

SWARAJ AUTOMOTIVES LIMITED

43rd ANNUAL GENERAL MEETING - 10th AUGUST, 2018

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 43rd 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 31st March, 2018 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

You are aware that SAL is in the business of manufacturing seats, seat components and Agri implements. Being an auto ancillary and agri-implements company, agriculture sector, tractor industry and automobile industry have significant influence it. While automobile industry remained buoyant due to robust demand throughout the year 2017-18, the tractor industry too registered the highest ever domestic sales, due to Government initiative(s) for rural and agri sector. In the above backdrop, your Company posted a growth of 7% in seat mechanism for cars, 12% in tractor & LCV seats and 103% in agri implement during financial year 2017-18.

The net operating revenue of the Company reached to Rs.113.71 Crores against Rs.92.99 Crores in the preceding year, Profit after tax for FY 2017-18 stood at Rs.3.52 crores as against Rs.2.28 crores of previous year translating EPS of Rs. 14.66 against previous year's Rs. 9.51.

Friends, I am happy to share that during the year, your Company's dharwad plant has started its commercial production on 24th January, 2018. Currently this plant manufactures seats frames for buses shall manufacture seats & other products in future.

I am happy to inform that the Board of Directors has recommended a dividend of 45% for FY 2017-18, given the outstanding performance by the Company.

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 30th June, 2018.

The Company's net operating revenue for April - June 2018 quarter has reached Rs. 36.76 crores against Rs. 29.39 crores of Q1 of previous year. Profit before tax for the quarter stood at Rs.1.58 crores against Rs. 1.09 crores of same period of previous year.

MPS Compliance by the Promoter

As you are aware that b4S Solutions Pvt. Ltd. (Promoter) acquired the Company in the year 2016 which combined with the open offer made to the then existing shareholders its shareholding stood at 88.28% to the total share capital. With a view to meet its obligation to achieve Minimum Public Shareholding requirement (MPS) of 25%, the Promoter brought down its shareholding to 75% by divesting 3,18,445 shares via various offer for sale made through the Bombay Stock Exchange and achieved MPS compliance on 23rd November, 2017. The Promoter continues to maintain this status ever since.

FUTURE

The Indian tractor industry is one the largest in the world and domestic sale projections of the industry also shown positive trends. Automobile industry of India is also one of the largest in the world and is growing rapidly. Government of India has come up with plan to promote the use of electric vehicles (EV), which have a positive impact on the automobile industry. In recent vision of Automotive Mission Plan

(AMP 2026), by Government of India and Indian automotive industry, it is expected that India will be among the top three countries in the world in the manufacture and export of vehicle and auto components. Traditionally, Indian agriculture has been non-mechanized. However, there has been a continuous thrust on improving the productivity of the sector with the government offering subsidies to farmers choosing to mechanize their operations. The prospects look very encouraging for the agri implements manufacturers.

With the continuous efforts of Government of India's "Skill India" and "Make in India" initiative, India is poised to become a manufacturing hub and will become one of the largest job creating engines in the Indian economy. Government's continuous thrust on strengthening rural sector, focus on infrastructure development, 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, automobile industry and agri implements industry, in the medium to long term.

In light of these factors, the prospects of Company's business also look very encouraging.

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 31st March, 2018.

J.B. Kapil
Chairman