

SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Regd. Office: C-127, IV Floor, Satguru Infotech, Phase-VIII, Industrial Area, S.A.S.Nagar (Mohali), Punjab-160071
Tel : 0172-4650377, Fax : 0172-4650377, Email:kaushik.gagan@swarajautomotive.com, Website: www.swarajautomotive.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of Swaraj Automotives Limited will be held on **Friday, the 11th day of August, 2017 at 3.00 P.M.** at Hotel Cama, SCF-13-18, Sector-53, Phase-3A, S.A.S Nagar (Mohali), Punjab-160059 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017 including the Audited Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss and Cash Flow for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Jamil Ahmad (DIN: 07171910) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, Section 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Audit Committee, M/s Mangla Associates, Chartered Accountants (ICAI Registration No. 006796C), be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting ('AGM'), until the conclusion of the fifth consecutive AGM of the Company to be held in year 2022 (subject to ratification of the appointment by the Members at every AGM), at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS

5. **To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee, the remuneration payable to M/s Aggarwal Vimal & Associates, Cost Accountants having Firm Registration No. 000350, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, amounting to Rs.50,000/- (Rupees Fifty thousand only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit, be ratified and confirmed.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, matters and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

"RESOLVED THAT pursuant to SEBI (Issue of Sweat Equity) Regulations, 2002, Section 54, and other applicable provisions, if any, of the Companies Act, 2013, applicable rules and in accordance with the provisions of Articles of Association of the Company, consent of the shareholders be and are hereby accorded to issue and allot 8.82 percent of the existing equity share capital i.e. 211, 478 Equity Shares of the Company by way of Sweat Equity to Mr. Jeevan Mahaldar, Executive Director of the Company.

FURTHER RESOLVED THAT the Sweat Equity shares shall be issued subject to compliance of applicable laws and regulations and as soon as the promoters have reduced their shareholding to 75% in the Company, which shall not be later than a year from the date of the resolution passed by the Board of Directors in their meeting held on 10th February, 2017.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board be authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company and to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the shareholders of the Company, and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

NOTES

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND

VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. The Company's Registrar & Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Share Transfer Agent Limited having their office at F-65, First Floor, Okhla Industrial Area, Phase 1, New Delhi - 110020.
5. The Register of Members and Share Transfer Books of the Company will be closed from 15th July, 2017 to 21st July, 2017 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after 12th August, 2017 to those shareholders or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 14th July, 2017 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agents on or before 14th July, 2017.
7. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be made available at the Meeting.
9. Pursuant to the provisions of Section 125 of the Companies Act, 2013, the Company has transferred unclaimed dividends for and up to the financial year ended 31st March, 2009 to the Investor Education and Protection Fund (IEPF). The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 10th August, 2016 (date of last Annual General Meeting) on the website of the Company (www.swarajautomotive.com) Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH-13 duly filled in to Company's Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited at their above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
12. Payment of Dividend through ECS:
 - a) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
 - b) Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by 21st July, 2017, to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited. Members located in places where ECS/NECS facility is not available may submit their bank details to enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
13. For receiving all shareholder communications faster, including annual reports, the shareholders are requested to kindly register/update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited.

14. Members are requested to:

- Intimate to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form.
- Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc., at an early date, in case of shares are held in dematerialised form. The Company will not take cognizance of any such requests directly from shareholders.
- Quote their folio numbers / Client ID / DP ID in all correspondence.
- consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

15. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 42nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The shareholders may cast their vote using an electronic voting system from a place other than the venue of the meeting ("Remote e-voting").

The instructions for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:

- (i) Open email and open attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Open the internet browser by typing the URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder - Login
- (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- (vi) Password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.
- (viii) Select "EVEN" (E-Voting Event Number) of Swaraj Automotives Limited. Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ajaykcs@gmail.com with a copy marked to evoting@nsdl.co.in

B. For the members whose email IDs are not registered with the Company/Depository Participants(s):

- (i) Initial password alongwith physical copy of the Notice of AGM is being sent separately in the permitted mode.
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of www.evoting.nsdl.com or call on toll free number 1800-222-990.

III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IV. The remote e-voting period commences on 8th August, 2017 (9:00 am) and ends on 10th August, 2017 (5:00 pm).

During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 4th August, 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast the vote again. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

- V. The facility for voting through ballot will also be made available at the AGM and shareholders attending the AGM who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, the 4th August, 2017.
- VII. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 4th August, 2017, may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or Registrar and Share Transfer Agent of the Company.

If the shareholder is already registered with NSDL for remote e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.

- VIII. Mr. Ajay K Arora, Practicing Company Secretary (Membership No.2191), Proprietor - M/s. A.Arora & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- IX. The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- X As per Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the results of e-voting are to be communicated to the BSE Limited, where the equity shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.swarajautomotive.com and on the website of NSDL.
- XI. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 11th August, 2017.

16. Re-appointment of Directors

Mr. Jamil Ahmad shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Jamil Ahmad does not hold any Equity Shares in the Company.

None of the Directors of the Company are inter-se related to each other.

In respect of the information to be provided under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to the Directors being re-appointed, Members are requested to kindly refer to the chapter on Corporate Governance in the Annual Report.

17. The route map of the venue of the Meeting is attached to the Notice.

Regd. Office :
C-127, IV Floor, Satguru Infotech
Phase-VIII, Industrial Area,
S.A.S.Nagar (Mohali), Punjab - 160 071
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Email: kaushik.gagan@swarajautomotive.com
Website: www.swarajautomotive.com
CIN: L45202PB1974PLC003516

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)
Company Secretary

Ghaziabad, 12th May, 2017

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the items of the Special Business.

Item No. 5

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s Aggarwal Vimal & Associates, Cost Accountants, (FRN : 000350) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 and the Board, subject to the ratification by the members, approved the remuneration of Rs.50,000/- (Rupees Fifty thousand only) plus applicable taxes and reimbursement of such other out of pocket expenses as may be incurred by the said Cost Auditors during the course of the audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Board recommends the Resolution for the approval of the members in terms of Resolution set out in Item No. 5 of the Notice.

Item No. 6

The Board of Directors in its meeting held on 10th February, 2017 has, subject to the approval of members, approved to issue 8.82 percent of the existing equity share capital i.e. 211,478 equity shares of Company by way of sweat equity to Mr. Jeevan Mahaldar, Executive Director of the Company.

Mr. Jeevan Mahaldar has been appointed Executive Director of the Company with effect from 4th February 2016. Mr. Jeevan Mahaldar has over 30 years of senior management experience in automotive parts industry in India and overseas. He retains high regard of managerial, sales capabilities in the Industry and enjoys relationships at highest levels in the Industry.

With his joining, Mr. Mahaldar thus brings value addition to the Company by sharing his industry knowledge, business association & relationship in India and abroad. Thus Continuation of Mr. Jeevan Mahaldar will be critical for development of business and its growth plans including new areas of business.

Accordingly, the Board of Directors has decided that Mr. Jeevan Mahaldar be given 8.82 percent of the existing equity share capital i.e. 211,478 equity shares of Company by way of sweat equity, in lieu of the value addition that he brings to the Company.

These sweat equity shares shall be issued subject to compliance of applicable laws; regulations; and approval of shareholders; and as soon as the promoters have reduced their shareholding to 75% in the Company, which shall not be later than a year from date of resolution passed by the Board of Directors in their meeting held on 10th February, 2017.

Summary of the proposed issue as per SEBI (Issue of Sweat Equity) Regulations, 2002 and other applicable laws and guidelines as below :

Sr.No.	Particulars	Details
1.	The total number of shares to be issued as sweat equity.	2,11,478 Equity shares
2.	The current market price of the shares of the company.	Rs.52.90 *
3.	The value of the intellectual property rights or technical know-how or other value addition to be received from the employee or director along with the valuation report / basis of valuation.	365.22 Lakhs
4.	The names of the employees or directors or promoters to whom the sweat equity shares shall be issued and their relationship with the company.	Mr. Jeevan Mahaldar, Executive Director
5.	The consideration to be paid for the sweat equity.	Non cash consideration i.e. in the form of value addition by Mr. Jeevan Mahaldar
6.	The price at which the sweat equity shares shall be issued.	Rs. 172.70 per share ##
7.	Ceiling on managerial remuneration, if any, which will be affected by issuance of such sweat equity.	NA #
8.	Diluted Earnings per Share pursuant to the issue of securities to be calculated in accordance with International Accounting Standards / standards specified by the Institute of Chartered Accountants of India.	Rs. 8.55 (Based on PAT for the year ending March 2017)

*market rate of share on BSE on the date of BM approved the notice has been consider

the said issue does not attract managerial remuneration ceiling as the Company will capitalize the value addition and being a part of assets as per regulation 11 of SEBI (Issue of Sweat Equity Regulations), 2002.

value is derived by dividing Mr. Jeevan Mahaldar's value addition by the number of shares offered to him.

The members may further be informed that the company shall adhere to the accounting policies as prescribed by the relevant authorities from time to time.

The valuation report (dated 20th October, 2016) carried out by a registered valuer M/s Corporate professional capital private Limited is given below:-

EXECUTIVE SUMMARY& VALUE RECOMMENDATION

Background

Swaraj Automotives Limited (SAL) was initially incorporated as Punjab Scooters Limited in 1974 to manufacture Scooters. However, SAL later discarded the unviable scooter line and then ventured into the manufacturing of Automobile Seats, Seat Mechanisms and other related products. The Company's name was also changed to Swaraj Automotives Limited from Punjab Scooters Limited in 1998. SAL is now making seats and seat mechanism for tractors, commercial vehicles for leading automobile companies in the country. The Company was part of "SWARAJ Group Of Companies".

In 2007 Swaraj group was taken over by Mahindra group and subsequently Mahindra & Mahindra increased its shareholding to 71.19% in SAL.

On 16th October 2015, M/s. b4S Solutions Private Limited (referred as Acquirer) acquired 71.19% stake from Mahindra & Mahindra by entering into Share Purchase Agreement (SPA) at a price of INR 145.50 per equity share. Pursuant to SPA, Acquirer made Public Announcement (PA) to acquire 28.81% paid up equity share capital of the Company pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 at a price of INR 145.50 per equity share. During the Open Offer period Acquirer acquired 17.09% equity stake of the Company. Now as on 30th June, 2016 Acquirer holds 88.28% stake in SAL.

The shares of the Company are listed at BSE. However, we understand that its shares at present are infrequently traded.

We have been represented by the management that the Company wants to derive the fair value of the efforts and contributions of Mr. Jeevan Mahaldar (Executive Director) which helped the Company to gain various tangible & intangible benefits paving the way for the Company for its growth and prosperity. Thus, in this respect, we as a SEBI Registered (Category I) Merchant Banker have been appointed by Company to determine the value of value-additions that can be attributed to the efforts and leadership for the purpose of issue of sweat equity shares pursuant to Rule 8(7) of Companies (Share Capital and Debentures) Rules, 2014.

This Valuation analysis and result relies upon the information pertaining to the Company substantially contained herein and which inter alia has been provided to us by the key management of the Company as well as the information available in public domain till the valuation date only. Any new information after the valuation date may impact the value recommendation significantly and we cannot comment on the same.

It is pertinent to mention that the accurate quantification of the intangible gains made by the Company consequent to the contribution of Mr. Jeevan Mahaldar is difficult to be ascertained in absolute numerical terms and involves careful consideration and review of various parameters that directly and / or indirectly contribute to business expansion with consequent accretion in value. These include the general economic outlook as well as the current and expected conditions in the business environment and the industry's relationship with the economy, the competitive environment prevailing within the industry, the relative competitive advantages of the business in terms of its service capability, management capabilities and the quality of the clients of the entity, the management of the Company, the historical financial and operational performance of the business, etc.

Valuation Methodologies Adopted:-

The following is the summary with respect to use of methodology considered by us to calculate valuation of the value-additions to the Company. All other popular methods of valuation were considered inappropriate or suboptimal for current analysis.

Discounted Free Cash Flow (DFCF) Methodology: We have considered DFCF method in our valuation analysis on the basis of the Management certified projected financial statements of the Company (with and without Contribution of Mr. Jeevan Mahaldar) provided to us factoring in the Projected Capital expenditure and Revenue plan of the next five years starting from 1st July 2016 and ending 31st March 2021. We have further made necessary adjustments in derived equity value to calculate Net Value Additions solely due to efforts of Mr. Jeevan Mahaldar.

The valuation of Sweat Equity is summarized below :

Particulars	Amount INR Lacs
Equity Value of the Company as per DFCF Methodology (With Contribution of Mr. Jeevan Mahaldar)	5,334.33
Equity Value of the Company as per DFCF Methodology (Without induction of Mr. Jeevan Mahaldar)	4,065.91
Incremental value by Mr. Jeevan Mahaldar and team members	1,268.41
Less: 70 % being attributable to team members & company branding	887.89
Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar	380.52
Less: Remuneration paid from 4th February 2016 to 30th June 2016 to Mr. Jeevan Mahaldar	15.30
Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar over and above the remuneration	365.22

Notes:

1. We have been appraised that the size of the Management team is about 10 in number.
2. Mr. Jeevan Mahaldar has drawn remuneration from 4th February 2016 to 30th June 2016 of INR 15.30Lacs which has been duly adjusted.

Based on our Analysis of the Company and subject to our comments and caveats as further detailed in this report, we have arrived at the value of the value-additions made by Mr. Jeevan Mahaldar(Executive Director) in his personal capacity over and above the remuneration paid to him upto30th June, 2016 is INR 365.22 Lacs

Please note that our Value Recommendation should not be construed as an Investment Advice and specifically we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

PURPOSE OF VALUATION, SCOPE & LIMITATIONS**ABOUT THE TRANSACTION:-**

Based on the discussions held with the Management and Key Managerial Personnel (KMP's), we understand that the Company believes that the efforts and contributions of Mr. Jeevan Mahaldar, a Qualified MBA & Mechanical Engineer who has helped the Company to gain various intangible benefits over and above the tangible benefits which paved the way for the Company for its growth and prosperity. Thus, in this respect, we as a SEBI Registered (Category I) Merchant Banker have been appointed by Company to determine the value of value-additions that can be attributed to the efforts and leadership of Mr. Jeevan Mahaldar pursuant to Rule 8(7) of Companies (Share Capital and Debentures) Rules, 2014.

BRIEF PROFILE OF MR. JEEVAN MAHALDAR:-

Mr. Jeevan Mahaldar a BE - Mechanical and Master in Business Administration with specialization in Marketing and Business Development, Certified Lead Auditor from TQMI, and Tata Group joined Swaraj Automotive Limited's board on 3rd February, 2016 and was appointed Executive Director on 4th February, 2016. During his industry working of 36 years Mr. Mahaldar had worked with renowned business groups/companies. Since July'2014 he is working as Consulting Advisor Automotive for Navis Capital Partners, Malaysia advising them on engineering and automotive business worldwide.

During the period from January 2007 to July 2014 he was associated with Minda group as Managing Director of Minda Valeo, Pune (a JV with Valeo, France) from April 2013 to July 2014 and as Managing Director of Minda Corporation from January 2007 to March 2013. During his tenure with Minda group he achieved notable milestones. At the helm of affairs of Minda Corporation, he led the company to grow from Rs. 175 crores to Rs 1,100 crores business in the span of 6 years. He received ACMA GOLD INNOVATION AWARD for two years in a row, guided IT department to prepare IT road map and implemented SAP in the group, acquired technology for PEPS and Door Latches, created successfully JVs with Valeo of France, NEC of Japan, Murakami of Japan, Ficosa of Spain, Orbital of Australia and Castellon of Spain. He led the team to raise funds for Minda Corporation through private equity. In September 2013 was awarded Mahindra supplier Evaluation Award which enhanced Minda's ranking as preferred automotive supplier.

During the period from 1998 to 2006, he has worked as CEO with TATA Ficosa Automotive and converted the organization from RED (with 70% equity dilution) to BLACK. During the period of 5 years company's financials changed from Rs. 27 MN carry forward losses to Rs. 70 MN profit on Rs. 950 MN turnover. Mr. Mahaldar led acquisition of Mirror business of MagnetiMarelli group of Italy and WILKE of Germany. He spearheaded technology transfer negotiation with Murakami Corporation of Japan. He was given Technology Innovation Award by Toyota.

Mr. Mahaldar worked with MindaHuf Ltd. as Sr. Vice President during the period from June 1992 to February 1998, under his leadership through extensive re-engineering turnover increased ten times and also handled creation of JV with HUF of Germany.

During the period from 1980 to 1992, Mr. Mahaldar worked with Singer India, Shriram Pistons and Molins India (subsidiary of Molins, UK). He was instrumental behind implementation of benchmarking practice in Singer world, negotiated technology transfer from SUP Taiwan to Singer India, upgraded quality standard in Singer India at par with other Singer global standard.

Mr. Mahaldar is a true business leader and result oriented Manager, he got expertise on forming long term and short terms business strategies, extensive international exposure. He is strong on Change Management, Customer Relationship Management and Operation Management. He got command on HR/ER issues. He has excellent track record on quality control process and have uplifted quality standards. He got sound understanding of Kaizen, TQM, 5S, Lean Manufacturing.

Contribution of Mr. Jeevan Mahaldar on SAL business

Mr. Mahaldar was key instrumental behind acquisition of SAL by b4S group. After his coming on SAL's board, team SAL is excited and energized. He has given new direction to the operational team, under his guidance SAL has adopted new strategy for preparation of Annual Operating Plans with new given below strategy

3	2	3
↓	↓	↓
Three	Double	Triple
Years	Turnover	Profit

Under the leadership and guidance of Mr. Mahaldar, go forward business strategy has been crafted and department wise operational strategies has been developed and implementation is in process. Manufacturing processes are being re-engineered, R & D department has been strengthened and focus has been assigned the job to develop new products which are compatible with the latest technology used by automobile industry. Dashboards has been developed for all the departments and being reviewed regularly to monitor the progress of the defined KPIs to achieve the desired performance level.

Cost Reduction strategy has been crafted, CRE (Cost Reduction Engineering) targets taken by all the departments to bring down the cost of manufacturing to make it comparable with market leaders and finally become the benchmark for other manufacturers. Mr. Mahaldar reviews the progress regularly to ensure that team is right on the track to achieve the set goals.

Under revised sales strategy, Agriculture Equipment segment has got high focus, under B2C model SAL's own sales network through distributor channel is being set up to sell Agriculture products. Sales team has been planned in major states having agriculture base, strengthened R & D department is working on development of new agriculture products to enlarge Agriculture products basket and take advantage of the agriculture implement growth in coming years as per the direction of PM to uplift the agriculture and improve contribution of agriculture growth in Indian GDP.

SCOPE OF SERVICES:-

This valuation report has been prepared by M/s Corporate Professionals Capital Private Limited, SEBI Registered (Category - I), Merchant Bankerto determine the value of value-additions that can be attributed to the efforts and leadership of Mr. Jeevan Mahaldar.

SOURCES OF INFORMATION RELIED UPON:-

- Review and analysis of corporate documents including but not limited to;
 - a) Discussions with KMP's of the Company;
 - b) Provisional Balance Sheet of the Company as on 30th June, 2016;
 - c) Provisional Profit and Loss Account of the Company for the period ended 30th June, 2016;
 - d) Management Representation Letter provided to us;
 - e) Capitaline Database and other information in public domain.

LIMITATION OF REPORT:-

This valuation report has been prepared on the basis of the provisional financial statement for the period ended 30th June, 2016 and other information provided by the management.

The Valuation exercise was carried out under the following limitations:

- The Valuation analysis of equity shares is based upon the values appearing in theprovisional financial statement of the Company for the period ended 30.06.2016 and is based upon various assumptions made by Company relating to the operations of its business and any change in these assumptions may have an impact on the conclusion of this report.
- Our Valuation & Analysis and the conclusions drawn there are further based on number of factors which are largely dependent upon the prevailing business and Industry conditions as on the valuation date and explanations provided by the Management. We presume that the Board of Company has taken reasonable care to ensure that all relevant information which could have an impact over the Valuation has been duly disclosed & made available to us.
- We have solely relied on the information provided by the management in respect of its past activities and future business plans.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the Company.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

VALUATION METHODOLOGIES, APPROACH AND ANALYSIS

It is pertinent to mention that the accurate quantification of the intangible gains made by the Company consequent to the contribution of Mr. Jeevan Mahaldar is difficult to be ascertained in absolute numerical terms and involves careful consideration and review of various parameters that directly and / or indirectly contribute to business expansion with consequent accretion in value. These include:

- The general economic outlook as well as the current and expected conditions in the business environment and the industry's relationship with the economy.
- The competitive environment prevailing within the industry.

- The relative competitive advantages of the business in terms of its service capability.
- Management capabilities and the quality of the clients of the entity.
- The management of the Company.
- The historical financial and operational performance of the business, etc.

METHODOLOGY CONSIDERED FOR VALUATION ANALYSIS

- Discounted Free Cash Flow (DFCF) Methodology

The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DFCF method using the FCF, values Company as an overall. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the WACC. The DFCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms. In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. As this methodology is focused at finding the value of the Firm so the interest charges (post tax) should be added back.

We have been provided the projected financial statements considering business plan of the company based on which, we have calculated the Enterprise value of the company under DFCF and then derived the Equity value by adjusting debts and cash balance as on the date of valuation.

The following box provides generalized steps for using discounted free cash flows to estimate the value of the firm and then to derive the value of equity shareholders of the Company.

STEPS FOR FINDING FCF TO VALUE EQUITY SHARES

Profit before tax	Step 1: Arrive at Profit Before Tax
- Taxes	Step 2: Less tax.
= Profit after tax	
+ Non-cash costs	Step 3: Add back non-cash costs (already subtracted in step 1).
- Capital expenditures	Step 4: Subtract capital expenditures.
- Increase in NCWC	Step 5: Subtract Increases in non-cash working capital.
+ Interest Tax (Post Tax)	Step 6: Adding Interest cost (post Tax)
+ Terminal Value	Step 7: Add the terminal value accruing in the final year.
= Free Cash Flow to Firm	
= DFCF	Step 8: Discount the FCF for each year with WACC
= Enterprise Value	Step 9: Value of the Firm
+ Cash as on Valuation Date	Step 10: Adding Cash
- Debt as on Valuation Date	Step 11: Subtract Debt
= Equity Value	Step 12: Value to equity share holders

For the purpose of valuation of equity shares in this transaction through DFCF methodology, we have spare relied upon the projections provided by the management for five years starting 1st July 2016 and ending 31st March 2021 duly supplemented by its Terminal Value based on the Gordon Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 4.00 percent to perpetuity.

To arrive at Cost of capital (WACC), we have calculated the cost of equity K_e to be 19.85 % after providing 3.00 % additional risk premium. For calculating the Cost of equity as per Modified CAPM model i.e. $[K_e = R_f + B (R_m - R_f) + CSRP]$, we have considered the Risk Free rate as per 10 year government bond yield, the return from the market is taken as 20 years average return from the Indian Sensex, since the Company's shares are newly listed at BSE, hence for the purpose of valuation we have ignored Company's Beta and considered it as 1.

1. Discounted Free Cash Flow of Swaraj Automotives Limited (With Contribution of Mr. Jeevan Mahalda)

(Amount in INR Lacs)

Financial Year Ending	2017(9M)	2018	2019	2020	2021	Terminal
Turnover	8,569.45	14,889.24	20,704.41	25,513.77	30,041.73	—
Profit Before Tax (PBT)	384.63	686.56	1,009.39	1,526.21	2,095.03	—
Less : Direct Taxes Paid	87.46	201.91	293.46	451.24	623.24	—
Profit After Tax (PAT)	297.17	484.66	715.94	1,074.97	1,471.79	—
Add : Depreciation	77.88	114.48	137.31	155.04	179.64	—
Less : Capital Expenditure	249.48	285.47	144.12	157.69	140.34	—
Add : Interest (Post Tax)	1.65	1.45	1.77	1.76	1.76	—
Less: Net change in Non- cash working capital	77.85	287.57	612.77	711.91	616.50	—
Free Cash Flow	49.36	27.55	98.13	362.16	896.34	8,776.55
Discounting Factor	0.87	0.73	0.61	0.51	0.42	0.42
Present value of Cash flow	43.10	20.06	59.64	183.66	379.26	3,713.58
Enterprise Value	4,399.31					
Add: Cash as on 30.06.2016	935.02					
Less: Debt as on 30.06.2016	—					
Equity Value	5,334.33					

2. Discounted Free Cash Flow of Swaraj Automotives Limited (Without Contribution of Mr. Jeevan Mahalda)

(Amount in INR Lacs)

Financial Year Ending	2017(9M)	2018	2019	2020	2021	Terminal
Turnover	8,095.95	13,051.28	16,072.48	18,967.09	21,656.49	—
Profit Before Tax (PBT)	363.60	606.32	899.09	1,157.85	1,464.30	—
Less : Direct Taxes Paid	79.46	174.60	269.26	346.54	433.82	—
Profit After Tax (PAT)	284.14	431.72	629.83	811.31	1,030.49	—
Add : Depreciation	67.01	92.81	104.63	127.46	158.08	—
Less : Capital Expenditure	199.48	149.40	219.16	245.28	257.49	—
Add : Interest (Post Tax)	1.66	1.46	1.75	1.75	1.76	—
Less: Net change in Non- cash working capital	(66.72)	362.11	491.84	458.74	332.91	—
Free Cash Flow	220.05	14.47	25.21	236.50	599.92	6,000.91
Discounting Factor	0.87	0.73	0.61	0.51	0.42	0.42
Present value of Cash flow	192.11	10.54	15.32	119.93	253.84	2,539.14
Enterprise Value	3,130.89					
Add: Cash as on 30.06.2016	935.02					
Less: Debt as on 30.06.2016	—					
Equity Value	4,065.91					

The valuation of Sweat Equity is summarized below :

Particulars	(Amount INR Lacs)
Equity Value of the Company as per DFCF Methodology (With Contribution of Mr. Jeevan Mahaldar)	5,334.33
Equity Value of the Company as per DFCF Methodology (Without induction of Mr. Jeevan Mahaldar)	4,065.91
Incremental value by Mr. Jeevan Mahaldar and team members	1,268.41
Less: 70% being attributable to team members & company branding	887.89
Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar	380.52
Less: Remuneration paid from 4th February 2016 to 30th June 2016 to Mr. Jeevan Mahaldar	15.30
Net Value Additions or sweat contribution of Mr. Jeevan Mahaldar over and above the remuneration	365.22

Notes:

1. We have been appraised that the size of the Management team is about 10 in number.
2. Mr. Jeevan Mahaldar has drawn remuneration from 4th February 2016 to 30th June 2016 of INR 15.30 Lacs which has been duly adjusted.

Based on our Analysis of the Company, we have arrived at the value of the value-additions upto 30th June, 2016 by Mr. Jeevan Mahaldar(Executive Director) as INR 365.22 Lacs.

CAVEATS

- This Report has been issued on the specific request of 'Swaraj Automotives Limited' to ascertain the value equity shares of the Company for the purpose of issue of sweat equity shares. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this nor its content may be used for any other purpose without prior written consent of M/s Corporate Professionals Capital Private Limited.
- No Investigation of the Company's claim to title of assets has been made for the purpose of this Report and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matter of legal nature.
- In Accordance with the customary approach adopted in Valuation exercise. We have summarized the Valuation Analysis of Equity Shares of the Company based on the information as was provided to us by the management of the Company both written, verbal and other publically available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion.
- This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- We have not carried out Valuation of land and building of the Company and solely relied upon the information provided to us by the management of the Company.
- We and our affiliates in the past might have provided or in the future may provide Investment Banking or consulting services on a professional capacity and disclaim holding any interest in the Company.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- We have given opportunity to the management of Swaraj Automotives Limited to read our report (without the conclusion) and they have given their consent that the facts mentioned in the report are true and correct.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted herein, which might be relevant in the context of the transaction and which a wider scope might uncover.

- Our Valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

ANNEXURE : FINANCIAL STATEMENTS

Provisional Balance Sheet as on 30th June, 2016

Particulars	Provisional (All Amount in INR Lacs) 30.06.2016
Equity & Liabilities	
Share Capital	239.77
Reserve and surplus	2,433.01
Non-Current Liabilities	233.87
Current liabilities	2445.94
Total Equity and Liabilities	5,352.59
ASSETS	
Non-Current Assets	1,148.01
Current Assets	4,204.58
Total Assets	5,352.59

Provisional Profit & Loss Account for the period ended 30th June, 2016

For the Period Ended	Provisional (All Amount in INR Lacs)
Revenue from Operations (Gross)	2,695.39
Less : Excise Duty	257.54
Net Revenue from Operations	2,437.85
Other Income	16.59
Total Revenue	2,454.44
Total Expenses	2,375.20
Profit Before Tax (PBT)	79.24
Tax Expenses	25.58
Profit After Tax (PAT)	53.66

Except Mr. Jeevan Mahaldar, none of the Directors, key managerial personnel of the Company or their relatives are, in anyway, interested or concerned, financially or otherwise, in the resolution set out at Item No 6 of the Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

Regd. Office :
C-127, IV Floor, Satguru Infotech
Phase-VIII, Industrial Area,
S.A.S.Nagar (Mohali), Punjab - 160 071
Tel: 0172-4650377, Fax: 0172-4650377
Email: kaushik.gagan@swarajautomotive.com
Website: www.swarajautomotive.com
CIN: L45202PB1974PLC003516
Ghaziabad, 12th May, 2017

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)
Company Secretary

ATTENDANCE SLIP

SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Registered Office :

C-127, IV Floor, Satguru Infotech, Phase-VIII, Industrial Area,
S.A.S.Nagar (Mohali), Punjab-160071

Email:kaushik.gagan@swarajautomotive.com, Website: www.swarajautomotive.com

42nd Annual General Meeting -11th August, 2017

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Folio No.

NAME OF THE SHAREHOLDER/PROXY

DP ID*

Client ID*

ADDRESS

No. of Shares held :

No. of Shares held :

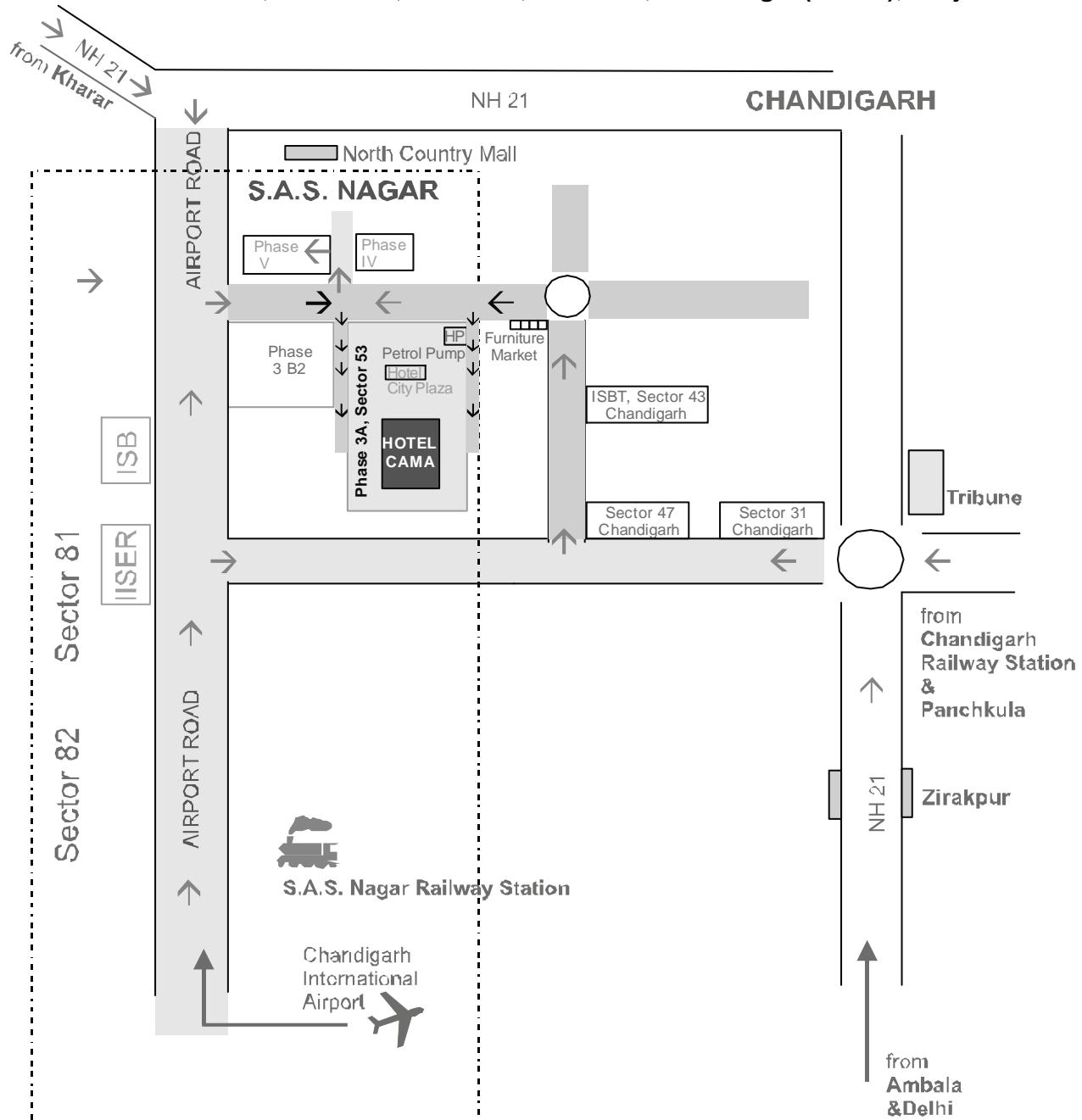
I hereby record my presence at the 42nd ANNUAL GENERAL MEETING of the company at Hotel Cama, SCF- 13-18, Sector-53, Phase - 3A, S.A.S Nagar (Mohali), Punjab-160059 on Friday, the 11th Day of August, 2017 at 3: 00 p.m.

*To be used for shares held in
electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY

ROUTE MAP FOR AGM VENUE

Hotel CAMA, SCF-13-18, Phase-3A, Sector-53, S.A.S Nagar (Mohali), Punjab-160059



SWARAJ AUTOMOTIVES LIMITED

(CIN: L45202PB1974PLC003516)

Regd. Office: C-127, IV Floor, Satguru Infotech, Phase-VIII, Industrial Area,

S.A.S.Nagar (Mohali), Punjab-160071

Tel : 0172-4650377, Fax : 0172-4650377

Email:kaushik.gagan@swarajautomotive.com, Website: www.swarajautomotive.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

Name of the Member (s):
Registered Address:
Email id:
Folio / DP ID-Client ID No:

I/We, being the member(s) of _____ shares of the above named Company hereby appoint :

(1) Name _____ Address _____

E-mail id _____ Signature _____ or falling him;

(2) Name _____ Address _____

E-mail id _____ Signature _____ or falling him;

(3) Name _____ Address _____

E-mail id _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held on Friday, 11th August, 2017 at 3.00 p.m. at Hotel Cama, SCF-13-18, Sector- 53, Phase- 3A, S.A.S Nagar (Mohali), Punjab-160059 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions		Optional*	
S.No.	Ordinary Business	For	Against
1	To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2017, and the Reports of the Directors and the Auditors thereon.		
2	Declaration of Dividend on Equity Shares		
3	To appoint a Director in place of Mr. Jamil Ahmad (DIN: 07171910) who retires by rotation and, being eligible, offers himself for re-appointment.		
4	Appointment of Auditors and fix their remuneration.		
Special Business			
5	Ratification of the remuneration payable to the Cost Auditors of the Company.		
6	Issue of Sweat Equity Shares to Mr. Jeevan Mahaldar, Executive Director of the Company.		

Signed this _____ day of _____ 2017

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 42nd Annual General Meeting.
- *3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.