSIBILITY STATEMENT

As per Regulation 19(1)(a) of the Buyback Regulations, the Board of Directors of the Company accepts full responsibility for all the information contained in this Letter of Offer. This Letter of Offer is issued under the authority of the Board and in terms of the resolution passed by the Board on 28th November , 2017.

For and on behalf of all members of the Board of Directors

of Swaraj Engines Limited

Sd/-

Sd/-

Sd/-

Subhsah Mago

Whole Time Director & CEO

DIN: 07797207

S.Durgashankar

Director

DIN: 00044713

M.S.Grewal

Company Secretary

Membership No.: 11587

Date: 20th January, 2018

Place: Mohali

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