

SWARAJ ENGINES LIMITED**37th ANNUAL GENERAL MEETING OF SHAREHOLDERS – 28th July, 2023****CHAIRMAN SPEECH**

Dear Shareholders,

Good afternoon everyone, and a very warm welcome to all of you at this 37th Annual General Meeting of your Company. Taking advantage of MCA's approval to hold the AGMs through Video Conferencing for this time as well, it is our pleasure to connect with you digitally, which offers the Shareholders an opportunity for larger participation.

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

First and foremost, I would like to express my deepest gratitude for your unwavering support and trust. The Notice convening the Shareholders Meeting and Annual Report of the Company for the financial year ended 31st March, 2023 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.

As the Members are aware, Mr. Sudhir Mankad, who was earlier the Chairman of your Company, retired upon completing his term as Independent Director on 30th July, 2022. We take this opportunity to place on record our sincere appreciation for his valuable guidance and significant contributions during his long association of 10 years with the Company. In place of Mr. Mankad, the baton has been handed over to me and it is my privilege to address you today as Chairman of your Company for the first time. I thank the Board for entrusting this responsibility to me and assure you that I and my colleagues on the Board will continue to work for the success and growth of the Company.

Besides this, there were few more changes in the Board of your Company since we met last time. Mr. R.R.Deshpande and Mr. Vijay Varma, who were representing Kirloskar Industries on the Board, have stepped down with effect from 3rd October, 2022 and we place on record our deep appreciation for the significant contributions made by them during their association with the Company. At the same time, I am happy to share that some new directors have joined the Board of your Company. Mr. S.Nagarajan and Mr. Nikhilesh Panchal joined as Independent Directors effective 31st July, 2022. Mr. Harish Chavan, after a short break during the year, and Mr. Punit Renjhen joined the Board as Non-Executive Non-Independent Directors with effect from 3rd October 2022. Further, Mr. Giju Kurian has been appointed as Whole Time Director & CEO, effective from 1st August, 2022, in place of Mr. Maninder Grewal, who superannuated on 31st July, 2022. Please join me to welcome them in Swaraj family and I am sure their varied experience would immensely benefit the Company.

Friends, as you would have noticed from the annual report, one of the promoters of your Company - Kirloskar Industries Limited - decided to exit from the Company in September 2022 by selling its entire equity stake of 17.41%. At the same time, I am happy that Mahindra & Mahindra Limited (M&M), the other promoter, acquired the said equity stake through an inter-se transfer amongst the promoters and in the process, increased its equity stake to 52.13%. Consequently, your Company has become a subsidiary of M&M. I, on your behalf, take this opportunity to acknowledge the role and all-round support of Kirloskar during this long association with Swaraj since its inception.

YEAR IN REVIEW (FY 2022-23)

Friends, after 2 years, the financial year 2022-23 was free from the pandemic, the world, particularly after the Ukraine war outbreak, has encountered challenges of global supply chain related issues, tightening in monetary policy, inflationary trend, economic slowdown etc. Fortunately, India displayed remarkable resilience to deal with these challenges effectively and according to the provisional national income data released by the National Statistical Office (NSO) on 31st May, 2023 India's GDP growth for FY23 is estimated at 7.2%.

Before covering the Company's performance for FY23, your Company being an engine supplier for tractor, let me update you about tractor industry scenario. The industry bounced back in FY23 and touched its all-time high level of 9,45,000 units - a growth of 12.2%.

In the above background, I am happy to share that this was the third consecutive year of growth for your Company and it has yet again delivered its ever best all-round performance. The Company clocked its all-time high engines sales of 1,37,005 units – up by 17.3% over last year, operating revenue of Rs. 1421.82 crores – up by 24.9% and Profit After Tax (PAT) of Rs. 133.61 crores – up by 22.1%. In fact, in last 3 years, the PBIT of your Company has doubled – from Rs. 80.29 crores in FY20 to Rs. 167.79 crores in FY23.

Taking note of the overall financial performance of FY23, the Board of your Company has recommended an enhanced dividend of 920% (Rs. 92 per share) for the shareholders' approval as against last year's 800%. 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, primarily directed towards public health, environment, education, vocational skill development, women empowerment and community welfare in the local vicinity.

As shared last time, your Company is paying attention to increasing gender diversity. Displaying its continued focus and commitment in this direction, during the year, the overall strength of the women has increased 3 times - from 39 to 125 – representing 9% of the total workforce.

CURRENT PERFORMANCE (FY 2023-24)

Members may please note that even at a very high base of last year, your Company has almost repeated its last year's Q1 performance which was its ever best quarterly performance in terms of engine sales and profit. The engine sales for the quarter stood at 38,437 units for the quarter ended 30th June, 2023 (last year 38,428 units). The Directors of your Company in the board meeting held earlier in the day have approved the financial results for Q1 of current fiscal which are being posted on Stock Exchanges portal.

As shared in our quarterly press releases, the Board, to cater to future customer demand, had also approved to enhance the current engine capacity of 1,50,000 units to 1,95,000 units per annum. The Company has already initiated the necessary steps in this regard and it is expected that the new capacity would be in place before the end of current fiscal 2024.

ACKNOWLEDGEMENTS

I would like thank my fellow Board Members for their guidance, encouragement and support. I would also like to thank the various authorities of the Central & State Government and Banks for their support and cooperation. Our suppliers and the motivated SEL team must be recognized for their passion, dedication, and commitment.

I commend you for considering and adopting the Directors' Report and Accounts for the financial year ended 31st March, 2023.

(RAJESH JEJURIKAR)
CHAIRMAN