

SWARAJ AUTOMOTIVES LIMITED

41ST ANNUAL GENERAL MEETING - 10TH AUGUST, 2016

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 41st 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, 2016 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.

ACQUISITION IN SAL BY b4S GROUP

Let me begin with acquisition of equity holding by b4S Group in the Company.

As you are aware, on 16th October, 2015, Mahindra & Mahindra Limited, one of the promoters of the Company, entered into a Share Purchase Agreement with b4S Solutions Private Ltd. (b4S) for sale of its entire equity stake of 71.19% held in the Company. b4S subsequently also acquired the entire stake of 2.99% held by other promoters, Punjab State Industrial Development Corporation Ltd. (PSIDC). Thereafter, pursuant to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, b4S had also made an Open Offer to the Shareholders of the Company for acquiring another 25.82% holding in the Company. The entire process was completed on 1st February, 2016 and with a total holding of 88.28%, b4S Solutions Pvt. Ltd. announced them as the new promoters of your Company with effect from 1st February, 2016.

At this juncture, I would also like to briefly share the profile of new promoters with you. Friends, b4S Solutions Pvt. Ltd. is a leading and well-known name in the industry. b4S is into the business of telecom network management services, manpower consultancy, outsourcing, security staff, and Industrial contract labour.

I am sure that this acquisition by b4S in the Company would be beneficial to all the stakeholders of SAL.

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS

In the backdrop of above developments, the composition of the Board had also changed during the year. Consequent to their resignations, Mr. Hardeep Singh, Chairman, Mr. Rajesh Jejurikar, Mr. S.Durgashankar and Mrs. Neera Saggi ceased to be Directors of the Company. Mr. A.K.Mahajan also ceased to be the Director of the Company due to withdrawal of his nomination by PSIDC. We take this opportunity to place on record our deep sense of appreciation for the notable contributions made by all of them.

Mr. Rama Kant Sharma, Mr. Jamil Ahmad, Mr. Rajiv Sharma, Mr. Jeevan Mahaldar, Mrs. Namrata Jain and I have joined your Company's Board on 3rd February, 2016 and the Board of Directors have also appointed me as the Chairman of the Company in place of Mr. Hardeep Singh. The Board has further appointed Mr. Rama Kant Sharma as Managing Director and Mr. Jeevan Mahaldar as Executive Director of the Company for a period of 3 years with effect from 4th February, 2016.

Please join me in welcoming Mr. R.K. Sharma, Mr. Ahmad, Mr. Rajiv Sharma, Mr. Mahaldar and Mrs. Jain to the Board.

YEAR IN REVIEW

FY 2015-16 was a tough year for the tractor industry as it continued to witness sluggish market conditions for the second consecutive year. Slowdown in demand in the car industry segment where your Company operates had further made FY 2015-16 a challenging year for the Company. While the seats and seats mechanism business got impacted due to subdued industry scenario, your Company was able to post

growth in its agri implement business. In this background, net operating revenue of the Company could only reach to Rs.95.6 crores against Rs.93.8 crores of last year. The Company's Pre-tax profit for the year was Rs.3.0 crores against Rs.3.6 crores of last year. Post-tax profit for fiscal 2016 stood at Rs.2.0 crores against Rs.2.4 crores of previous year.

The Board of Directors, by keeping in view the overall financial performance of the Company during the year, has recommended a dividend of 35% for FY 2015-16.

Members may have also noted from the Company's Annual Report 2016 that equity shares of the Company have been got listed at BSE and trading of the same started with effect from 23rd September, 2015.

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, 2016.

The Company's net operating revenue for April - June 2016 quarter has reached Rs. 24.38 crores against Rs. 25.80 crores of Q1 of previous year. Profit before tax for the quarter stood at Rs. 0.79 crores against Rs. 0.72 crore of same period of previous year.

FUTURE

Friends, with signs of recovery in demand, tractor industry has started fiscal 2017 optimistically by posting growth in the first quarter. Similarly, automobile industry has also begun the year on a positive note. These positive trends indicate that both tractor and automobile industry are expected to perform good during fiscal 2017. Further, factors such as government continuous thrust on strengthening rural sector, infrastructure development, make in India, and launch of new models by vehicle manufactures, increasing localization by OEMs, changing buying pattern, replacement demand etc. along with good monsoon forecast will be the positive drivers for tractor and automobile industry in the medium to long term. It is anticipated that

the optimistic outlook of tractor and automobile industries will also give boost to the demand for auto components. As your Company supplies components to tractor and automobile industry and to grow its business further, the Company would continue working towards consolidating its position in current business segment by adding new products & customers in its portfolio and exploring acquisition of new technologies to upgrade its products to meet the requirements of customers.

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, 2016.

J.B. Kapil
Chairman