

Press Release

Swaraj Engines Posted PAT of Rs. 17.2 crores for Q3 – up 12.6%

Mumbai, 23rd January, 2018: The Board of Directors of Swaraj Engines Limited (SEL) met today to consider and approve the financial results for the third quarter and nine month period ended 31st December, 2017.

Q3 (Oct. – Dec. 2017)

On the strength of growth journey witnessed in the tractor industry during the current fiscal and in the backdrop of continued strong engines demand emerged from its key customer – Swaraj Division of Mahindra & Mahindra Limited – the Company posted its ever best Q3 financial results in terms of both engine sales volume and profit.

The engine sales for the third quarter ended 31st December, 2017 stood at 21,971 units as compared to 19,150 for the same period last year, an increase on 14.7%. This is the 9th successive quarter where the Company has registered growth over the respective corresponding quarter of previous financial year.

Reflecting above volume growth and increased demand for higher horse power engines, net operating revenue for the third quarter at Rs. 183.3 crores registered an increase of 18.4% over last year's Rs. 154.8 crores. The increase in operating expenses is primarily on account of onetime expense provided for Company's ongoing buyback proposal.

Profit Before Tax (PBT) for this quarter stood at Rs. 26.4 crores (last year Rs. 23.4 crores) and Profit After Tax was Rs. 17.2 crores (last year Rs. 15.3 crores).

Nine month period (Apr. – Dec. 2017)

For the cumulative nine month period ended 31st December, 2017, the engine sales volume at 70,242 units witnessed a growth of 12.5% over 62,455 units sold during the corresponding period of last year. With the growth in engine sales, total operating revenue for this period also moved to Rs. 585.9 crores from last year's Rs. 505.4 crores.

While Profit Before Tax for the nine month period stood at Rs. 95.2 crores (last year Rs. 82.0 crores) - up 16.1%, Profit After Tax at Rs. 62.2 crores (last year Rs. 53.5 crores) registered an increase of 16.2% and has translated into a basic earning per share of Rs. 50.11 (last year Rs. 43.12).

Update on Buyback

The Board of Directors, at its meeting held on 28th November, 2017, approved a proposal for the Company to buyback upto 2,94,746 fully paid up equity shares of Rs.10/- each (representing 2.37% of total Paid-up Equity Share Capital) from its shareholders at a price of Rs. 2,400/- per equity share on a proportionate basis by way of a tender offer for an aggregate amount not exceeding Rs. 70.74 crores in accordance with the

provisions of the Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 1998. The buyback proposal was also approved by the shareholders through postal ballot, the results of which were declared on 3rd January, 2018. The Company has received observations from Securities and Exchange Board of India (SEBI) on the Draft Letter of Offer for the Buyback and in accordance with the SEBI (Buyback of Securities) Regulations, 1998, the Letter of Offer for the Buyback to eligible shareholders appearing on the record date of 12th January, 2018 will be mailed / despatched by 24th January, 2018. The offer will open on 31st January, 2018 and will end on 14th February, 2018.

About Swaraj Engines Ltd.

Swaraj Engines Limited was set up in 1985 in Mohali, Punjab and is primarily engaged in the business of supplying engines to the Swaraj Division of Mahindra & Mahindra Ltd. (M&M).

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