Public Announcement to the shareholders of

Swaraj Engines Limited

This public announcement ("PA") is being issued by Kotak Mahindra Capital Company Limited (the "Manager to the Offer") for and on behalf of Mahindra and Mahindra Limited, a company incorporated under the laws of India ("M&M") and Mahindra Holdings & Finance Limited, a company incorporated under the laws of India ("MHFL"), (M&M collectively with MHFL, the "Acquirers") acting in concert with each other, pursuant to and in compliance with, among others, regulation 10 and regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "Regulations").

THE OFFER

1. This open offer ("Offer") is being made by the Acquirers in compliance with regulations 10 and 12 of the Regulations. This Offer is subject to the receipt of certain approvals as more fully set forth in the section entitled "Statutory Approvals and Other Approvals required for this Offer" (see paragraph 20 below).
2. On March 8, 2007, the Acquirers entered into a Share Purchase Agreement ("SPA") with (a) South Asia Regional Fund, CDC-PTL Holdings Ltd., CDC Financial Services (Mauritius) Ltd.("Actis Group") and (b) Vic Enterprises Pvt. Ltd., Acee Enterprises, Puran Associates Pvt. Ltd. and Mohit Burman ("Burman Family") (Actis Group together with Burman Family the "Sellers") to acquire 26,325,370 fully paid up equity shares representing 43.3% of total issued and fully paid up equity capital of Punjab Tractors Limited ("PTL") at a price of Rs. 360/- (Rupees Three Hundred and Sixty only) per fully paid up equity share (the "Acquisition"). PTL holds 33.2% of the voting capital of Swaraj Engines Limited ("SEL") ("Target Company"). The consideration paid by the Acquirers pursuant to the Acquisition was a composite consideration and no specific consideration was allocated for 33.2% interest in the Target Company during the Acquisition. As the Acquisition has resulted in Acquirers and the subsequent open offer to be made to the shareholders of PTL by the Acquirers would result in the Acquirers indirectly acquiring 33.2% of the voting equity capital of, and control (to the extent applicable) over the Target Company, this Offer is being made pursuant to Regulations.
3. Pursuant to this Offer, the Acquirers propose to acquire, from the existing shareholders, upto 2,483,964 fully paid up equity shares of the Target Company (the "Offer Size") representing 20% of the voting equity capital of the Target Company at a price of Rs. 151/- (Rupees One Hundred and Fifty One only) for each fully paid up equity share of the Target Company ("Share") (such price, the "Offer Price"), to be paid in cash in accordance with the Regulations. There are no partly paid equity shares of the Target Company. This Offer is not subject to any minimum level of acceptance.
4. The Shares of the Target Company are listed on the Bombay Stock Exchange Limited ("BSE"), the National Stock Exchange of India Limited ("NSE"). The Shares of the Target Company are not infrequently traded on the BSE and NSE in terms of the Regulations. In the 26 weeks & the 2 weeks preceding the date of this PA, the Shares of the Target Company are most frequently traded on NSE within the meaning of regulation 20(5) of the Regulations. This Offer is being made at Rs. 151/- (Rupees One Hundred and Fifty One only) per Share in terms of the Regulations. This Offer Price is greater than the highest of
   a. the average of the weekly high and low of closing prices of the Shares of the Target Company on NSE for the last 26 weeks (Rs. 141.48 / share)
   b. the average of the daily high and low prices of the shares of the Target Company on BSE for last 2 weeks (Rs. 149.51 / share)
   c. the highest price paid by the Acquirer or persons acting in concert with them for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the last 26 weeks (Not Applicable)
   d. the allotted price during acquisition (Not Applicable).The consideration paid by the Acquirers pursuant to the Acquisition was a composite consideration and no specific consideration was allocated for 33.2% interest in the Target Company during the Acquisition.

   The Acquirers have neither acquired nor have been allotted any share of the Target Company in the 12 months period prior to date of this PA.
5. As on date of the PA, Acquirers do not hold any Shares in the Target Company.
6. The Manager to the Offer does not hold any Shares in the Target Company, as on the date of this PA.
7. To the extent of the Offer Size, all the shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by Acquirers, subject to the terms and conditions of the Offer and receipt of approvals.
8. This is not a competitive bid.
9. The Acquirers are permitted to revise the Offer upward upto seven working days prior to the date of the closure of the Offer. In the event of such a revision, an announcement would be made in the same newspapers in which this PA has appeared and the revised offer price would be paid for all validly accepted equity Shares tendered any time during the Offer.

INFORMATION ABOUT ACQUIRERS

10. The details of M&M are as follows:

Name	Mahindra and Mahindra Limited
Address	Gateway Building, Apollo Bunder, Mumbai - 400001; (Tel: +91 22 2202 1031; Fax: +91 22 2287 5485)
Listing Status	The equity shares of the company are currently listed on the BSE, NSE and the Calcutta Stock Exchange Association Limited. Application has been made to delist the equity shares from the Calcutta Stock Exchange Association Limited. The Global Depository Receipts of the company are listed on the Luxembourg Stock Exchange and the Foreign Currency Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited
Group	M&M is part of Mahindra Group
Relationship with MHFL	MHFL is a wholly owned subsidiary of M&M
Primary Business and Experience	M&M is into manufacture and marketing of utility vehicles, light commercial vehicles and tractors. M&M was incorporated on October 2, 1945 as a private limited company under the Companies Act, 1913 and converted into a public limited company on June 15, 1955.

The financial details of M&M are as follows:

(All figures in Rs. lakh, rounded off, except per share data)	M&M	
	12 months ended March 31, 2006 [1]	9 months ended December 31, 2006[2]
Gross Revenue	945,143	838,151
Profit after Tax	85,710	83,234
Equity share capital	23,340	23,714
Networth	289,554	N.A.
Book Value per share (Rs.)	123.3	N.A.
Return on Networth[3] (%)	29.6%	N.A.
Basic Earning per Share (Rs.)	38.1	35.2
Diluted Earning per Share (Rs.)	34.9	32.2
P/E[4]	23.6	

Note -: *[1] Audited Financials as per Annual Report FY06 on standalone basis*
[2] Financials are subjected to a Limited Review by Auditors on standalone basis
[3] Return on Networth calculated as Profit After Tax/ Closing Networth
[4] Source: Capital Market (February 26-March 11, 2007 Issue, Volume No. XXI/26)

Mr. Keshub Mahindra and Mr. Anand Mahindra are the promoters of M&M.

11. The details of MHFL are as follows:

Name	Mahindra Holdings & Finance Limited
Address	Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai - 400018 (Tel: +91 22 2493 1441; Fax: +91 22 2497 5081)
Listing Status	Unlisted
Group	MHFL is a part of Mahindra Group
Relationship with M&M	MHFL is a wholly owned subsidiary of M&M
Primary Business	It is registered as Non Banking Financial Company under Reserve Bank of India Act, 1934 and is engaged in business of investing in and lending to companies including group companies, providing fund support and earning dividend and/or interest
Experience	Mahindra Holdings and Finance Limited was incorporated as Eiger Investment & Leasing Pvt. Limited on April 27, 1985 which subsequently became Eiger Investment & Leasing Limited. This name was changed to Mahindra Holdings & Finance Limited on March 3, 1995

The financial details of MHFL are as follows:

(All figures in Rs. lakh, rounded off, except per share data)	MHFL	
	12 months ended March 31, 2006[1]	9 months ended December 31, 2006[2]
Gross Revenue	10,012	3,010
Profit After Tax	9,822	2,632
Equity Share Capital	12,160	12,160
Networth	29,632	N.A.
Return on Networth[3] (%)	33.2%	N.A.
Book Value per share (Rs.)	24.4	N.A.
Basic Earning per Share (Rs.)	8.1	2.2
Diluted Earning per Share (Rs.)	6.7	1.8

Note -: *[1] Audited Financials as per Annual Report FY06 on standalone basis*
[2] Financials are subjected to a Limited Review by Auditors on standalone basis
[3] Return on Networth calculated as Profit After Tax/Closing Networth

INFORMATION ABOUT THE TARGET COMPANY

12. Swaraj Engines Limited was incorporated in India in 1986 in technical and financial collaboration with Kirloskar Oil Engines Ltd. (KOEL). The registered office of the Target Company is located at Phase IV, Sahibzada Ajit Singh Nagar, Mohali, Punjab-160055.
13. As of December 31, 2006, the total paid up share capital of the Target Company was Rs. 1,242 lakh consisting of 12,419,820 fully paid up shares. There are no partly paid up shares in the Target Company.
14. SEL manufactures diesel engines. SEL supplies 5 types of Engines from 20HP range to 50HP range to PTL. In addition to engines SEL also manufactures high-tech engine components for Swaraj Mazda.
15. The Shares of the Target Company are listed on BSE and NSE
16. The brief financials of the Target Company are as follows:

(All figures in Rs. lakh, rounded off, except per share data)	2006 (Audited)	2005 (Audited)	2004 (Audited)
	12 months ended March 31	12 months ended March 31	12 months ended March 31
Gross Revenue	14,842	14,307	10,390
Profit After Tax	1,399	1,543	1,035
Equity Share Capital	1,242	414	414
Networth	6,101	5,764	5,285
Earning Per Share (Rs.)	11.3	12.4*	8.3*
Book Value Per Share (Rs.)	49.1	46.4*	42.6*
Return on Networth (%)	22.9%	26.8%	19.6%

***Source** : Annual Reports of the Target Company, www.nseindia.com,Capital Line*

**In view of the Bonus Shares (2:1) allotted during the year FY06, EPS for the financial year FY05, FY04 is restated on the basis of enhanced ShareCapital in accordance with Accounting Standard–20, issued by the Institute of Chartered Accountants of India. Book Value Per Share for FY04 and FY05 has been restated in the same manner as Earning Per Share*

REASONS FOR THE ACQUISITION & OFFER AND FUTURE PLAN ABOUT TARGET COMPANY

17. As stated in Paragraph 2 above, the Acquisition would result in the Acquirers indirectly acquiring a 33.2% stake in the Target Company. No shares of the Target Company were directly purchased in the Acquisition. Hence this Offer is a result of Acquisition resulting in indirect acquisition, in compliance with regulation 10 and 12 of Regulations.
18. As of date of this PA, the Acquirers do not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.
19. Other than in the ordinary course of business, the Acquirers undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

STATUTORY APPROVALS AND OTHER APPROVALS REQUIRED FOR THIS OFFER

20. This Offer is subject to the Acquirers obtaining the following approvals for the Acquisition
   a. approval of the Reserve Bank of India ("RBI") exempting MHFL from the provisions of Regulation 18 of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
   b. approval of the Reserve Bank of India for the payment of the Purchase Price to such of the Sellers that are non resident.
   c. approval of the Central Government of India pursuant to Section 108A of the Companies Act, 1956.

   The Acquirers will make the requisite application to the Central Government of India and the RBI to obtain their approvals for the acquisition / transfer of Shares validly tendered pursuant to this Offer. As of the date of this PA, to the best of the knowledge of the Acquirers, there are no other statutory approvals required to acquire the Shares that are validly tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to receipt of such other statutory approvals. The Acquirers will not proceed with the Offer in the event that such statutory approvals that are required are refused, in terms of regulation 27 of the Regulations.
21. Approvals required from financial institutions or banks for the Offer wherever applicable have been obtained.
22. It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirers for payment of consideration to shareholders subject to the Acquirers agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations. Further if the delay occurs due to wilful default of the Acquirers in obtaining the requisite approvals, regulation 22(13) of the Regulations will become applicable..

OPTIONS TO ACQUIRE IN TERMS OF REGULATION 21(3)

23. As a consequence of this Offer, the public shareholding will not reduce to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing of the Target Company on continuous basis.

FINANCIAL ARRANGEMENTS

24. The total financial resources required for this Offer, assuming full acceptance will be Rs. 37,50,78,564 (Rupees Thirty Seven Crore Fifty Lakh Seventy Eight Thousand Five Hundred and Sixty Four Only) ("Maximum Consideration"). The Acquirers have made firm financial arrangements for the Offer by means of internally generated funds and/or corporate borrowings. Mr. P.Y. Joglekar, Membership no. 10031053 of Joglekar & Gokhale Chartered Accountants, 9/13, The Worli Shivshahi CHS Ltd., Shivaji Nagar, Dr. Annie Besant Road, Worli, Mumbai 400 030 ("Accountants"), have confirmed vide their letter dated March 9, 2007 that the Acquirers have adequate financial resources available for meeting their obligations under the Regulations for a value up to the Maximum Consideration.
25. By way of security for performance of their obligations under the Regulations, the Acquirers have made an escrow arrangement for the Offer comprising a bank guarantee, valid till January 7, 2008, issued by State Bank of India, CAG Branch, Voltas House, Ballard Pier, Mumbai 400 001 (the "Guarantor Bank") in favour of the Manager to the Offer for Rs. 9,50,00,000 (Rupees Nine Crore and Fifty Lakh Only) , which exceeds the escrow amount stipulated under Regulation 28(2), in accordance with the Regulations. In addition, the Acquirers have deposited in an account with Kotak Mahindra Bank Limited,36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai – 400 021 ("Deposit Bank"), an amount of Rs. 40,00,000 (Rupees Forty Lakh Only) in cash (the "Cash Deposit"). The Cash Deposit represents more than 1% of the Maximum Consideration in accordance with the Regulations. The Manager to the Offer is empowered to instruct the Guarantor Bank and Deposit Bank to issue bankers cheques or demand drafts for amounts as provided in the Regulations
26. On the basis of the aforesaid financial arrangements & based on the confirmations received from the Guarantor Bank, the Deposit Bank and the certificate received from the Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirers through verifiable means to implement this Offer in full.

OTHER TERMS OF THIS OFFER

27. This Offer is made to all shareholders of the Target Company as on the Specified Date and also to persons who acquire Shares during the Offer and tender these Shares into the Offer so as to credit those Shares to the account designated for the Offer on or before May 22, 2007 except the Acquirers and the parties to the SPA.
28. A letter of offer (the "Letter of Offer") specifying the detailed terms and conditions of this Offer along with the Form of Acceptance cum Acknowledgement (the "Form of Acceptance") and Form of Withdrawal will be mailed to all the shareholders, except the Acquirers and the parties to the SPA, whose names appear on the Register of Members of the Target Company at the close of business hours on March 12, 2007 (the "Specified Date"). A copy of the Letter of Offer (including Form of Acceptance & Form of Withdrawal) is expected to be available on SEBI's website (http://www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the site.
29. The Offer Programme is as under:

Activity	Date	Day
Specified Date[1]	March 12, 2007	Monday
Last date for despatch of Letter of Offer to the shareholders of the Target Company	April 23, 2007	Monday
Offer Opens on	**May 3, 2007**	**Thursday**
Offer Closes on	**May 22, 2007**	**Tuesday**
Last date for a competitive bid, if any	April 2, 2007	Monday
Last date for revising the Offer Price / Offer Size	May 14, 2007	Monday
Last date for withdrawing acceptance of the Offer	May 17, 2007	Thursday
Last date for communicating acceptance (in full or part) and rejection of applications and payment of consideration for applications accepted	June 5, 2007	Tuesday

[1] Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent and all owners (registered or unregistered) of the Shares of the Target Company (except the Acquirers and the parties to the agreement for the Acquisition) are eligible to participate in the Offer anytime before the closure of this Offer

30. The shareholders of the Target Company who wish to tender their Shares pursuant to this Offer will be required to communicate their acceptance in the form and manner specified in the Letter of Offer together with their share certificate(s), transfer deed or a photocopy of the delivery instruction to the Depository Participant and such other documents as may be specified in the Letter of Offer and the Form of Acceptance to the Registrar to the Offer (as defined in paragraph 32 below) in accordance with the instructions contained in the Letter of Offer and Form of Acceptance. In case of non-receipt of the Letter of Offer, shareholder may download the same from the SEBI website as mentioned in paragraph 28 or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the said Shares.
31. In case the shareholders of the Target Company hold the Shares in dematerialized form, those desirous of participating in this Offer may send their application to the Registrar to the Offer (as defined in paragraph 32 below), such that the applications are received by the Registrar to the Offer, on or before the closing date of this Offer, stating the name, address, number of Shares held, number of Shares offered, Depository Participant ("DP") name, DP ID number, beneficiary account number along with a photocopy of the Delivery instruction in "off-market" mode, duly acknowledged by the DP, in favour, "SHAREPRO SERVICES – ESCROW A/C – SWARAJ ENGINES OPEN OFFER" filled in as per instructions given under:

Depository Name	National Securities Depository Limited
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Beneficiary Account Number	20000135
ISIN	INE277A01016
Market	Off-Market
Execution Date	On or before May 22, 2007

Shareholders should ensure credit of their Shares in favour of the depository account above, before the closure of the Offer.

32. Persons who have acquired Shares of the Target Company (irrespective of the date of purchase) but whose names do not appear in the Register of Members of the Target Company on the Specified Date or those who have not received the Letter of Offer, may also participate in this Offer by submitting an application on a plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer. This is to be sent to Sharepro Services (India) Private Limited, acting as the Registrar to the Offer ("Registrar to the Offer") together with the relevant share certificate(s) and transfer deeds if the Shares are held in physical form, photocopy of the DP Instruction slip duly acknowledged by the DP in case of Shares held in dematerialized form, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired and/or such other documents as may be specified. No indemnity would be required from unregistered shareholders.
33. If the Shares tendered in this Offer by the shareholders of the Target Company are more than the Shares to be acquired under this Offer, the acquisition of Shares from each shareholder will be on a proportionate basis as per provisions of the regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.
34. The Registrar will hold in trust the Acceptance Form, Shares, share certificates, transfer deed(s) and/or other documents on behalf of the shareholders of the Target Company who have accepted this Offer, till the cheques/ drafts for the consideration are despatched and unaccepted share certificates/ Shares, if any are despatched/ returned to the relevant shareholders.
35. The payment of consideration for accepted applications will be made by the Acquirers in cash through account payee cheques, drafts, warrants etc. sent by registered post for amount exceeding Rs. 1,500 and otherwise by UPC in accordance with the Regulations.
36. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders' sole risk. Unaccepted Shares (to the extent unaccepted) held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details received from their depository participant.

GENERAL

37. Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the PA / Letter of Offer, can withdraw the same up to three working days prior to the date of the closure of the Offer.
38. As per the Regulations, the Acquirers can revise the Offer Price upwards up to seven working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where this PA has appeared and the revised price would be paid to all shareholders who tender their Shares in this Offer.
39. **If there is competitive bid:**
   (i) The public offers under all the subsisting bids shall close on the same date.
   (ii) As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.
40. The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.
41. This PA is expected to be available on the SEBI website at http://www.sebi.gov.in/
42. Pursuant to regulation 13 of the Regulations, the Acquirers have appointed Kotak Mahindra Capital Company Limited as the Manager to the Offer. The Acquirers have appointed Sharepro Services (India) Private Limited as the Registrar to the Offer (Address: Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099; Ph.No. +91 22 28215168; Fax No. +91 22 28375646; email: sharepro@vsnl.com; Contact Person: Mr. Kumaresan)
43. The Boards of Directors of the Acquirers accept full responsibility for the information (except that which pertains to the Target Company and has been compiled from publicly available sources) contained in this PA and also accept responsibility for the obligations of acquirers laid down in the Regulations.

Issued by the Manager to the Offer
For and on behalf of the Acquirers

kotak
Investment Banking

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Tel. No.: +91- 22- 66341100, Email: sel.offer@kotak.com,
Contact Person: Chandrakant Bhole
For investor complaints: kmccredressal@kotak.com

Dated: March 12, 2007
Place: Mumbai