

SAL AUTOMOTIVE LIMITED
(Formerly Swaraj Automotives Limited)

44th ANNUAL GENERAL MEETING - 13th September, 2019

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 44th 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, 2019 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

Your Company is in the business of manufacturing and supplying seat, seats mechanisms and agriculture implements to various manufactures of tractors, LCV, Car and agri implements. The automotive industry has shown sluggish growth in FY 2018-19 as compared to FY 2017-18. During the year 2018-19 Indian auto industry produced total 309.15 lakhs vehicles including passengers, commercial, three-wheeler and two- wheeler segment as compared to 290.94 lakhs produced in FY 2017-18, showing growth of 6.26%. Indian tractor industry, though recorded a double digit growth for third consecutive years, it was the lowest during this 3 year period. In FY 2018-19, tractors seats grew by

10.24% as at 878,476 units produced as compared to 20.52% of FY 2017-18.

The net operating revenue of the Company was recorded at Rs.130.65 Crores against Rs.116.41 Crores in the preceding year and the Profit after tax for FY 2018-19 stood at Rs.3.47 crores as against Rs.3.52 crores of previous year translating EPS of Rs. 14.48 against previous year's Rs. 14.66

I am happy to inform that the Board of Directors has recommended a dividend of 45% for FY 2018-19.

CURRENT PERFORMANCE

The slowing growth trend has now emerged as a de-growth phase during the current financial year with the automobile manufacturers announcing regular shutdowns due to high inventory of unsold vehicles, including dealer level inventory. High discounts have been announced recently by car manufactures recently to help clear the unsold stock. The Government has also stepped in to facilitate higher liquidity to boost sales and is currently mulling over the duty cuts to bail out the auto sector.

In the backdrop of above, the performance of Company during the current year has received a setback. For quarter ended 30th June 2019, the Company's net operating revenue was lower at Rs. 23.64 crores against Rs. 36.74 crores of the corresponding quarter of the previous year. Profit after tax for the quarter (after extraordinary items) stood at Rs.2.37 crores against Rs. 1.15 crores of same period of previous year.

NAME CHANGE INFORMATION

Pursuant to the Agreement between b4S Solutions Private Limited ('b4S') and Mahindra and Mahindra Limited ('M&M') in the year 2016 resulting in the acquisition of the Company by b4S, M&M agreed for the usage of the name 'Swaraj Automotive Limited' including its brand and

logo initially for a period of 2 years, which was subsequently extended for 1 more year. Consequent to the end of the term of the aforesaid understanding between b4S and M&M, the name of the Company stands changed to 'SAL Automotive Limited' with effect from 1st July, 2019.

FUTURE

Due to short term impact of Bharat stage VI conversion and government initiative to shift on electric vehicles auto industry has shown extreme down trend in first two quarter of FY 2019-20. Shorter period for diesel vehicles registration also impacted the initial demand of passenger vehicles. However government has faith in automotive industry and coming years seems promising for the industry. With automotive mission plan 2026 government of India is on a path to establish India among top three countries in world for manufacturing and export of vehicles and auto- components. Indian agriculture is also moving towards mechanization gradually.

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 business environment for the Company, in medium to long term, looks promising.

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 the Accounts for the year ended 31st March, 2019.

J.B. Kapil
Chairman

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.