

SWARAJ ENGINES LIMITED**36th ANNUAL GENERAL MEETING OF SHAREHOLDERS - 25th July, 2022****CHAIRMAN SPEECH**

Dear Shareholders,

A very warm welcome to all of you at this 36th Annual General Meeting of your Company. Taking advantage of the facility extended by the Ministry of Corporate Affairs (MCA) to hold the AGMs through Video Conferencing (VC) for this time as well; this is the third year in a row when the Meeting is being held through VC. It is our pleasure to connect with you all through this virtual mode, which offers the Shareholders an opportunity for larger participation.

The requisite quorum being present through VC, I accordingly call this meeting to order.

The Notice convening the Shareholders Meeting and Annual Report of the Company for the financial year ended 31st March, 2022 have been with you for some time. I believe that you would have had the time to go through them. With your permission, I shall take them as read.

Before I proceed further, I would like to share that since the last time we met, Mr. S.Durgashankar, after serving as Director of your Company for a period of 8 years, consequent to his resignation, ceased to be a Director of the Company with effect from 28th April, 2022. We take this opportunity to place on record our deep sense of appreciation for his significant contribution during this long association with the Company.

YEAR IN REVIEW (FY 2021-22)

Friends, the COVID wave continued in FY22 as well, particularly the second wave during Q1 where the impact was very severe. This, to some extent, had also affected the supply chain and manpower availability for the business. However, with the Government's effective and timely intervention, the country once again sailed through this difficult time.

Coming to the Company's FY22 performance, let me start with the developments in the tractor industry during fiscal 2022 as your Company has a direct linkage with it. As you recall, after registering a strong growth of 27%, the domestic tractor industry touched its all-time peak sale of around 9 lakh tractors in FY21. Though, the domestic industry in FY22 witnessed a de-growth of 6.4%, primarily due to the high base of last year, it surpassed the milestone of 8 lakh for the second consecutive year and stood at 8,42,000 for the financial year 2021-22. The Indian Tractor Industry did very well even on the export market front and registered its highest ever tractor sale volumes.

In the above background, I am happy to share that despite all intermittent hurdles, your Company, by effectively managing all related issues, was able to post its ever-best performance by achieving its highest ever engine sales and profit for FY22. The yearly engine sales crossed 1,00,000 engines for the second time in a row and stood at 1,16,811 units compared to 1,13,269 units for the last year - up 3% and the Profit After Tax (PAT) crossed Rs. 100 crs. mark for the first time to reach Rs. 109.47 crores as against last year's Rs. 92.54 crores – up 18.3%. The net operating revenue at Rs. 1138.15 crores was up by 15.4% over last year.

It is also pertinent to note that out of the cumulative engine sales volume of 13 lakh since inception, 39% came from last 5 years only, which clearly spells out the pace of growth the Company has achieved in the recent past.

As shared during the last year's AGM, the Company was in the process of increasing its capacity to 1,50,000 units per annum. I am happy to inform you that the same has become fully operational and helped us to cater the customer demand.

Taking note of the overall financial performance, the Directors of your Company have recommended an enhanced dividend of 800% (Rs. 80 per share) for the shareholders' approval as against last year's 690%. This would again be the highest ever dividend both in terms of percentage and outflow.

I am also pleased to share that your Company continued its focus on various CSR activities during the year. The same was primarily directed towards public health, environment, education, vocational skill development and community welfare in the local vicinity.

Friends, it is a very happy moment for me to share that your Company has given due attention for increasing the gender diversity as well as encouraging women to work shoulder-to-shoulder on the shop floor. During the last 2 years, the overall strength of the women in the Company has increased significantly from 6 to 86. In fact, one machining line is now fully operated by them and the thrust in this direction will also continue in the coming period.

CURRENT PERFORMANCE (FY 2022-23)

On the strength of good engine demand, your Company posted its highest ever Q1 engines sale of 38,428 units for the quarter ended 30th June, 2022 as compared to last year's 33,747 units. This Q1 performance is also the ever-best quarterly performance in terms of both – the engine sales and profit. The Board of Directors of your Company in its meeting held earlier in the day has approved the financial results which are being posted on Stock Exchanges portal.

OUTLOOK

The tractor industry witnessed good demand in the first quarter of current fiscal 2023 and has posted a growth of 15.8%. The key drivers like - the better realization of rabi crop, increase in MSP rates for kharif crops, good progress of monsoon, Government's focused agri initiatives and availability of retail finance etc. - are expected to keep the industry in positive trajectory.

ACKNOWLEDGEMENTS

I take this opportunity to express my sincere thanks to the investors for their continued trust and confidence. I would particularly like to thank our principal Shareholders – Mahindra & Mahindra Limited and Kirloskar Industries Limited - for their support. I convey my sincere thanks to the various authorities of the Central & State Government and Banks for their support and cooperation. I also thank all my fellow Members of the Board of Directors for their continued guidance, encouragement and support. Our suppliers and the motivated SEL team must be recognized for their commitment.

Friends, before concluding my speech, I would like to share that after having enjoyed the privilege of serving as a Director of your Company for 10 years, and the honour of being Chairman of the Board for the last 8 years, upon completion of my current tenure, my association with the Company as Director will come to an end on 30th July, 2022. I wish to take this opportunity to convey my gratitude to all my present and past colleagues on the Board, the management team and the employees for extending their support and making my association with the Company most satisfying. I also convey my best wishes for the continued success and growth of the Company.

I further wish to share that the Board in its meeting held earlier in the day, unanimously elected Mr. Rajesh Jejurikar as Chairman of the Board effective 31st July, 2022 and please join me in wishing him all the success in his new role.

I would now commend for your consideration and adoption, the Directors' Report and Accounts for the financial year ended 31st March, 2022.

(SUDHIR MANKAD)
CHAIRMAN