

SAL AUTOMOTIVE LIMITED
(Formerly Swaraj Automotives Limited)

45th ANNUAL GENERAL MEETING - 28th September' 2020

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 45th Annual General Meeting of your Company. We hope your family members and you are safe and healthy and wish the best of health for you and your family members in the future.

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

As you all know that we are holding this AGM in the midst of an unprecedented crisis on account of the COVID 19 pandemic. In view of this, pursuant to Circulars issued by the Ministry of Corporate Affairs and SEBI, we have been compelled to have this meeting through Video Conference.

The Notice convening the Shareholders Meeting and the Annual Report for the year ended 31st March' 2020 has been sent via e-mail only in accordance to the requisite MCA circular.

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.

After witnessing a boom lasting several years in the automotive industry, both passenger vehicle and commercial vehicle segments

witnessed sustained pressure on demand during the year 2019-20 due to overall slow-down.

As per Society of Indian Automobile Manufacturers (SIAM), domestic sales for passenger vehicles and commercial vehicles which stood at 33.77 lakh and 10.07 lakh in the year 2018-19 dropped to 27.74 lakh and 7.18 lakh in the year 2019-20, thereby registering a degrowth of 17.86% and 28.70% respectively. Exports of passenger vehicles remained flat while it dropped by around 40% for commercial vehicles. Total sales of tractors (exports included) dropped by 11% to 7.81 lakh in financial year 2019-20 compared to 8.78 lakh in the previous year. Your Company manufactures rotavators, sales number of which too have been adversely impacted during the year.

In the above backdrop, total net revenue from operations for the financial year 2019-20 declined to Rs.85.47 crore against the previous year's revenue of Rs.130.65 crore. Profit before tax for the year stands at Rs.1.84 crore (previous year Rs. 4.82 crore), which is primarily due to decline in sales volume and change in product mix. Profit after tax for the year was Rs. 1.25 crore (previous year Rs. 3.47 crore) which gives an Earning per Share (EPS) of Rs. 5.40 (previous year - Rs. 14.48).

I am happy to inform that the Board of Directors has recommended a dividend of 35% for FY 2019-20.

CURRENT PERFORMANCE

Spread of Covid-19 across the world since the start of this calendar year 2020 had impacted the global economy, commercial and industrial activities badly. Sustenance/ revamping of economic activities have become a challenge for the Governments, business houses and the common citizen.

After imposition of the lockdown in the country by the Central Govt. during last week of March 2020 and subsequent extension of lockdown by the Centre and State govts, Company made a roadmap to face the challenges and threats caused by the Covid-19 pandemic in the month of April 2020 and started compliances with the statutory guidelines

issued by the Central and State Government for resuming the routine manufacturing activities in the first week of May 2020.

Company while complying all the guidelines and SOPs issued by the Ministry of Home affairs from time to time, had organized and imparted the regular training programs and continuing the same for the safety of our human resources and at the suppliers' end to ensure uninterrupted production activities.

The management is working on mitigating the impact of Covid-19 pandemic and sharpening the skills to emerge as a stronger and more agile player.

In the backdrop of above, the performance of Company during the current year has received a setback. For quarter ended 30th June 2020, the Company's net operating revenue was lower at Rs. 8.82 crores against Rs. 23.64 crores of the corresponding quarter of the previous year. Loss after tax for the quarter (after extraordinary items) stood at Rs. (1.25) crores against Profit after tax Rs. 2.37 crores of corresponding quarter of previous year.

FUTURE

Overall industry is facing serious impacts of ongoing COVID 19 pandemic due to lockdown, migrant labour movement and slow production in initial months of current FY. The automobile industry is severely impacted by this and individual choices are expected to vary due to various factors of COVID 19. The recent sluggishness is also linked to the significant increase in insurance and fuel costs. The agriculture sector prospects look positive due to overall record production of crop and lot of Govt initiatives.

We, however, believe that the recent developments to be temporary and demand in both automotive and tractor industries shall bounce back in medium term. The Automotive Mission 2026, a collective vision of the Industry and Government of India aims to set a new trajectory for the evolution of the ecosystem for the automotive industry with its

size, global foot-print, technological maturity, competitiveness and capabilities in mind.

Other factors like government continuous thrust on strengthening rural sector, infrastructure development, make in India, skill India, and launch of new models by vehicle manufactures, changing buying pattern, replacement demand etc. too shall role as a catalyst to the growth of the Industry.

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.

In June 2020, the untimely and unexpected demise of Shri J B Kapil caused and irreparable loss to the Company and the Board. On behalf of the Board, I also would like to acknowledge his immense contribution to the Company as well as the society. He was a simple noble man with wide experience in diverse fields. The void created by his absence would be felt forever.

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' 2020.

Rajiv Sharma
Chairman