



## Investment Banking

January 4, 2018

**The Secretary**

**BSE Limited**

P J Towers

Dalal Street

Mumbai 400 001

**The Secretary**

**The National Stock Exchange of India Limited**

Exchange Plaza

Plot no. C/1, G Block

Bandra-Kurla Complex

Bandra (E)

Mumbai - 400 051

Dear Sir/Madam,

**Sub: Buyback of 2,94,746 equity shares of INR 10/- each ("Share") of Swaraj Engines Limited ("Company") at a price of INR 2,400/- per Share under tender offer route ("Buyback")**

We are pleased to inform you that Swaraj Engines Limited has issued a public announcement for the Buyback of its equity shares through tender offer route ("**Public Announcement**"). The Public Announcement has been released to appear on January 4, 2018 in the following newspapers:

- Financial Express (English) (all editions)
- Jansatta (Hindi) (all editions)
- Punjabi Tribune (Punjabi - Chandigarh)

Kotak Mahindra Capital Company Limited ("KMCC") has been appointed as the Manager to the Offer.

In this regard, please find enclosed copies of the Public Announcements that has been released to appear in Financial Express (English) on January 4, 2018.

Yours Sincerely,

For **Kotak Mahindra Capital Company Limited**

*ajoshi*

Amit Joshi  
Vice President

Encl.: As above

**Kotak Mahindra Capital Company Limited**

CIN U67120MH1995PLC134050

Registered Office:

**27BKC**

C - 27, "G" Block

Bandra Kurla Complex

Bandra (East), Mumbai - 400 051, India.

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[www.investmentbank.kotak.com](http://www.investmentbank.kotak.com)

This Public Announcement (the "Public Announcement") is being made pursuant to the provisions of Regulation 8(1) of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "Buy-back Regulations") for the time being in force including any statutory modifications and amendments from time to time and contains the disclosures as specified in Part A of Schedule II to the Buy-back Regulations.

OFFER FOR BUYBACK OF UP TO 2,94,746 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") AT A PRICE OF ₹ 2,400/- (RUPEES TWO THOUSAND FOUR HUNDRED ONLY) PER FULLY PAID-UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS.

## 1 THE BUYBACK OFFER

1.1. The Board of Directors (hereinafter referred to as the "Board", which expression includes the Buyback Committee constituted by the Board to exercise its powers) of Swaraj Engines Limited ("Swaraj Engines" or the "Company"), at its meeting held on 28<sup>th</sup> November, 2017 ("Board Meeting") approved the proposal for the buyback of Equity Shares at a price of ₹ 2,400/- (Rupees Two Thousand Four Hundred only) per Equity Share (the "Buyback Price") up to an aggregate amount not exceeding ₹ 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only) ("Maximum Buyback Size"), (being equal to 25% of the total paid-up equity capital and free reserves of the Company as per latest audited balance sheet as on March 31, 2017) from the shareholders ("Shareholders") of the Company on a proportionate basis through a tender offer in accordance with the provisions of the Companies Act, 2013 ("Companies Act") and, the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules") and in compliance with the Buy-back Regulations ("Buyback" or "Buyback Offer"). The Shareholders of the Company approved the Buyback of the Company's fully paid-up Equity Shares from the existing shareholders/beneficial owners, on a proportionate basis, through the tender offer process pursuant to Article 65 of the Articles of Association of the Company and in accordance with provisions of the Companies Act, the Share Capital Rules, the Management Rules and the Buy-back Regulations, by way of a special resolution, through the postal ballot ("Postal Ballot"), the results of which were announced on 3<sup>rd</sup> January 2018 ("Shareholders' Approval"). The Buyback Price per Equity Share and the Maximum Buyback Size do not include transaction costs including brokerage costs, securities transaction taxes, goods and service tax, and stamp duty. The Buyback is subject to receipt of any approvals of statutory, regulatory or governmental authorities as may be required under applicable laws, including the Reserve Bank of India, the Securities and Exchange Board of India ("SEBI"), and the stock exchanges on which the Equity Shares are listed, namely, the National Stock Exchange of India Limited ("NSE"), the BSE Limited ("BSE") (together with NSE the "Stock Exchanges").

1.2. The Buyback shall be undertaken on a proportionate basis from the Shareholders as of 12<sup>th</sup> January, 2018 (the "Record Date") through the tender offer process prescribed under Regulation 4(1)(a) of the Buy-Back Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by such Shareholders and settlement of the same, through the stock exchange mechanism as specified by SEBI in the circular bearing number CIR/CFD/POLICYCELL/1/2015 dated 13<sup>th</sup> April, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated 9<sup>th</sup> December, 2016, including any further amendments thereof (the "SEBI Circular"). Please refer to Paragraph 10 below for further details regarding the Record Date and share entitlement for tender in the Buyback.

1.3. In terms of the Buy-back Regulations, under tender offer route, the promoters of the Company have the option to participate in the Buyback. In this regard, the promoters have informed the Company via their letters, each dated 28<sup>th</sup> November, 2017 regarding their intention to participate in the Buyback. The extent of their participation in the Buyback has been detailed in Paragraph 6.5 of this Public Announcement.

1.4. The Buyback Price of ₹ 2,400/- (Rupees Two Thousand Four Hundred only) per Equity Share represents (i) a premium of 19.56% and 18.79% over the volume weighted average price of the Equity Shares on the BSE and on the 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 (ii) a premium of 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.

1.5. The aggregate paid-up share capital and free reserves as at 31<sup>st</sup> March, 2017 (the audited financial statements available as on the date of the Board Meeting recommending the proposal of the Buyback) is ₹ 282.96 crores. Under the provisions of the Companies 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. ₹ 70,73,90,400/- (Rupees Seventy Crores Seventy Three Lakhs Ninety Thousand Four Hundred only) and is therefore within the limit of 25% of the Company's total paid-up share capital and free reserves as per the audited Balance Sheet as at 31<sup>st</sup> March, 2017.

1.6. Further, under the Companies 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 buy back up to 2,94,746 Equity Shares, the same is within the aforesaid 25% limit. The Maximum Buyback Size represents 2.37% of the paid-up equity share capital of the Company.

1.7. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the promoters in the Company may increase or decrease from the existing shareholding of the total equity capital and voting rights of the Company. After the completion of the Buyback, the public shareholding of the Company shall not fall below the minimum level required as per Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Any change in voting rights of the promoters pursuant to completion of Buyback will not result in any change in control over the Company.

1.8. A copy of this Public Announcement is available on the website of the Company at [www.swarajenterprise.com](http://www.swarajenterprise.com), and is expected to be available on the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) during the period of the Buyback.

## 2 NECESSITY AND BASIS FOR BUYBACK

The Board of the Company, at its meeting held on 28<sup>th</sup> 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 ₹ 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 at a price of ₹ 2,400/- (Rupees Two Thousand Four Hundred only) per equity share for an aggregate consideration of upto ₹ 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:

- 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;
- The Buyback, which is being implemented through the tender offer route as prescribed under the Buy-back Regulations, would involve allocation of higher number of shares for small shareholders as per their entitlement or 15% of the number of shares to be bought back, reserved for the small shareholders. The Company believes that this reservation for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder" as per Regulation 2(1)(a) of the Buy-back Regulations;
- 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;
- 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.

## 3 MAXIMUM AMOUNT REQUIRED UNDER THE BUYBACK

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

## 4 MAXIMUM PRICE FOR BUYBACK OF THE EQUITY SHARES

The Equity Shares are proposed to be bought back at a price of ₹ 2,400/- (Rupees Two Thousand Four Hundred only). 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 i.e. the Stock Exchanges where the Equity Shares of the Company are listed during last three months and two weeks, the net worth of the Company, price earnings ratio and impact on other financial parameters and the possible impact of Buyback on the earnings per share.

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.

## 5 MAXIMUM NUMBER OF SHARES THAT THE COMPANY PROPOSES TO BUYBACK AND TIMELINES

The Company proposes to buy back up to 2,94,746 Equity Shares representing up to 2.37% of the total issued and paid up equity capital of the Company.

The Buyback is proposed to be completed within one year of the date of special resolution approving the proposed Buyback.

## 6 DETAILS OF SHAREHOLDING AND INTENTION OF PROMOTERS TO PARTICIPATE IN THE BUYBACK

6.1 The aggregate shareholding of the Promoters who are in control of the Company as on 28<sup>th</sup> November, 2017, i.e. the date of the postal ballot notice is as follows:

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

6.2 As on 28<sup>th</sup> November, 2017, i.e. the date of the postal ballot notice, none of the directors of the Company's promoters viz. Mahindra & Mahindra Limited ("M&M") and Kirloskar Industries Limited ("KIL") hold any Equity Shares in the Company, except for the following:

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

6.3 As on 28<sup>th</sup> November, 2017, i.e. the date of the postal ballot notice, 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

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

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

\*Excluding Brokerage and other transaction costs

6.5 Intention of Promoters to participate in Buyback: In terms of the Buy-back Regulations, under the tender offer route, the promoters of the Company have the option to participate in the Buyback. In this regard, the promoters of the Company have expressed their intention via their letters, each dated 28<sup>th</sup> November, 2017, to participate in the Buyback in the following manner:

- Mahindra & Mahindra Limited 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
- Kirloskar Industries Limited has indicated that it would tender a maximum of 51,254 Equity Shares or such lower number depending on the response received from the public shareholders.

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

MAHINDRA & MAHINDRA LIMITED					
Date of Acquisition	# of Shares	Nominal Value (₹) per share	Issue Price/ Transfer Price (₹) per share	Consideration (₹)	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
<b>Maximum # of Equity Shares intended to be tendered</b>					
<b>97,915</b>					

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

KIRLOSKAR INDUSTRIES LIMITED*					
Date of Acquisition	# of Shares	Nominal Value (₹) per share	Issue Price/ Transfer Price (₹) per share	Consideration (₹)	Nature of Transaction
25 August 1989	51,254	10.00	10.00	5,12,540.00	Subscription to IPO
				<b>51,254</b>	

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

7 The Company confirms that there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.

## 8 Confirmations from the Board

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

- That immediately following the date of the Board Meeting held on 28<sup>th</sup> November, 2017 and the date on which the Members' resolution by Postal Ballot/E-voting (the "Postal Ballot Resolution") was passed, there will be no grounds on which the Company could be found unable to pay its debts;
- That as regards the Company's prospects for the year immediately following the date of the Board meeting held on 28<sup>th</sup> November, 2017 as well as the year immediately following the

11.8 Modification/cancellation of orders will be allowed during the tendering period of the Buyback.

11.9 The cumulative quantity of Equity Shares tendered under the Buyback shall be made available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) throughout the trading session and will be updated at specific intervals during the tendering period.

**12 METHOD OF SETTLEMENT**

12.1 Upon finalization of the basis of acceptance as per Buy-back Regulations:

12.1.1 The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.

12.1.2 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 Equity Shares accepted under the Buyback, the Clearing Corporation will make direct funds payout to respective Eligible Shareholders. If the Eligible Shareholders' bank account details are not available or if the funds transfer instruction is rejected by RBI/Bank, due to any reason, then such funds will be transferred to the concerned Stock Brokers' settlement bank account for onward transfer to such Eligible Shareholders.

12.1.3 The Equity Shares bought back in demat form would be transferred directly to the demat account of the Company opened for the Buyback ("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.

12.1.4 The Eligible Shareholders will have to ensure that they keep the depository participant ("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.

12.1.5 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 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.

12.1.6 The Company's Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buyback. If the Eligible Shareholders bank account details are not available or if the fund transfer instruction is rejected by the Reserve Bank of India or any other bank, due to any reasons, the amount payable to the Eligible Shareholders will be transferred to the Stock Broker for onward transfer to the Eligible Shareholder.

12.1.7 Eligible Shareholders who intend to participate in the Buyback should consult their respective Stock Broker for details of any cost, applicable taxes, charges and expenses (including brokerage) etc., that may be levied by the Stock Broker upon the selling shareholders for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the Eligible Shareholders in respect of accepted Equity Shares could be net of such costs, applicable taxes, 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 Eligible Shareholders.

13 The Equity Shares lying to the credit of the Company 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 Buy-back Regulations.

**14 INVESTOR SERVICE CENTRE AND COMPLIANCE OFFICER**

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

<b>Name</b>	: Mr. M.S. Grewal
<b>Designation</b>	: Company Secretary & Compliance Officer
<b>Address</b>	: Swaraj Engines Limited, Phase IV, Industrial Area, S.A.S. Nagar (Mohali), Punjab - 160055
<b>Phone</b>	: +91 172 2271620-27
<b>Email id</b>	: <a href="mailto:selinvestor@swarajenterprise.com">selinvestor@swarajenterprise.com</a>

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 except public holidays, at the above mentioned address.

**15 REGISTRAR TO THE BUYBACK**

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

<b>Name</b>	: Karvy Computershare Private Limited
<b>Address</b>	: Karvy Selenium, Tower B, Plot Number 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, India
<b>Contact Person</b>	: Mr. M. Muralikrishna
<b>Phone</b>	: +91- 40 - 6716 2222
<b>Fax</b>	: +91- 40 - 2343 1551
<b>Email</b>	: <a href="mailto:sel.buybackoffer@karvy.com">sel.buybackoffer@karvy.com</a>

In case of any query, the Shareholders may contact the Registrar, from Monday to Friday between 10 am to 4 pm on all working days except public holidays at the above mentioned address.

**16 MANAGER TO THE BUYBACK**

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



**KOTAK MAHINDRA CAPITAL COMPANY LIMITED**  
**Address:** 27 BKC, 1<sup>st</sup> floor, Plot no. C-27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051  
**Phone:** +91-22-4336-0128; **Fax:** +91-22-6713-2447  
**Contact Person:** Mr. Ganesh Rane  
**Email:** [project.swarajbuyback@kotak.com](mailto:project.swarajbuyback@kotak.com)

**17 DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Regulation 19(1)(a) of the Buy-Back Regulations, the Board of Directors of the Company accepts responsibility for all the information contained in this Public Announcement and confirms that such document contains true, factual and material information and does not contain any misleading information.

For and on behalf of the Board of Directors of  
**Swaraj Engines Limited**

Sd/-  
**Subhash Mago**  
 Whole Time Director & CEO  
 DIN : 07797207

Sd/-  
**S. Durgashankar**  
 Director  
 DIN : 00044713

Sd/-  
**M.S. Grewal**  
 Company Secretary  
 Membership No. 11587  
 Place : Mohali

Date : 3<sup>rd</sup> January, 2018