

Press Release

(26th October, 2010)

**SEL POSTED Q2 PBT OF RS.15.8 CRORES AND
PLANNED AN EXPANSION PROJECT OF RS. 40.0 CRORES**

New Delhi, 26th October, 2010: The Board of Directors of Swaraj Engines Limited met today to consider and approve the financial results for the second quarter and half year ended 30th September, 2010.

Swaraj Engines Ltd. (SEL) reported yet another quarter of improved performance. Engine despatches to Mahindra & Mahindra Ltd. - Swaraj Division registered a growth of 17% over corresponding quarter of last year and reached 11452 engines – the highest ever quarterly sales volume.

Driven by the above growth, net revenue for the second quarter moved to Rs. 86.2 crores from Rs. 69.8 crores for the corresponding period of last fiscal.

With this increased engine volumes plus growth in supply of hi-tech components to Swaraj Mazda, SEL posted Operating Profit (earning before interest, other income, depreciation and tax) of Rs. 15.0 crores for the second quarter (July – Sept. 2010) against Rs. 12.8 crores for the last year's corresponding quarter – a growth of 17%.

While Profit Before Tax for the quarter was Rs.15.8 crores as against Rs.14.5 crores posted for same period last year, Net Profit for the quarter reached Rs.10.8 crores compared to last year's profit of Rs.9.6 crores for the same period.

For the half year ended 30th September 2010, net revenue reached Rs. 171.1 crores against Rs. 137.4 crores for the same period of last year. PBT for this six month period reached Rs. 31.5 crores against Rs. 29.2 crores for the corresponding six month period of the last financial year. Profit After Tax of Rs. 21.5 crores (last year Rs. 19.3 crores) has translated into an earning per share of Rs. 17.32 (last year Rs. 15.51) for the first six months of the current fiscal.

To meet the upcoming enhanced requirements of its key customer, the Board of Directors has also approved an expansion programme to increase its installed capacity from 36,000 engines to 60,000 engines p.a. Besides, capacity augmentation, there will be an additional investment towards sharpening the Company's engineering, research and quality edges. The proposed expansion project will entail total capex of around Rs. 40.0 crores, which will be fully financed from internal resources. Upon completion, this would propel the Company towards further growth in coming years.

Financial results approved by the Board of Directors is attached.