

# SWARAJ AUTOMOTIVES LIMITED

42<sup>nd</sup> ANNUAL GENERAL MEETING - 11<sup>th</sup> AUGUST, 2017

## CHAIRMAN SPEECH

Dear Members,

A very good afternoon to all of you.

On behalf of the Board of Directors, I am pleased to extend a very warm welcome to you at this 42<sup>nd</sup> Annual General Meeting of your Company.

The requisite quorum being present, I accordingly call this Meeting to order.

The Notice convening the Shareholders Meeting and the Annual Report for the year ended 31<sup>st</sup> March, 2017 has been with you for sometime. I believe that you would have had the time to go through them. With your permission, I shall take them as read.

## YEAR IN REVIEW

As your Company's primarily in the business of manufacturing seats and seat components for tractors, passenger and commercial vehicles and also manufacturing agri-implements, I would like to first share with you the developments in the automobile industry and tractor industry during FY 2016-17. While demand conditions in automobile industry remained competitive throughout the year with factors like demonetization having its impact on it, the tractor industry posted growth during fiscal 2017 after witnessing decline in demand consecutively in fiscal 2015 & 2016. In this industry scenario, your Company's tractor and commercial vehicle seat segment registered a growth of 25% during financial year 2016-17. However, the car seat mechanisms segment and the agri-implement segment de-grew by 15% and 33% respectively.

In this background, the net operating revenue of the Company could reach to Rs.92.99 crores against Rs.95.64 crores of last year. However, the Company's Pre-tax profit for the year improved by 12% and reached to Rs.3.35 crores against Rs.2.98 crores of last year. Post-tax profit for FY 2016-17 stood at Rs.2.23 crores against Rs.2.04 crores of previous year which translated into an Earning per Share of Rs. 9.31 against previous year's Rs. 8.48.

Friends, I am happy to share that during the year, your Company has launched the tractor tailor and is building up its own dealer network for sale. Also, with a view to serve its seats & seat mechanism business related customers located in the West and South Region of the country, the Board of Directors in their meeting held on 12th May, 2017 has approved setting up of a new seat frame manufacturing facilities at Dharwad, Karnataka. The said Plant is expected to start its operations in the last quarter of FY 2017-18 initially manufacturing seat frames only and then eventually manufacturing of seats & other products will also start at this Plant.

The Board of Directors, by keeping in view the overall financial performance of the Company during the year, has recommended a dividend of 40% for FY 2016-17.

## **CURRENT PERFORMANCE**

I would now like to share that the Board of Directors in their Meeting held earlier today have approved and taken on record the financial results of the Company for the quarter ended 30<sup>th</sup> June, 2017.

The Company's net operating revenue for April - June 2017 quarter has reached Rs. 26.59 crores against Rs. 24.37 crores of Q1 of previous year. Profit before tax for the quarter stood at Rs. 1.09 crore against Rs. 0.79 crore of same period of previous year.

## **Offer for sale by the Promoter**

As you are aware, b4S Solutions Pvt. Ltd. became the Promoter of the Company with effect from 1<sup>st</sup> February, 2016 and to comply with the SEBI requirements for minimum public shareholding of 25% in the Company, the Promoter divested its 1,91,245 equity shares to the public via four offers for sale during the period December 2016 to July 2017 which has brought down the Promoter's shareholding in the Company from 88.27% to 80.31% as on 31<sup>st</sup> July, 2017. The Promoter propose to meet its obligation by further divesting the remaining 5.31% of its shareholding in near future.

## **FUTURE**

The Indian automobile industry is one of the largest in the world and is growing on a faster pace, in terms of volume. Likewise, the Indian tractor industry is also one of the largest in the world. Over the period, India has also become a prominent exporter of automobile. Under Government of India's "Make in India" initiative, India is poised to become a manufacturing hub as most of the international automobile giants have either set up their plants or they are in the process of setting up their manufacturing facility in India. In addition, factors like Government's continuous thrust on strengthening rural sector, focus on infrastructure development, skill India, the growing middle class, large young population, increased frequency of launch of new models by vehicle manufactures, replacement demand etc. along with good monsoon and overall improvement in the economic fundamentals will also be the positive drivers for tractor industry and automobile industry in the medium to long term. The optimistic outlook of tractor industry and automobile industry is expected to aid the demand growth for auto components as well and as a component supplier, the prospects of Company's business also looks good. Towards its endeavor of expanding the products and customers portfolio, your Company has forayed into another strategic business segment of Agriculture Implements which is a prominent segment with high growth potential. Your company has already joined hands with renowned International

manufacturer and is working on to bring high-tech agriculture implements in the Indian market.

## **ACKNOWLEDGEMENTS**

I would like to take this opportunity to express our deep sense of appreciation to all those associated with the Company in various capacities - customers, vendors, employees and shareholders. I would like to convey our sincere thanks to the various authorities of the State Government, Bankers etc. for their cooperation. I would also like to express my gratitude to our Board of Directors for their support and guidance.

I would now commend for your consideration and adoption of the Directors' Report and Accounts for the year ended 31<sup>st</sup> March, 2017.

**J.B. Kapil**  
Chairman