



ANNUAL REPORT 2020



**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

# **SAL Automotive Limited**

**(Formerly Swaraj Automotives Ltd.)**

**Company Secretary**  
GAGAN KAUSHIK

**Chief Financial Officer**  
JAGDISH LAL RAHEJA

**Auditors**  
M/S MANGLA ASSOCIATES  
Chartered Accountants

**Bankers**  
STATE BANK OF INDIA  
AXIS BANK LIMITED

**Registered Office**  
C-127, IV Floor, Satguru Infotech  
Phase VIII, Industrial Area,  
S.A.S.Nagar (Mohali)  
Punjab -160 062

CIN : L45202PB1974PLC003516  
Tel. : 0172-4650377  
Email : kaushik.gagan@salautomotive.in

**Works**  
(1) Kakrala Road, Nabha (Distt. Patiala)  
Punjab -147 201  
(2) 183/I, Belur Industrial Area,  
Dharwad, Karnataka-580011

**Website**  
[www.salautomotive.in](http://www.salautomotive.in)

**Registrar and Transfer Agent**  
M/s MCS Share Transfer Agent Limited  
Unit: SAL Automotive Ltd.  
F-65, 1st Floor, Okhla Industrial Area, Phase - I  
New Delhi - 110020  
Tel: 011-41406149  
Fax: 011-41709881  
Email: [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com)

## **BOARD OF DIRECTORS**

J.B. KAPIL  
*Chairman*

R.K. SHARMA  
*Managing Director*

JAMIL AHMAD

RAJIV SHARMA

NAMRATA JAIN

**ANNUAL GENERAL MEETING**  
on Monday, 28th September, 2020  
Through Video Conferencing

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 45th Annual General Meeting of SAL Automotive Limited ("Company") will be held on Monday, 28th day of September, 2020 at 3.00 PM through Video Conferencing (VC) 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, 2020 and the Reports of the Auditors' and the Directors' thereon.
2. To declare dividend @ 35% (Rs.3.5/Equity Share) for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Mrs. Namrata Jain (DIN 07310940) who retires by rotation and, being eligible, offers herself for re-appointment.

### **SPECIAL BUSINESS**

4. To appoint Mr. Kailash Nath Agrawal (DIN: 08829437), as an Independent Director of the Company.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 149 read with Schedule IV, section 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of directors) Rules, 2014, Mr. Kailash Nath Agrawal (DIN: 08829437), who was appointed as an Additional Director (Independent Category) on 20th August, 2020 and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of section 149 read with Schedule IV, section 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of directors) Rules, 2014, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Kailash Nath Agrawal (DIN: 08829437), be and is hereby appointed as an Independent Director (not liable to retire by rotation) of the Company to hold office for a term of 5 (five) consecutive years w.e.f. 20th August, 2020.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution and in connection with any matter incidental thereto including but not limited to filing of necessary forms/ returns with the concerned statutory authorities."

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, 2021, 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 and is hereby ratified and confirmed.

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**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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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."

Regd. Office :

C-127, IV Floor, Satguru Infotech  
Phase-VIII, Industrial Area,  
S.A.S. Nagar (Mohali), Punjab - 160 062  
Tel: 0172-4650377, Fax: 0172-4650377  
Email: kaushik.gagan@salautomotive.in  
Website: www.salautomotive.in  
CIN: L45202PB1974PLC003516  
Ghaziabad, 20th Aug, 2020

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)  
Company Secretary  
F8080

**NOTES**

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") with respect to the special business set out in the Notice is annexed.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the Circular Nos. 14/2020 (dated April 08, 2020), 17/2020 (dated April 13, 2020) and 20/2020 (dated May 5, 2020) (Collectively referred to as MCA Circulars), issued by the Ministry of Corporate Affairs (MCA), Annual General Meeting of a company to be held in calendar year 2020 can be held through video conferencing (VC) or other audio visual means ( OAVM ) and members of the Company joining through VC and OAVM shall be reckoned for the purpose of quorum under section 103 of the Act. Further, all resolutions in the meeting shall be passed through the facility of e-voting/electronic system.
3. In accordance with the MCA Circular, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. The proxy form and attendance slip are thereby not forming part of this Notice.
4. As per the MCA Circulars, owing to the difficulties involved in dispatching of physical copies of the Annual Report 2019-20 including financial statements (along with Board's report, Auditor's report or other documents required to be attached therewith), shall be sent only by email to the members (at their registered email) as on 28th August, 2020 and to all other persons so entitled. Accordingly, the copy of Annual Report 2019-20 along with notice of the AGM is being sent through email to those members who have registered their email addresses with the Company/ Depository Participant (DP)/Company's Registrar and Transfer Agent (RTA).
5. Those members whose email IDs are not registered, are requested to register their email ID with Registrar & Share Transfer Agent i.e. MCS Share Transfer Agent Limited by writing an email either to the R&TA at admin@mcsregistrars.com or to the Company at kaushik.gagan@salautomotive.in carrying the following details:
  - I. Name as registered with the R&TA;
  - II. Address;
  - III. E- mail;
  - IV. Copy of PAN;
  - V. DPID/Client ID or Folio Number; and
  - VI. Number of shares held.

6. Post successful registration of the email, the member would get soft copy of the Annual Report 2019-20 along with Notice of the AGM containing the procedure for e-voting along with the User ID and Password to enable casting of vote through remote e-voting or electronic voting at the AGM. In case of any queries, member may write to [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) or [kaushik.gagan@salautomotive.in](mailto:kaushik.gagan@salautomotive.in)
7. Those members who have already registered their email addresses are requested to keep their email addresses validated with their Depository Participants / the Company's Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited to enable servicing of notices / documents / Annual Reports electronically to their email address.
8. The facility of participation at the AGM through VC will be made available for 1000 members on first come first served basis. This will not include large members (members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee, Auditors, who are allowed to attend the AGM without restriction on account of first come first served basis.
9. Corporate Members intending to send their authorized representative to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
10. The Company has fixed 21st September, 2020 as the "Record Date" and from 22nd September to 28th September 2020 as the book closure period for determining entitlement of Members to final dividend for the financial year ended March 31, 2020 and for the purpose of voting on the resolutions set out in the notice of AGM.
11. The dividend on Equity Shares, if declared at the Meeting, will be paid within 30 days from the date of declaration to those members whose names appear in the Register of Members and those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners on close of the day on [21st September, 2020] (Record Date). For members whose banking details are not available for direct transfer of dividend, the Company will send dividend warrants/cheques through post once the postal services are resumed.
12. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or the RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Members holding shares in electronic form are, therefore, requested to intimate any change in bank mandate to their Depository Participant.

Members may note that the Income Tax Act, 1961 (Act), as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of shareholders. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend at the prescribed tax rates. For the prescribed tax rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof. The members are requested to update their PAN with the Company/MCS Share Transfer Agent Ltd. (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual member with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) by 18th September, 2020. Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident members can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com). The aforesaid declarations and documents need to be submitted by the members by 18th September, 2020.

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Members holding shares in physical form who are desirous of receiving the dividend directly into their account may register the Electronic Clearing Service (ECS) mandate in the following manner

13. Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 (IEPF Rules), the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on the date of closure of previous financial year i.e. 31st March, 2020 on the website of the Company ([www.salautomotive.in](http://www.salautomotive.in)), as also on the website of the IEPF Authority.
14. Upon transfer of shared/dividend to IEPF, the Members will be able to claim these equity shares/dividend only from the IEPF Authority by making an online application, the details of which are available at [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the "Web Form IEPF- 5".
15. Please note that the Notice calling the AGM along with Annual Report 2019-20 has also been uploaded on the website of the Company at [www.salautomotive.in](http://www.salautomotive.in) . The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the same is also available on the website of NDSL (agency for providing the Remote Voting facility) i.e. <https://www.evoting.nsdl.com>.
16. The documents referred in the explanatory statement, Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, shall, shall be open for inspection on the website of the Company at [www.salautomotive.in](http://www.salautomotive.in). and will be available for inspection at the AGM
17. Information regarding particulars of the Director seeking appointment/ re-appointment in terms of Secretarial Standard 2, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, which sets out details relating to special business to be transacted at the Meeting, are annexed herewith this notice as "Annexure-A".
18. Members are informed that in case of joint holders attending the AGM, only such joint holder who is first in the order of names will be entitled to vote.
19. Members having any question on financial statements or any agenda item proposed in the Notice of AGM are requested to send their queries at least 15 days in advance of the Meeting at the Company's registered office at C-127, IV Floor, Satguru Infotech, Phase-VIII, Industrial Area, S.A.S.Nagar (Mohali), Punjab - 160 062 or at E-mail Id: [kaushik.gagan@salautomotive.in](mailto:kaushik.gagan@salautomotive.in) to enable the Company to collect the relevant information and redress the queries.
20. As per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended, securities of listed companies can be transferred only in dematerialized form with effect from 01st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's R&TA for assistance in this regard.
21. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to MCS in case the shares are held in physical form.

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22. Pursuant to Section 72 of Companies Act, 2013, member(s) of the Company may nominate a person in whom the shares held by him/them shall vest in the event of his/their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with MCS. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
23. To support the "Green Initiative" members who have not yet registered their email addresses are requested to register the same with their Depository Participants ("DPs") in case the shares are held by them in electronic form and with MCS in case the shares are held by them in physical form.
24. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank account details by every participant in securities market. Member(s) holding shares of the Company, either in electronic form or physical form are, therefore, requested to submit the PAN and provide Bank account details to their Depository Participants with whom they are maintaining their demat accounts (in case of shares in electronic form) and to the Company/R&TA (in case of shares are in physical form).
25. This AGM is being convened through VC and members may join the meeting 30 minutes before and after the scheduled time of the commencement of the meeting by following the points mentioned below:
  - i. Member will be provided with a facility to attend the AGM through VC through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under members/members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
  - ii. Members are encouraged to join the Meeting through Laptops for better experience.
  - iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - v. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at (kaushik.gagan@salautomotive.in).
  - vi. Members who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (kaushik.gagan@salautomotive.in). The same will be replied by the company suitably.
  - vii. Those members who have registered themselves as a "speaker shareholder" will only be allowed to express their views/ask questions during the meeting.
  - viii. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
26. The Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as electronic voting on the date of the AGM will be provided by NSDL.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**

The remote e-voting period begins on 25th September, 2020, Friday, at 09:00 A.M. and ends on 27th September, 2020, Sunday at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your

mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

- 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [ajaykcs@gmail.com](mailto:ajaykcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful

attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. 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 download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to (Company email id).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (Company email id).

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
27. 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.
28. The Scrutinizer shall immediately after the conclusion of electronic 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.
29. 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.salautomotive.in](http://www.salautomotive.in) and on the website of NSDL.
30. The results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of NSDL immediately after the result declared by the Chairman or any other person authorized by the Chairman and the same shall be communicated to BSE Limited, where the shares of the Company are listed.

31. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this notice.

Regd. Office :  
C-127, IV Floor, Satguru Infotech  
Phase-VIII, Industrial Area,  
S.A.S. Nagar (Mohali), Punjab - 160 062  
Tel: 0172-4650377, Fax: 0172-4650377  
Email: kaushik.gagan@salautomotive.in  
Website: [www.salautomotive.in](http://www.salautomotive.in)  
CIN: L45202PB1974PLC003516  
Ghaziabad, 20th Aug, 2020

BY ORDER OF THE BOARD

(GAGAN KAUSHIK)  
Company Secretary  
F8080

#### **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. 4**

Pursuant to the provision of section 149, 152, 160 of the Companies Act, 2013 read with 2013 schedule IV and Rule 3 and Rule 13 of the Companies (Appointment and Qualification of directors) Rules 2014, Mr. Kailash Nath Agrawal (DIN 08829437) was inducted to the Board as Additional Director (Independent Category) of the Company on August 20, 2020 for a period of 5 years on the recommendation of the Nomination and Remuneration Committee.

The aforesaid director is eligible to be appointed as an Independent Director for a term upto five years. The Company has received notice in writing from a member u/s 160 of the Act, proposing Mr. KailashNath Agrawal as candidate for the office of director of the Company. Considering the background and experience of Mr. Kailash Nath Agrawal, the Board considers that the association of Mr. Kailash Nath Agrawal would be of immense benefit to the Company and it is desirable to avail his services as Independent Director. Further, the Company has received a declaration from Mr. Kailash Nath Agrawal that he meet the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has further confirmed that he is not disqualified from being appointed as director under section 164 of the said Act and not debarred from appointment by any order of SEBI or any other authority. the Board of directors are of the opinion that Mr. Kailash Nath Agrawal are person(s) of integrity and possess relevant expertise and experience and are eligible and fulfills the conditions specified by the Companies Act, 2013 for the position of an Independent Director.

A copy of the draft letter of appointment of independent director setting out the terms and conditions would be available for inspection for the members on the website of the Company [www.salautomotive.in](http://www.salautomotive.in)

The details of the director who is proposed to be appointed as Director, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standards-2, is enclosed as Annexure A.

The Board of directors recommends the ordinary resolutions (item nos. 4) for your approval. The said Independent Directors is not related to any of the directors or key managerial personnel (including relatives of directors or key managerial personnel) of the Company in terms of section 2(77) of the Companies Act, 2013.

Apart from the candidate seeking appointment and only to the extent of his appointment, none of the directors / Key managerial Personnel of the Company or their relatives are, in any way, concerned or interested (financial or otherwise) in the resolutions except to the extent of their shareholding in the Company, if any.

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**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, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021 and subject to the ratification by the members, approved a 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 is required to be ratified by the members 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, 2021.

The Board recommends the resolution under item no (5) for approval of members of the Company by way of an ordinary resolution

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.

BY ORDER OF THE BOARD

Place: Ghaziabad

Date: 20th August, 2020

(Gagan Kaushik)  
Company Secretary  
F8080

Registered Office:

C-127, IV Floor, Satguru Infotech,  
Phase-VIII, Industrial Area,  
S.A.S.Nagar (Mohali), Punjab - 160 062  
Tel: 0172-4650377, Fax: 0172-4650377  
Email: [kaushik.gagan@salautomotive.in](mailto:kaushik.gagan@salautomotive.in)  
Website: [www.salautomotive.in](http://www.salautomotive.in)

**Annexure-A**

**Disclosure with respect to appointment / re-appointment of Directors as required in terms of Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Secretarial Standards-2.**

Name of Director	Kailash Nath Agarwal
Date of Birth	19/08/1954
Brief Resume	Mr. K. N. Agrawal is the Practicing Advocate and is the member of Bar Council of Uttar Pradesh. He is a degree holder of Bachelor of Law and Master of Art from Lucknow University, U.P. He has also done Diploma in Public Administration from Lucknow University. Mr. Agrawal retired from the U.P Government as Assistant Labour Commissioner in 2014. He has worked with the Labour Department, state of U.P for more than 35 years. He has also worked as Labour Enforcement Officer for enforcement of Labour law, Project Director in various government of India Projects and Coordinator of Building and Other Construction Worker Welfare Board of U.P.
Date of Appointment	20th August, 2020
Qualifications	L.L.B, M. A, D.P.A
Expertise in specific Functional Area	Labour Law, Human Resource, Management
Directorship held in other public Companies	Nil
Membership/chairmanship of other public companies	Nil
Remuneration last drawn, if any	NA
Shareholding in the Company directly or as beneficial holder	Nil
Relationship with other Directors and KMPs of the Company	Nil
The number of Meetings of the Board attended during the year	Nil

## **REPORT OF THE DIRECTORS TO THE MEMBERS**

Your Directors have the pleasure of presenting their 45th Annual Report together with the Audited Financial Statements for the year ended March 31, 2020.

### **FINANCIAL RESULTS**

In compliance with the provisions of the Companies Act, 2013 ('Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') the Company has prepared its financial statements as per Indian Accounting Standards (Ind AS) for the FY 2019-20. The highlights of the financial results of the Company, extracted from the audited financial statements for the FY 2019-20 and previous year FY 2018-19, are as under:

	<b>Year ended 31<sup>st</sup> March, 2020</b>	<b>(Rs. in Crores)</b>
	Year ended 31 <sup>st</sup> March, 2019	
Net Revenue from Operations	<b>85.47</b>	130.65
Other Income	<b>1.23</b>	0.83
Total Revenue	<b>86.70</b>	131.48
Profit before Depreciation, Finance Charges and Tax	<b>0.61</b>	6.54
Finance Costs	<b>0.39</b>	0.35
Depreciation & Amortization Expense	<b>1.44</b>	1.37
Exceptional Items	<b>3.06</b>	–
Profit Before Tax	<b>1.84</b>	4.82
Tax Provision		
– Current	<b>0.05</b>	1.04
– Deferred	<b>0.54</b>	0.31
Profit After Tax	<b>1.25</b>	3.47
Other Comprehensive Income	<b>0.04</b>	(0.003)
Total Comprehensive Income	<b>1.29</b>	3.47
<b>Surplus</b> - Opening Balance after adjustment for carrying value of assets	<b>12.31</b>	10.14
<b>Surplus available for appropriation</b>	<b>13.60</b>	13.61
<b>Appropriations:</b>		
Dividend paid on Equity Shares	<b>1.08</b>	1.08
Dividend Distribution Tax	<b>0.22</b>	0.22
Surplus - Closing Balance	<b>12.30</b>	12.31

### **REVIEW OF OPERATIONS**

Our Company is dependent on auto and agriculture sector which in turn is influenced by various factors like economic growth, monsoon, etc. impacting the purchasing power of the buyers of the automobiles. Demand is derived from original equipment manufacturers (OEM) as well as the replacement market. The agricultural implement segment too is predominantly dependent on monsoon among other factors.

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 slowdown. 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).

#### **DIVIDEND**

The Directors are pleased to recommend for your consideration and approval of dividend amounting to Rs. 3.50 i.e. @ 35% per equity share of Rs. 10/- each fully paid up, for the financial year 2019-20. The dividend, if approved, would involve a cash outflow of Rs. 0.84 crore. The dividend is now taxable in the hands of shareholders and dividend distribution tax stands abolished with effect from the financial year 2020-21.

#### **TRANSFER TO GENERAL RESERVE**

The Board has not proposed transfer of any amount to the General Reserve for the financial year ended March 31, 2020.

#### **FINANCE**

The fund position of the Company had witnessed some stress due to decline in sales revenue and hence cash from operations activities before working capital changes was negative by Rs 0.50 Crore, against previous year positive cash flow of Rs 5.81 Crore. Net movement in cash and cash equivalent was negative by Rs 1.01 Crore, against previous year increase of Rs 1.37 Crore.

#### **SHARE CAPITAL**

The issued and paid-up Share Capital of the Company remained unchanged during the year and stood at Rs.2.39 Crore at the end of the financial year 2019-20.

There were no instances of issue of shares with differential voting right, buy back of shares or bonus issues of shares during the year.

#### **DEPOSITS**

The Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at the end of the financial year.

#### **INDUSTRIAL RELATIONS**

The Company has a highly committed, loyal and dedicated team. The Company promotes an atmosphere which encourages learning and informal communication within the organization. The Company is having Performance Management System (PMS) to objectively measure the performance of the individual and the organization. The overall remuneration structure is linked with PMS. The Company also has a training need identification system in place for achieving the desired level of the skill and talent, and further enhancing the learning and competency level of the employees from time to time. This has made a significant contribution to the Company's business.

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Industrial relations were cordial during the year under review. Management and the workers team meets regularly on periodical intervals to discuss the possibilities for improvement in productivity and to further strengthen the relationship between management and workers for smooth running of operations.

**SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company is committed towards excellence in Safety, Occupational Health and Environment. This is also to ensure sustainable business growth. The Company has a well-established Safety, Occupational and Environmental Policy which inter alia ensures safety of employees, plant, equipment and public at large by ensuring compliance with all statutory rules and regulations on regular basis. Your Company also imparts training to its employees as per the predefined training calendar, carries out statutory safety audits of its facilities as per legal requirement and promotes eco-friendly activities. In reiteration of its commitment to improve the well-being of the employees, Medical Check-ups, both curative and preventive have been organized regularly, including educating the employees on Industrial Hygiene at the workplace. The Company's Plant is ISO 14001: 2015 and OHSAS 18001: 2007 certified.

**COVID - 19 UPDATE**

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 govt., 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 supplier's end to ensure the consistency in production activities of the business of the organization keeping it safe from the current and future risks and challenges.

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

**SUSTAINABILITY INITIATIVE**

Your Company is conscious of its responsibility towards preservation of natural resources and continuously taking various initiatives to reduce the consumption of electricity and water. Suggestions given by the energy audit team are in under pipeline like alternative source of fuel in powder coating shop, Heat treatment shop, Pre-treatment shop for significant savings in energy.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**DIRECTORS INDUCTIONS, RE-APPOINTMENT/RE-DESIGNATIONS, RETIREMENT & RESIGNATIONS**

There were no changes in the Board of Directors during the year under review, except Mr. Jeevan Mahaldar, non-executive Director of the Company who resigned w.e.f. April 24, 2019.

In terms of Section 152 of the Companies Act, 2013 ("Act"), Mrs. Namrata Jain (DIN: 07310940) shall retire by rotation at the forthcoming Annual General Meeting ("AGM") and being eligible, offers herself for re-appointment.

Mr. Jai Bhagwan Kapil (DIN: 01894348), erstwhile Chairman and Independent Director of the Company passed away on June 25, 2020. The Board expresses its condolences and sorrow for his untimely demise. The

Board places on record their deep appreciation for his valuable guidance and contribution as the Chairman, Director and member of various committees of the Board.

Thereafter, on the recommendation of the Nomination and Remuneration Committee, the Board appointed Mr. Kailash Nath Agrawal (DIN: 08829437) as an additional (independent) director on the Board, w.e.f. 20th August, 2020, who shall hold office up to the ensuing Annual General Meeting (AGM). His appointment / regularization is recommended for members' approval and the necessary resolution(s) to this effect forms part of the Notice of the ensuing AGM.

#### **KEY MANAGERIAL PERSONNEL**

Mr. Rama Kant Sharma, Managing Director, Mr. Jagdish Lal Raheja, Chief Financial Officer and Mr. Gagan Kaushik, Company Secretary are the Key Managerial Personnel (KMP) of the Company as per the Act.

Mr. Jeevan Mahaldar, Non-Executive Director, ceased to be the KMP, consequent to his resignation on 24 April 2019.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of Listing Regulations and there has been no change in the circumstances which may affect their status as Independent Director during the year. The Independent Directors have also confirmed that they have complied with the Company's code of conduct for Directors and Senior Management Personnel and also that they are not debarred from holding the office of director pursuant to any SEBI order or any such authority.

All the Independent Directors of the Company have registered themselves in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the data bank. The Independent Directors, whosoever is required, shall undertake the said proficiency test.

In the opinion of the Board all independent directors possess strong sense of integrity and having requisite experience, qualification and expertise. For further details, please refer Corporate Governance Report.

#### **POLICY ON NOMINATION, REMUNERATION AND BOARD DIVERSITY**

The Company believes that building a diverse and inclusive culture is integral to its success. A diverse Board, among others, will enhance the quality of decisions by utilizing different skills, qualifications, professional experience, and knowledge of the Board members necessary for achieving sustainable and balanced development. Accordingly, the Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations. During the financial year under review, no changes have been carried out in the said Policy. The Nomination and Remuneration Policy is annexed herewith as Annexure A.

#### **ANNUAL PERFORMANCE EVALUATION**

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, leadership attribute of directors through vision and values, strategic thinking and decision making, adequacy of business strategy, etc.

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The performance evaluation of the Independent Directors was done by the entire Board excluding the Directors being evaluated. The performance evaluation of the Board as a whole and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

Further, the evaluation process confirms that the Board and its Committees continue to operate effectively, and the performance of the Directors is satisfactory.

Performance of the Board, its Committees and Individual Directors is evaluated and disclosed in the Corporate Governance Report forming part of this Annual Report.

**BOARD MEETINGS**

A calendar of Meetings is prepared and circulated in advance to the Directors. The Board met 6 times in the financial year 2019-20. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days and details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report that forms part of this Annual Report.

**AUDIT COMMITTEE**

During and as at the end of the financial year under review, the Audit Committee comprised of the following Directors viz. Mr. Jai Bhagwan Kapil (Chairman of the Committee), Mr. Rajiv Sharma and Mr. Rama Kant Sharma. The Company Secretary of the Company is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

For further details about all the Committees of the Board of Directors of the Company, please refer the Corporate Governance Report which forms an integral part of this Annual Report.

**SUBSIDIARY/ASSOCIATE & JOINT VENTURE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

During the financial year under review, the Company was not having any subsidiary or joint venture or associate company in terms of the provisions of the Act.

**TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND**

During the year, the Company has transferred the unpaid/unclaimed dividend amounting to Rs. 50,292 to the Investor Education and Protection Fund (IEPF) Account established by the Central Government. The Company has also uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 13, 2019 (date of last Annual General Meeting) on the website of the Company <https://salautomotive.in/unclaimed-dividend/>.

Further, in terms Section 124(6) read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), as amended, the Company has transferred 372 equity Shares to the demat account of Investor Education and Protection Fund, details of which are uploaded on the website of the Company <https://salautomotive.in/unclaimed-dividend/>

The shareholders whose unpaid dividend / shares are transferred to the IEPF can claim the same by filing the prescribed Form as per the applicable provisions under the IEPF Rules.

**STATUTORY AUDITORS**

M/s. Mangla Associates, Chartered Accountants (ICAI Firm Registration No.-006796C), Statutory Auditors of the Company were appointed at the 42nd AGM of the Company from the conclusion of the AGM held in year 2017 until the conclusion of the AGM of the Company to be held in year 2022.

### **AUDITORS' REPORT**

The Auditors' Report read along with notes to accounts is self-explanatory and therefore does not call for further comments. The Auditors' Report does not contain any qualification, reservation, or adverse remark.

### **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s A. Arora and Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report is annexed herewith as Annexure B.

The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

### **COST AUDITORS**

The Cost Audit for financial year ended March 31, 2019 was conducted by M/s. Aggarwal Vimal & Associates (M. No.000350). The said Cost Audit Report was filed on September 04, 2019.

Based on the recommendations of the Audit Committee and confirmation that the appointment, if approved, will be within the limits of Section 141(3)(g) of the Companies Act, 2013 and are of independent relationship with the Company, the Board had approved the reappointment of M/s. Aggarwal Vimal & Associates (M.No.000350), as the Cost Auditors of the Company for the financial year 2020-21 on a remuneration of Rs. 50,000 (Rupees Fifty Thousand only) applicable taxes and out of pocket expenses that may be incurred by them during the course of audit. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s Aggarwal Vimal & Associates Cost Auditors is included in the Notice convening the ensuing Annual General Meeting.

The Company has maintained accounts and records as specified under sub-section (1) of 148 of the Act.

### **CORPORATE SOCIAL RESPONSIBILITY**

During the year under review, the Company was not covered under the provisions of Section 135 of the Companies Act, 2013 related to Corporate Social Responsibility, but keeping with the Company's core value of Good Corporate Citizenship, your Company is committed to display its social responsibility by taking various initiatives benefiting the society at large. These initiatives include organizing plantation of trees at various locations, awareness campaign on ill effects of tobacco, providing medicines, beds, and sheets to destitute people's home etc.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the financial year under review, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section, forms part of this Annual Report.

### **CORPORATE GOVERNANCE REPORT**

A report on Corporate Governance forms part of the Annual Report along with the Certificate on Corporate Governance as required under Listing Regulations. The Practicing Company Secretaries' certificate for the financial year 2019-20 does not contain any qualifications, reservations, or adverse remarks.

### **INTERNAL CONTROL / INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY**

The Company has laid down adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were

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tested and no reportable material weakness in their operating effectiveness was observed. An internal audit programme covers various activities and periodical reports are submitted to the management and shared with the audit committee of the Board.

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

**RISK MANAGEMENT**

Your Company understands the importance of various risks faced by it and has adopted a Risk Management Framework which establishes various levels of accountability within the Company. The framework covers identification, evaluation, and control measures to mitigate the identified business risk.

Your Company faces constant pressure from the evolving marketplace that impacts important issues in risk management and threatens profit margins. The Company emphasizes on those risks that threaten the achievement of business objectives of the Group over the short to medium term. For the year under review, the Company does not foresee any critical risk which threatens its existence.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil mechanism and Whistle blower policy under which the persons covered under the policy including Directors and employees are free to report misuse or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of funds, and other matters or activity on account of which the interest of the Company is affected. The reportable matters may be disclosed to the vigilance officer who operates under the supervision of the Audit Committee. Persons covered under the Policy may also report to the Chairman of the Audit Committee.

During the year under review, no employee was denied access to the Chairman of the Audit Committee. No complaints were received under Vigil Mechanism & Whistle Blower Policy during the financial year 2019-20.

**DETAILS OF LOANS, INVESTMENTS AND GUARANTEES UNDER SECTION 186**

The Company has not advanced any Loan, Guarantee or made any Investment covered under the provisions of Section 186 of the Act during the financial year.

**ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure C.

The Annual Return in form MGT-7 for the financial year ended March 31, 2020, as required under Section 92 of the Companies Act, 2013, will be available on the website of the Company at [www.salautomotive.in](http://www.salautomotive.in).

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party contracts/arrangements/transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. During the financial year, the Company had not entered into any contract/ arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. There were no materially significant related party transactions made by the Company which may have a potential conflict of the interest with its Promoters, Directors, Key Managerial Personnel, or other persons. All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable.

All related party transactions are mentioned in the notes (refer Note 2.36) to the accounts. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given as Annexure D forming part of this Report.

**PARTICULARS OF EMPLOYEES**

Disclosures relating to remuneration of Directors u/s 197(12) of the Companies Act, 2013 read with Rule 5(1) & 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure E to this report. There was no employee who was in receipt of remuneration of not less than Rupees one crore and two lakh during the year ended March 31, 2020 or not less than Rupees eight lakh and fifty thousand per month, during any part of the year.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There were no significant material orders passed by the Regulators/ Courts/ Tribunals during the financial year 2019-20 which would impact the going concern status of the Company and its future operations.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures from the same.
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the annual accounts of the Company on a going concern basis.
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**STATEMENT UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has complied with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has in place a Policy on Prevention of Sexual Harassment at the Workplace in line with the provisions of the said Act. An Internal Complaints Committee has been set up to redress complaints received regarding Sexual Harassment. The policy and the Internal Complaints Committee is announced to all staff and is available with HR Department.

No complaint of sexual harassment was received during the Financial Year 2019-20.

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**SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards as issued by the Institute of Company Secretaries of India (ICSI).

**NAME CHANGE**

Pursuant to the Agreement entered between b4S Solutions Private Limited ('b4S') and Mahindra & Mahindra Limited ('M&M'), b4S acquired the Company by purchasing the entire stake held by M&M in the year 2016. It was mutually agreed between the parties thereto that the current name of the Company (Swaraj Automotives Ltd) shall be changed from the financial year 2019-20. In reference to the covenants stated in the aforesaid agreement, Company has obtained the approval of its members for change of its name from "Swaraj Automotives Limited" to "SAL Automotive Limited" in the Extra-ordinary General Meeting held on May 24, 2019. The Company has received Registrar of Companies ("ROC") approval for name change on 4th June 2019 and from Stock Exchange BSE limited on 27th June 2019. The Company adopted new name i.e. SAL Automotive Limited from 1st July 2019.

**MATERIAL CHANGES AND COMMITMENTS WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT**

Due to spread of COVID-19 and subsequent lockdowns announced by the government of India and state governments w.e.f. 22nd March 2020, company operations were hugely affected and also impacted financial position of the company, operations were started partly from 5th May 2020 but it will take time to return to Pre-COVID level, hence, net impact of the COVID-19 will be assessed once operation will return back to normalcy.

**OTHER DISCLOSURES**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events happened on these items during the year under review:

- a) Issue of equity shares with differential voting rights or sweat equity or stock options.
- b) Changes in the nature of business activities.
- c) Fraud reporting by the auditors.

**ACKNOWLEDGMENT**

Your Directors place on record their deep appreciation for the contribution made by employees at all levels with dedication, commitment, and team efforts, which helped your Company in achieving the performance during the year.

Your Directors also acknowledge with thanks the support given by the Government, bankers, shareholders, and investors at large and look forward to their continued support.

FOR AND ON BEHALF OF THE BOARD

Place : Ghaziabad  
Date : 20th August, 2020

RAJIV SHARMA  
Chairman

**ANNEXURE-A TO DIRECTOR'S REPORT**

**NOMINATION AND REMUNERATION POLICY OF THE COMPANY**

**POLICY FOR REMUNERATION TO DIRECTORS**

**i) Non-Executive Director including Independent Directors:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and Variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of the Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

**ii) Whole Time / Executive Director(s):**

The remuneration to Whole Time / Executive Director(s) shall be recommended by NRC to the Board. The remuneration may consist of fixed and variable compensation and may be paid as salary, perquisites & allowances, performance bonus and fringe benefits, if any, as approved by the Board and within the overall limits specified in the Shareholders resolution. The revision in compensation, if any, will be determined annually by the NRC based on their performance.

**Payment of Sitting Fees etc.**

Sitting fees is to be paid to Independent Directors for attending the meetings of the Board of Directors and Committees thereof within the prescribed limits as decided by the Board and reimbursement of expenses incurred for attending the Board and Committee Meetings. Currently, sitting fees paid to the Directors is as under:

- Rs. 40,000/- for every Board Meeting.
- Rs. 30,000/- for every Committee(s) Meeting (other than Stakeholders Relationship Committee).
- Rs. 5,000/- for every Stakeholders Relationship Committee Meeting.

**ANNEXURE-B TO DIRECTOR'S REPORT**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,  
SAL Automotive Limited  
(formerly known as Swaraj Automotives Limited)  
C-127, 4th Floor, Sat Guru Infotech  
Industrial Area, Phase VIII  
S.A.S. Nagar, Mohali

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SAL AUTOMOTIVE LIMITED (formerly known as Swaraj Automotives Limited) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the SAL AUTOMOTIVE LIMITED'S (formerly known as Swaraj Automotives Limited) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SAL AUTOMOTIVE LIMITED (formerly known as Swaraj Automotives Limited) ("the Company") for the financial year ended on March 31, 2020 under the provisions of below mentioned regulations, which were shared with me. It is informed that due to prevailing nationwide lockdown in light of COVID-19, I was not able to carry out physical inspection of the said records:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014: Not applicable as the company has not provided any share based employee benefits during the audit period.

- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable to the company during the financial year under review.
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.
- f) The erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including the amendments thereof- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.

(vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc.

(vii) Environment Protection Act, 1986 and other environmental laws.

(viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.

(ix) The Air(Prevention and Control of Pollution) Act, 1981

(x) The Water (Prevention and Control of Pollution) Act, 1974

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**Based on our examination and the information received and records maintained, I further report that**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that:

1. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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2. Based on the examination of the relevant documents and records on test check basis the company has Complied with the following laws specifically applicable to the company:
  - a) The Static and Mobile Pressure Vessels Rules, 1981
  - b) The Gas Cylinder Rules, 1981, Amended 2004
  - c) The Batteries (M&H) Rules, 2001

I further report that during the audit period:

1. Pursuant to Section 13 of the Companies Act, 2013, the name of the company was changed from Swaraj Automotives Limited to SAL Automotive Limited w.e.f. 04.06.2019.
2. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred 372 equity shares to the Investor Education and Protection Fund.

I further report that, there were no instances of

- (i) Public / Rights / Preferential issue of shares / debentures.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

For A. ARORA & COMPANY

AJAY K. ARORA

(Proprietor)

FCS No. 2191

C P No.: 993

Date : 19.06.2020

Place : Chandigarh

UDIN: F002191B000358217

**ANNEXURE-C TO DIRECTOR'S REPORT**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT - 9**

**I. Registration and Other Details**

CIN	L45202PB1974PLC003516
Registration Date	20-11-1974
Name of the Company	SAL Automotive Limited (formerly Swaraj Automotives Limited)
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	C-127, IV Floor, Satguru Infotech, Industrial Area Phase VIII, S.A.S. Nagar (Mohali) Punjab - 160062 Tel. No. 0172-4650377
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi - 110020 Tel No. 011-41406149

**II. Principal Business Activities of the Company**

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

<b>Name and Description of main products / Services</b>	<b>NIC Code of the Product/ Service</b>	<b>% to total turnover of the Company</b>
Auto components	2930	79.60%
Agri implements	2821	20.40%

**III. Particulars of Holding, Subsidiary and Associate Companies**

<b>Name and address of the Company</b>	<b>CIN</b>	<b>Holding / Subsidiary / Associates</b>	<b>% of shares held</b>	<b>Applicable Section</b>
b4S Solutions Private Ltd.	U74920DL1999PTC099070	Holding	75	2(46)

**SAL AUTOMOTIVE LIMITED**

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**IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)**

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2019)				No. of shares held at the end of the year (as on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1798285	-	1798285	75.00	1798285	-	1798285	75.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	<b>1798285</b>	-	<b>1798285</b>	<b>75.00</b>	<b>1798285</b>	-	<b>1798285</b>	<b>75.00</b>	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	-
<b>Total Shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	<b>1798285</b>	-	<b>1798285</b>	<b>75.00</b>	<b>1798285</b>	-	<b>1798285</b>	<b>75.00</b>	-
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
b) Banks / FI	106389	-	106389	4.44	106389	-	106389	4.44	-
c) Central Govt.	11625	-	11625	0.48	11997	-	11997	0.5	-0.02
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):</b>	<b>118014</b>	-	<b>118014</b>	<b>4.92</b>	<b>118386</b>	-	<b>118386</b>	<b>0.5</b>	<b>4.42</b>

**SAL AUTOMOTIVE LIMITED**  
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Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2019)				No. of shares held at the end of the year (as on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	29078	90000	119078	4.97	22272	90000	112272	4.68	-0.29
ii) Overseas	625	—	625	0.02	—	—	—	—	—
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakh	319059	18652	337711	14.16	344770	—	344770	14.38	0.22
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	24000	—	24000	1.00	24000	—	24000	1.00	—
c) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(2):</b>	<b>372762</b>	<b>108652</b>	<b>481414</b>	<b>15.54</b>	<b>391042</b>	<b>90000</b>	<b>481042</b>	<b>16.30</b>	<b>-0.76</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>490776</b>	<b>108652</b>	<b>599428</b>	<b>20.46</b>	<b>509428</b>	<b>90000</b>	<b>599428</b>	<b>20.56</b>	<b>-0.1</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>2289061</b>	<b>108652</b>	<b>2397713</b>	<b>100</b>	<b>2307713</b>	<b>90000</b>	<b>2397713</b>	<b>100</b>	<b>—</b>

**(ii) Shareholding of Promoters**

Shareholders Name	Shareholding at the beginning of the year (as on 01-04-2019)			Shareholding at the end of the year (as on 31-03-2020)			% change in shareholding holding
	No. of shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares the Company	% of total shares of encumbered to total shares	% of Shares Pledged/ during the year	
B4S Solutions Pvt. Ltd.	1798285	75	—	1798285	75	—	—
<b>Total</b>	<b>1798285</b>	<b>75</b>	<b>—</b>	<b>1798285</b>	<b>75</b>	<b>—</b>	<b>—</b>

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

**(iii) Change in Promoters Shareholding**

	Shareholding at the beginning of the year (as on 01-04-2019)		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	1798285	75	1798285	75
Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
At the end of the year	1798285	75	1798285	75

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

S. No.	Folio No.	Name of Shareholder	PAN	Shareholding		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year (31-03-2019 to 31-03-2020)		Category
				No. of Shares	% of total shares of the Company				Shares	% of total Shares of the Company	
1	1601430000000043	ICICI BANK LIMITED	AAACI1195H	106389 106389	4.44 4.44	30-03-2019 31-03-2020	NIL	NIL	NIL	NIL	OTHER BODY CORPORATE
2	P0000040	PUNJAB WIRELESS SYSTEMS LTD	-	90000 90000	3.75 3.75	30-03-2019 31-03-2020	NIL	NIL			OTHER BODY CORPORATE
3	1208160022681207	PRATIK RAJENDRABHAI GANDHI	AKZPG3393B	0 24000	0 1	30-03-2019 16-08-2019 31-03-2020	24000	Purchase	24000	1	INDIAN PUBLIC
4	1203800000017199	VINOD KUMAR BANKA	AAHPB1713C	18970 18970	0.79 0.79	30-03-2019 31-03-2020	NIL	NIL			INDIAN PUBLIC
5	1201770100700773	SURAJ PRAKASH JAIN	ABMPJ3550H	4900	0.2	30-03-2019					INDIAN PUBLIC
						14-06-2019	1500	Purchase	6400	0.27	
						30-08-2019	1500	Purchase	7900	0.33	
						06-09-2019	380	Purchase	8280	0.35	
						04-10-2019	37	Purchase	8317	0.35	
						11-10-2019	100	Purchase	8417	0.35	
						18-10-2019	383	Purchase	8800	0.37	
						31-10-2019	400	Purchase	9200	0.38	
						08-11-2019	1000	Purchase	10200	0.43	
						22-11-2019	1500	Purchase	11700	0.49	
						13-12-2019	1450	Purchase	13150	0.55	
						20-12-2019	1900	Purchase	15050	0.63	
						24-01-2020	900	Purchase	15950	0.67	
				15950	0.67	31-03-2020					
6	IN30189510016448	P P ZIBI JOSE	AAAPZ6993K	0	0	30-03-2019					INDIAN PUBLIC
						24-05-2019	1188	Purchase	1188	0.05	
						31-05-2019	1795	Purchase	2983	0.12	
						14-06-2019	446	Purchase	3429	0.14	
						21-06-2019	1369	Purchase	4798	0.2	
						30-09-2019	50	Purchase	4848	0.2	
						11-10-2019	437	Purchase	5285	0.22	
						18-10-2019	255	Purchase	5540	0.23	
						25-10-2019	199	Purchase	5739	0.24	
						01-11-2019	1695	Purchase	7434	0.31	
						10-01-2020	78	Purchase	7512	0.31	

**SAL AUTOMOTIVE LIMITED**  
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S. No.	Folio No.	Name of Shareholder	PAN	Shareholding		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year (31-03-2019 to 31-03-2020)		Category	
				No. of Shares	% of total shares of the Company				Shares	% of total Shares of the Company		
						17-01-2020	46	Purchase	7558	0.32		
						24-01-2020	633	Purchase	8191	0.34		
						31-01-2020	1020	Purchase	9211	0.38		
						07-02-2020	1545	Purchase	10756	0.45		
						14-02-2020	774	Purchase	11530	0.48		
						21-02-2020	75	Purchase	11605	0.48		
						28-02-2020	100	Purchase	11705	0.49		
				11705	0.49	31-03-2020						
7	1207020000047594	KUTBUDDIN KHANSAHEB	AMIPK5123C	15000	0.63	30-03-2019					INDIAN PUBLIC	
						22-11-2019	-2000	Sale	13000	0.54		
						27-12-2019	-500	Sale	12500	0.52		
						24-01-2020	-1500	Sale	11000	0.46		
						31-01-2020	-200	Sale	10800	0.45		
						07-02-2020	-100	Sale	10700	0.45		
				10700	0.45	31-03-2020						
8	IN30051314330698	YASIN LUKAMANBHAI GADHIA	AJYPG5679A	10187 10187	0.42 0.42	30-03-2019 31-03-2020		NIL	NIL		INDIAN PUBLIC	
9	1203800000077702	ALOK JAIN	ADLPJ5696F	9873	0.41	30-03-2019					INDIAN PUBLIC	
				9873	0.41	31-03-2020		NIL	NIL			
10	1203000000510440	DOLLY BEHRAM ARYANA	AAATF2776N	0	0	30-03-2019					INDIAN PUBLIC	
						14-02-2020	82	Purchase	82	0		
						21-02-2020	1583	Purchase	1665	0.07		
						28-02-2020	861	Purchase	2526	0.11		
						06-03-2020	2177	Purchase	4703	0.2		
						13-03-2020	679	Purchase	5382	0.22		
						20-03-2020	530	Purchase	5912	0.25		
						27-03-2020	103	Purchase	6015	0.25		
				6015	0.25	31-03-2020						
11	1203800000117054	SHRI DAUJI GREEN CORPORATE LIMITED	AADCK9300R	6000 6000	0.25 0.25	30-03-2019 31-03-2020		NIL	NIL		OTHER BODY ENERGY PRIVATE	
12	1304140007706284	RAJENDRA DHIRAJLAL GANDHI	ACBPG0999D	24000 0	1 0	30-03-2019 16-08-2019 31-03-2020		-24000	Sale	0	0	INDIAN PUBLIC
13	1201090008028754	KOKILA GUPTA.	AIPPG6773R	13997	0.58	30-03-2019						INDIAN PUBLIC
						05-04-2019	-7536		6461	0.27		
						12-04-2019	-1221	Sale	5240	0.22		
						19-04-2019	-2127	Sale	3113	0.13		
						26-04-2019	-3113	Sale	0	0		
				0	0	31-03-2020						
14	IN30290241189323	GURSHARAN KAUR	AAMPK0293P	5000	0.21	30-03-2019						INDIAN PUBLIC
				5000	0.21	31-03-2020		NIL	NIL			
15	IN30072410085653	GEOMETRIC SECURITIES AND ADVISORY P LTD	AABCG8587C	5169	0.22	30-03-2019						OTHER BODY CORPORATE
						31-05-2019	-5168	Sale	1	0		
						13-12-2019	-1	Sale				
				0	0	31-03-2020						

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

**(v) Shareholding of Directors and Key Managerial Personnel**

Name of Director and KMP	Shareholding at the beginning of the year (as on 01-04-2019)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2019 to 31-3-2020)	
	No. of Shares	% of total shares of Company	Increase/ (Decrease)	Date/ Reason	No. of Shares	% of total shares of Company
Directors	–	–	–	–	–	–
KMPs*	–	–	10	03-09-2019/ Purchase	10	–

\*Company Secretary Mr. Gagan Kaushik hold 10 shares.

**(vi) Indebtedness**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11.77	–	–	11.77
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	11.77	–	–	11.77
Change in Indebtedness during the financial year				
* Addition	0.80	–	–	0.80
* Reduction	4.11	–	–	4.11
Net Change	3.31`	–	–	3.31
Indebtedness at the end of the financial year				
i) Principal Amount	8.46	–	–	8.46
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	8.46	–	–	8.46

\*Secured against the hypothecation of the vehicle

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

**VI. Remuneration of Directors and Key Managerial Personnel**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Mr. R.K. Sharma (Managing Director)	(Rs. in Lakhs)	
			Total Amount	
1	Gross Salary  (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961  (b) Value of perquisites under Section 17(2) Income Tax Act, 1961  (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	12.00	12.00	
2	Stock Option*	—	—	
3	Sweat Equity	—	—	
4	Commission  — as % of profit  — others	—	—	
5	Others	—	—	
	<b>Total (A)</b>	<b>12.00</b>	<b>12.00</b>	

(b) Remuneration to other Directors :

1. Independent Directors

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. J.B. Kapil	Mr. Rajiv Sharma	
— Fee for attending Board/Committee Meetings	3.60	3.60	7.20
— Commission	—	—	—
— Others	—	—	—
<b>Total (B)(1)</b>	<b>3.60</b>	<b>3.60</b>	<b>7.20</b>

2. Other Non-Executive Directors

Particulars of Remuneration	Name of Directors	Total Amount
— Fee for attending Board/Committee Meetings	—	—
— Commission	—	—
— Others	—	—
<b>Total (B)(2)</b>	<b>—</b>	<b>—</b>
<b>Total (B) = (B)(1) + (B)(2)</b>	<b>—</b>	<b>—</b>

Note: Remuneration paid to the directors/manager is well within the limit prescribed in the Companies Act, 2013.

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Rs. in lakhs)

S. No.	Particulars of Remuneration	Mr. Gagan Kaushik (Company Secretary)	Mr. Jagdish Lal Raheja (CFO)	Total Amount
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	10.92	20.28	31.20
2	Stock Option*	—	—	—
3	Sweat Equity	—	—	—
4	Commission - as % of profit - others	—	—	—
5	Others	—	—	—
	<b>Total (C)</b>	<b>10.92</b>	<b>20.28</b>	<b>31.20</b>

**VII. Penalties / Punishment / Compounding of Offences**

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2020.

For and on behalf of the Board

Rajiv Sharma  
Chairman

Place: Ghaziabad

Date: 20th August, 2020

## **ANNEXURE-D TO DIRECTOR'S REPORT**

**Particulars as per the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2020**

### **A. CONSERVATION OF ENERGY:**

- (a) Initiatives taken for conservation of energy during the year:
  1. Replacement of old Water-cooled Compressor with new Energy Efficient Air-cooled Compressor in Utility room.
  2. Replacement of old Power pack with energy efficient Power Pack in Fine Blanking Machine.

Total annual estimated savings for the year - Rs. 6.00 lakh
- (b) Capital investments on energy conservation equipment: Rs.29.33 lakh
- (c) Steps taken by the company for utilizing alternate sources of energy: The Company has conducted feasibility study of using LPG based furnace as alternate source of energy in high energy consuming production facilities and its execution has been planned for coming financial years.

### **B. TECHNOLOGY ABSORPTION:**

- (a) The efforts made towards technology absorption:

Company is committed towards continual up-gradation of the technology. It has well established Research & Development department for designing of upgraded seat mechanisms, next generation tractor seats, seat frames for commercial vehicles, Railway seats and berths.
- (b) During the year company has developed Railway transverse berth, Static Seat for Tractor, and bus seats.

Going forward, various type of Railway seats, Reclining Bus Seats, Next generation Tractor Seat, Combine Harvester implements, and high strength sliders are in development stage.
- (c) Expenditure on R&D: The Company spent revenue expenditure of Rs 11.57 lakh on Research & Development work during the year, which was 0.14% of the total turnover.
- (d) The Company has not imported any technology during the last three financial years.

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year, the Company has NIL earning in foreign currency and NIL Foreign Exchange Outgo.

**FOR AND ON BEHALF OF THE BOARD**

Place : Ghaziabad  
Date : 20th August, 2020

Rajiv Sharma  
Chairman

**ANNEXURE-E TO DIRECTOR'S REPORT**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

<b>Sr. No.</b>	<b>Requirements</b>	<b>Disclosure</b>
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	MD - 2 Times
2	The percentage increase in remuneration of each Director, CEO, CFO & CS.	MD - Nil CFO - Nil CS - Nil
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees in the financial year was increased by 5%. The calculation of 5% increase in median remuneration is done based on comparable employees.
4	The number of permanent employees on the rolls of the company.	There were 203 permanent employees as on 31st March, 2020.
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage change in Managerial employees is 9% whereas the average percentage change in Non-Managerial employees is 10% in 2019-20.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, it is affirmed.

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**Particulars of employees as required under Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March, 2020:**

Top ten employees of the Company in terms of remuneration for the financial year in descending order:-

S. No.	Name	Age	Designation	Date of commencement of employment	Years of experience	Gross remuneration	Particulars of last No. of employment
1	Rajnish Grover	48	Business Head	01-12-2007	27	55.73	ASPEE Springs Ltd
2	Paramjit Kathuria	47	Head Sourcing	17-07-1995	25	32.38	-
3	Kulvinder Singh	41	Financial Controller	01-11-2016	16	26.09	Swaraj Engines Limited
4	Rajneesh Joshi	51	Head R&D	11-04-2016	28	24.40	Krishna Maruti Ltd
5	Bhupender Verma	46	Head - ME	05-09-2016	22	22.88	Atul Auto Ltd
6	Mukesh Boora	44	Head-Production	05.03.2018	24	22.29	BadveEngg. Ltd.
7	BC Kabdal	56	Plant Head	15-05-2017	30	18.99	Auto Comp Panse Pvt Ltd
8	GS Randhawa	54	Head- Quality	06-04-1992	31	18.62	Reco Industries
9	Prem Chand	58	Sr Manager-HR	20-08-2012	28	17.51	Nahar Spinning Mills Ltd
10	Prabhdeep Singh	36	IT - In charge	09.04.2018	15	16.61	Shiva Textiles Pvt Ltd

Persons employed throughout the financial year who were in receipt of remuneration for the financial year, which in aggregate was not less than Rs.10,200,000/- per annum:- NIL

Persons employed for part of the financial year who were in receipt of remuneration for any part of the financial year, which in aggregate was not less than Rs.850,000/- per month:- NIL

Person employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: NIL

**Notes:**

1. Remuneration includes salary, allowances, perquisites, etc.
2. The employees referred aforesaid, are not the relative of any director or manager of the Company.
3. All the appointments in relation to the aforesaid employees are by the Employment Contract.
4. All personnel mentioned above are qualified graduates.
5. All personnel mentioned above do not hold any equity share in the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Ghaziabad  
Date : 20th August, 2020

RAJIV SHARMA  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **COMPANY PROFILE**

SAL Automotive Limited (SAL) manufactures automotive components and agricultural implements. SAL is a preferred supplier to most of the leading manufacturers of passenger vehicles, commercial vehicles and tractors. The product line of the Company includes seats, seat adjustors/sliders and seat recliners. In addition to the production of automotive components, it also manufactures agri-implements viz. rotavators and tractor trolleys.

### **FINANCIAL ANALYSIS (2019-20)**

While details of financial position and performance are available in the Balance Sheet, Statement of Profit & Loss, along with related notes, key aspects are highlighted in the following paragraphs:

#### **(A) Statement of Profit & Loss**

##### **Income:**

Total revenue for the year was Rs.86.70 crores (previous year Rs.131.48 crores) with the following breakdown:

	(Rs. in Crores)	
	2019-20	2018-19
Seats, Seat mechanism & its components	67.51	97.94
Agriculture implements	17.47	31.88
Others	0.49	0.83
<b>Net Revenue from Operations</b>	<b>85.47</b>	<b>130.65</b>
Other Income	1.23	0.83
<b>Total Revenue</b>	<b>86.70</b>	<b>131.48</b>

With a comfortable fund position throughout the FY20 and after meeting operations requirement, interest income for the year was Rs. 1.16 crore (previous year Rs. 0.73 crore). Other miscellaneous income for the year stood at Rs. 0.07 crore (previous year Rs.0.10 crore).

##### **Expenses:**

Material cost as a percentage of net revenue from operations at 71.7% was lower than last year's level of 75.3%.

Personnel cost during the year was Rs. 17.76 crores (previous year Rs.18.73 crores) and in terms of percentage of net revenue from operations comes to 20.8% (previous year 14.3%).

Other expenses, consisting of manufacturing expenses, administrative expenses and sales & distribution expenses during the year were Rs. 7.04 Crore (previous year Rs. 7.88 Crores), 8.2% in terms of percentage of net revenue from operations (previous year 6.0%).

Depreciation for the year at Rs. 1.44 crore was higher as compared to previous year's Rs. 1.37 crore.

Reflecting the above and after considering finance cost and prior period adjustments, Profit/Loss before Tax reached Rs. (1.22) crores (previous year Rs. 4.82 crores). Considering exceptional items and after providing for corporate tax, Profit after Tax for the current year was Rs. 1.25 crores (previous year Rs. 3.47 crores).

#### **(B) Balance Sheet**

##### **Equity & Reserves**

The Company's net worth as on 31st March,2020 stood at Rs. 33.42 crores comprising of an Equity component of Rs. 2.40 crores and Reserves & Surplus of Rs. 31.02 crores - a book value of Rs. 139 per share (previous year Rs. 139 per share).

### **Fixed Assets**

Gross Block and Net Block as on 31st March, 2020 stood at Rs. 27.15 crores (previous year Rs. 30.22 crores) and Rs. 9.09 crores (previous year Rs. 13.57 crores) respectively. Additions during the year were primarily towards plant & machinery and software.

Capital work in progress at the year-end stood at Rs. 0.07 crore (previous year Rs. 0.07 crore).

### **Inventories**

Year-end inventories of raw material & components and stores & spares marginally increased to Rs. 3.47 crores (previous year Rs. 3.38 crores) which was equal to 15 days of the operating revenue (previous year 10 days).

### **Trade Receivables**

Nation-wide lockdowns hamper the collections from the customers which resulted into increase in trade receivable. Figures at the year-end stood at Rs. 20.96 crores (previous year Rs. 26.14 crores) which was equal to 76 days (previous year 62 days) of the operative revenue (including GST).

### **Trade Payables**

Trade payables stood at Rs. 20.92 crores (previous year Rs. 22.07 crores), at the end of the year.

### **INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company has established procedures for an effective internal control. The policies and procedures have been laid down with an objective to provide reasonable assurance that assets of the Company are safeguarded from risks of unauthorised use / disposition and the transactions are recorded and reported with proprietary, accuracy and speed. These aspects are regularly reviewed during internal audit and statutory audit. The Company has also laid down adequate internal financial controls. During the year, such controls were tested and no material weakness in their operating effectiveness was observed. The Finance and Accounts function of the Company is adequately staffed with experienced and qualified personnel. Operations and progress of the Company is monitored at regular intervals by the Board of Directors and the Audit Committee with the help of business plans, budgets, internal audits, financial reporting etc.

### **HUMAN RESOURCES**

The Company has a highly committed, loyal and dedicated team. The Company promotes an atmosphere which encourages learning and informal communication within the organisation. The Company is having Performance Management System (PMS) to objectively measure the performance of the individual and the organization. The overall remuneration structure is linked with PMS. The Company also has a training need identification system in place for enhancing the learning and competency level of the employees from time to time. This has made a significant contribution to the Company's business.

### **Industrial relations were cordial throughout the year under review.**

Regular employee strength as on 31st March, 2020 stood at 203 (31st March, 2019 - 205).

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company is in the business of manufacturing and supplying seats, seat mechanisms and agriculture Implements to various tractor, LCV, Car and Agri product manufactures. The performance of your Company is largely dependent on the performance of automotive and agriculture industry.

For last several years, the automotive industry has been showing a clear growth trend. During FY 20, the Indian auto industry produced total 2.63 Cr vehicles including passenger, commercial, three wheelers and two wheelers segments, vis-a-vis 3.09 Cr produced in the FY19, showing a de growth of 14.7%. A comparison of production numbers across these segments show a de growth during FY-20. (Source: SIAM website)

The Indian tractor industry witnessed a growth for the last few years. But in FY20 tractor production grew by 15% at 7.61 Lac as compared to 8.97 Lac of FY19. Agri implements industry also grew in FY20. (Source: The Economic Times and Tractor Manufacturers Association website)

### **OUTLOOK/OPPORTUNITIES**

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 agriculture sector prospects looks positive due to overall record production of crop and lot of Govt initiatives.

The recent sluggishness is also linked to the significant increase in insurance and fuel costs.

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 manufacturers, changing buying pattern, replacement demand etc. too shall role as a catalyst to the growth of the Industry.

### **NEW DEVELOPMENTS**

Under "Make in India" initiative of Indian government, India is poised to become manufacturing hub. The Automobile sector is one of the prominent sector to contribute to the manufacturing industry in India. Most of the international automobile giants have either set up their plants or they are in the process of setting up their manufacturing facility in India. Western and Southern regions of India has become manufacturing hub of automobile sector. Automobile Manufacturers (OEMs) prefer its suppliers to be nearby of their plant. Your Company is actively exploring opportunities to set up new facilities in the plant to give a boost to its focus to its auto ancillary business.

Given its high growth potential, your company has forayed into another strategic business segment of "Agriculture implements". The Agri-implements segment, which predominantly comprises of contract manufacturing of Rotavators, added 22% to the revenue. Company has seen a substantial spurt in view of sustained demand from our customers.

Your company is also diversifying products range to Indian Railway coach components like seats and berths. We are in process of executing development orders to Railways in the current year and also putting efforts for supply of different types of berths to all coach factories of Indian Railways.

### **THREATS, RISKS & CONCERNS**

As your Company supplies components to tractor and automobile OE manufacturers, the Company would be directly affected by the factors impacting tractor industry and automobile industry. These would include issues like quantum of rains spread, Government policy on procurement, enforcement of safety / emission regulations, availability of credit, change in interest rates, commodity price trends, increasing intensity of competition etc.

In the short term, the automobile industry is showing trends of downturn due to various reasons impacting demand from urban and Rural India.

### **CAUTIONARY STATEMENT**

*Statement in the Management Discussion and Analysis Report describing company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.*

## **CORPORATE GOVERNANCE REPORT**

### **Company's philosophy on Code of Governance**

SAL Automotive Limited (formerly Swaraj Automotives Ltd) ("SAL" or "Company") governance's philosophy is based on trusteeship, transparency and accountability. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and society at large.

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. For us, Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. We firmly believe that Board independence is essential to bring objectivity and transparency in the management and in the dealings of the Company.

Over the years, we have strengthened governance practices. These practices define the way in which business is conducted and value is generated. SAL considers itself as the custodian and trustee for all its Stakeholders. Stakeholders' interest is taken into account, before making any business decision.

SAL has always sought and will continue to seek corporate excellence and profits through ethics, passion and perseverance.

A report on compliance with the Code of Corporate Governance as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") is given below:

#### **1. BOARD OF DIRECTORS**

The Composition of the Board is in accordance with the Listing Regulations. The Company has an Independent Non-Executive Chairman and the number of Independent Directors is 1/3rd of the total number of Directors. The number of Non-Executive Directors is more than one half of the total number of Directors. The Non-Executive Directors bring wide range of experience and independent judgment to the Board's deliberations and decisions.

The primary role of the Board is that of trusteeship, to protect and enhance shareholders' value through strategic supervision of Company's operations. The Board also provides direction and exercises appropriate control to ensure that the Company fulfills the stakeholders' aspirations and societal expectations.

Apart from the remuneration detailed under the relevant section and the re-imbursement of expenses incurred in discharge of their duties and the remuneration that some of the Non-Executive Directors would be entitled to under the Companies Act, 2013, none of the Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management and associates which in their judgment would affect their independence.

#### **I. Composition of the Board**

The Company's Board of Directors as on March 31, 2020 comprised of five (5) members. While two members were Non-Independent Non-Executive Director, the Managing Director is the Executive Director of the Company and remaining two are Non-Executive Independent Directors.

**Composition of Board of Directors of the Company and their Directorship(s)/ Committee Membership(s)/Chairmanship(s), number of meetings held and attended by them etc. during the financial year ended March 31, 2020 are provided below :**

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

Name of the Director	Category	Board meetings held during Director's tenure in the F.Y. 2019-20	Board meetings attended during F.Y. 2019-20	Whether last AGM attended Yes/No	Directorship in other companies	Name of other listed entities in which director hold directorship and category of directorship	No. of Memberships/ Chairmanships of other Board Committees**	
							Membership	Chairmanship
Mr. J. B. Kapil**	Non-Executive - Independent Director, Chairperson	6	6	Yes	NIL	NIL	2	1
Mr. R. K. Sharma	Executive Director, MD	6	6	Yes	Private companies: 8	NIL	1	-
Mr. Rajiv Sharma -	Non-Executive - Independent Director	6	6	Yes	NIL	NIL	1	0
Mr. Jamil Ahmad	Non-Executive - Non-Independent Director	6	6	Yes	NIL	NIL	-	1
Mrs. Namrata Jain	Non-Executive - Non-Independent Director	6	5	Yes	NIL	NIL	-	-
*Mr. Jeevan Mahaldar	Executive/Non-Executive - Non-Independent Director	1	0	Yes	Public companies: 2 Private companies: 1	NIL	-	-

\*Mr. Jeevan Mahaldar was an executive Director till February 3, 2019, thereafter, he was re-designated as non-executive Director. Further he resigned from his office with effect from April 24, 2019

\*\*Mr. J B Kapil erstwhile Chairman and Independent Director of the Company passed away on June 25, 2020.

\*\*\*Only Audit Committee and Stakeholders Relationship Committee apart from SAL's have been considered in terms of Regulation 26 of the Listing Regulations.

**Note:**

- (i) As on March 31, 2020, none of the non-executive Directors of the Company hold equity shares in the Company.
- (ii) The Company has not issued any convertible instruments.
- (iii) The Directors of the Company are not inter-se related to each other.

**II. Independent Directors**

The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 of the Companies Act, 2013 and Regulation 16(b) of the Listing Regulations. The terms of appointment of Independent Directors as provided in Companies Act, 2013 has been issued and disclosed in Board of Directors section on website of the Company viz <https://salautomotive.in/wp-content/uploads/2017/01/SAL-Terms-of-Appointment-of-Independent-Directors.pdf>

The Board is of the opinion that the independent directors fulfill the conditions specified in Listing Regulations and are independent of the management.

In compliance with the Listing Regulations, Directors of the Company do not serve as an Independent Director in more than seven listed companies. In case he/she is serving as a Whole-Time Director in any listed company, does not hold the position of Independent Director in more than three listed companies.

### **Familiarization Programme of the Independent Directors**

The Familiarization Programme for Independent Directors aims to help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively discharge his / her role as a Director of the Company. The Independent Directors have complete access to the information within the Company.

The Company conducts training sessions for the Independent Directors where specific presentations were provided to them about the Company's strategy, business model, operations, markets, organization structure, product offerings, finance, risk management framework, competitor's analysis and various other factors affecting the company's business.

All important corporate communications/announcements are forwarded to all the Independent Directors on regular basis to keep them abreast with what is happening in the Company. Independent Directors have the freedom to interact with the Company's management as and when required.

The details of Familiarization programmes are uploaded on the website of the Company at <https://salautomotive.in/wp-content/uploads/2017/01/SAL-Familiarisation-process-of-Directors-2020.pdf>

### **III. Board Procedure**

The Board meets at regular intervals and a detailed Agenda is sent to each Director prior to Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Board is apprised at every Meeting regarding the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any, adoption of quarterly/half-yearly/annual results, significant labour issues, and Minutes of Meetings of the Audit and other Committees of the Board.

During the financial year ended March 31, 2020, the Board met six (6) times on April 16, 2019, April, 26, 2019, May 24, 2019, August 14, 2019, November 07, 2019 and February 10, 2020 and the gap between two consecutive Board Meetings did not exceed one hundred and twenty days (120).

The 44th Annual General Meeting (AGM) was held on 13th September, 2019.

### **Meeting(s) of Independent Directors**

The Independent Directors of the Company meet at least once in every financial year without the presence of Non- Independent Directors, Executive Director and any other management personnel. The meeting(s) is conducted in a manner to enable the Independent Directors to discuss matter pertaining to, inter alia, review of performance of Non- Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the year, one meeting of Independent Directors was held on 24th May, 2019.

### **Information placed before the Board**

The Company provides the information as set out in Regulation 17 read with Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings.

**Chart setting out the list of core skills/expertise/competencies identified by the Board as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board is given below :**

## SAL AUTOMOTIVE LIMITED

(Formerly Swaraj Automotives Limited)

Skills/Expertise/Competencies	Description
Leadership (Mr. Rama Kant Sharma, J B Kapil (Late), Mr. Jamil Ahmad)	Ability to inspire, motivate and offer direction & leadership to others
Financial expertise (Mr. Rajiv Sharma, Mr. Jamil Ahmad, Mrs. Namrata Jain)	Understanding of financial statements and the accounting principles used by the Company to prepare its financial statements
Governance (Mr. Rajiv Sharma, Mr. Jamil Ahmad, Mr. Rama Kant Sharma)	Experience in developing governance practices, clear understanding of roles & responsibilities of Board and a Director vis-à-vis the Company and its stakeholders
Strategy and planning (Mr. Rama Kant Sharma, Mr. Rajiv Sharma)	Ability to assess business trends, customer behaviour etc., and give strategic insights to achieve key business objectives
Industry knowledge (Mr. J B Kapil (Late), Mr. Rama Kant Sharma)	Understanding of working of Auto Ancillary or allied sectors like engineering including but not limited to areas like challenges, opportunities, etc.
Legal & Regulatory (Mr. Rama Kant Sharma, Mr. Rajiv Sharma, Mr. Jamil Ahmad)	Understanding of the regulatory environment under which the Company operates and/or experience in providing legal/regulatory advice and guidance within a complex regulatory regime

## 2. BOARD COMMITTEES

In compliance with the statutory requirements, the Board has constituted various Committees with specific terms of reference and scope. The objective is to focus effectively on the issues and ensure expedient resolution of the diverse matters. The Committees operate as the Board's empowered agents according to their charter / terms of reference. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting.

### a) Audit Committee

As on March 31, 2020, the Audit Committee comprised of three (3) Directors. All members of the Committee possess knowledge of corporate finance, accounts and corporate laws. The Company Secretary acts as the Secretary to Committee.

The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

#### Brief description of terms of reference

#### Terms of reference of the Audit Committee (as per the Act and Listing Regulations) includes the following:

- Examination and overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct, sufficient, and credible
- Reviewing, with the management, the annual and quarterly financial statements and auditor's report thereon before submission to the Board for approval.
- Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory and internal auditors of the Company
- Reviewing and monitoring the auditor's independence and performance and effectiveness of the audit process
- Approving payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing the application of funds raised through public issue, rights issue, preferential issue, etc. and related matters
- Approving, recommending or any subsequent modification of transactions of the Company with related parties as applicable

- Scrutinizing inter-corporate loans and investments
- Approving the valuation of undertakings or assets of the Company, whenever it is necessary
- Reviewing the Internal Audit Reports
- Reviewing and evaluating internal financial controls, adequacy of the internal control and risk management systems
- Discussion with internal auditors of any significant findings and follow up thereon
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- Reviewing the functioning of the Whistle Blower Mechanism
- Approving the appointment of Chief Financial Officer after assessing the qualifications, experience, suitability and background, etc. of the candidate.

The Audit Committee considers the matters which are specifically referred to it by the Board of Directors besides considering the mandatory requirements of the Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Act.

The Audit Committee provides assurance related to the adequacy of internal financial control systems and financial disclosures to the Board.

The terms of reference of the Audit Committee and its role & powers areas specified in Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, as amended from time to time, inter alia, include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of internal controls and regulatory compliances. It also reviews Company's financial reporting process, disclosure of financial information, observations of auditors and recommends the appointment of statutory auditors, their fees and reviews quarterly / annual financial statements before submission to the Board. It is also empowered to inter alia review Management Discussion and Analysis of financial condition, results of operations and related party transactions. Generally, all items listed in Regulation 18(3) of the Listing Regulations are covered in the terms of reference.

The meetings of the Audit Committee are also attended by the Company Secretary and other senior functionaries of the Company as and when required.

#### **Meetings & Attendance of the Audit Committee**

During the financial year 2019-20, the Audit Committee met four(4) times on 24th May, 2019, 14th August, 2019, 07th November, 2020, 10th Feb, 2020. The gap between the two consecutive meetings did not exceed 120 days. Requisite quorum was present in all meetings of the Committee.

The Statutory Auditors, Internal Auditors and Senior Executives of the Company are invited to attend the meetings of the Committee. The Board accepted all recommendations made by the Committee during the year.

The composition of the committee as on March 31, 2020 and details of attendance of members at the meetings of Audit Committee held during financial year 2019-20 are given below:

S. No.	Name of the Director	Designation	Category	No. of Meetings held during his / her tenure and attended	
				Held	Attended
1	Mr. J. B. Kapil	Chairman	Independent Director	4	4
2	Mr. Rajiv Sharma	Member	Independent Director	4	4
3	Mr. Rama Kant Sharma*	Member	Managing Director	4	4

\*Consequent to resignation of Mr. Jeevan Mahaldar with effect from April 24, 2019, Mr. Rama Kant Sharma was appointed as a member of the Audit Committee.

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Mr. J. B. Kapil, Chairman of the Audit Committee attended the Annual General Meeting held on September 13, 2019 to answer the shareholders queries.

**b) Stakeholders' Relationship Committee**

In compliance with the Regulation 20 of the Listing Regulations and provisions of Section 178 of the Companies Act, 2013, the Company has a Stakeholders' Relationship Committee. As on March 31, 2020, the Committee comprises three(3) members and detail of the same is provided hereinunder.

**Meetings & Attendance of the Stakeholders' Relationship Committee**

The meetings of the Committee are generally held as and when deemed necessary, to review and ensure that all investor requests / grievances are redressed within stipulated time period.

During the financial year 2019-20, the Stakeholders' Relationship Committee met two (2) times i.e. on March 3, 2019 and August 20, 2019. Requisite quorum was present in all the meetings of the Committee.

The composition of the committee as on March 31, 2020 and details of attendance of members at the meetings of Stakeholders' Relationship Committee held during financial year 2019-20 are given below:

S. No.	Name of the Director	Designation	Category	No. of Meetings held / attended	
				Held	Attended
1	Mr. Jamil Ahmad	Chairman	Independent Director	2	2
2	Mr. R. K. Sharma	Member	Managing Director	2	2
3.	Mr. J B Kapil*	Member	Independent Director	1	–

\* Mr. J B Kapil was appointed as the member of the Committee w.e.f. 24th May, 2019.

Mr. Gagan Kaushik, Company Secretary, is the Compliance Officer of the Company.

The Company had received 2 complaints from the shareholders during the financial 2019-20 and all of them have been resolved to the satisfaction of shareholders.

Mr. Jamil Ahmad, Chairman of Stakeholders Relationship Committee, attended the Annual General Meeting held on September 13, 2019 to answer the shareholders queries.

**c) Nomination and Remuneration Committee**

As on March 31, 2020, the Nomination and Remuneration Committee comprises of three (3) and detail of the same is provided herein under. The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Company Secretary acts as the secretary of the Committee.

The purpose of the Committee inter-alia includes identification and selection of persons who may be appointed as directors / independent director(s) or as key managerial personnel or in senior management based on certain laid down criteria, formulate policy relating to the remuneration for the directors, key managerial personnel and other employees, to decide on the stock options to be granted, if any, to the eligible employees, directors including non-executive directors; and to deal with such other matters and functions as may be prescribed from time to time.

The role of the Nomination and Remuneration Committee is briefed below:

**Policy for Selection and appointment of Directors****i) Appointment of Directors**

The Nomination and Remuneration Committee (NRC) reviews and assesses Board composition and recommends the appointment of new Directors as and when required. In evaluating the suitability of individual Board member

with regard to qualifications, positive attributes and independence of director, the NRC takes into account the following criteria that:

1. All Board appointments are based on merit, in the context of the skills, experience independence and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Independent Director for informed and balanced decision making.
3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

Based on recommendation of the NRC, the Board evaluates the candidature and decides on the selection of the appropriate member.

**ii) Removal of Directors**

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

**iii) Succession Planning**

The successors for the Independent Directors shall be identified by the NRC. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit. The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

**iv) Remuneration**

The NRC determines and recommends the remuneration payable to the Directors and senior management of the Company.

**Meetings & Attendance of the Nomination and Remuneration Committee**

During the financial year 2019-20, the Nomination and Remuneration Committee met one time i.e. February 27, 2020. Requisite quorum was present in all the meetings of the Committee.

The composition of the committee as on March 31, 2020 and details of the attendance of members at the meetings of Nomination and Remuneration Committee held during financial year 2019-20 are given below :

<b>S. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings held / attended</b>	
				<b>Held</b>	<b>Attended</b>
1	Rajiv Sharma	Chairman	Independent Director	1	1
2	Jai Bhagwan Kapil	Member	Independent Director	1	1
3	Jamil Ahmad	Member	Independent Director	1	—

Mr. Rajiv Sharma, Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on September 13, 2019 to answer the shareholders queries.

### **3. PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, a structured questionnaire was prepared for evaluating the performance of the Board, its Committees and Individual Directors after taking into consideration the role, responsibilities and expectation.

On basis of the structured questionnaire, the Nomination and Remuneration Committee reviews the performance of the individual Directors including independent directors, which is then discussed by Board. In addition, the performance of Board as a whole and committees were evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-executive Directors.

### **4. OUTCOME OF EVALUATION PROCESS**

The Board was satisfied with the professional expertise and knowledge of each of its Directors. All the Directors effectively contributed to the decision-making process by the Board. Further, all the Committees were duly constituted and were functioning effectively. The Board also expressed its satisfaction in relation to the provision of supporting documents to the Board enabling it to assess the policy & procedural requirements for proper functioning of the Company. The Board expressed its satisfaction with the decision making and decision implementing procedure followed by it.

### **5. REMUNERATION TO DIRECTORS**

#### **a) Payments to Independent Directors**

Sitting fees is paid to Independent Directors for attending the meetings of the Board of Directors and Committees thereof within the prescribed limits as decided by the Board and reimbursement of expenses incurred for attending the Board and Committee Meetings. Currently, the sitting fees is paid as under:

- Rs.40,000 for every Board Meeting.
- Rs.30,000 for every Committee(s) Meeting (other than Stakeholders Relationship Committee).
- Rs.5000 for every Stakeholders Relationship Committee Meeting.

#### **b) Policy for Remuneration to Directors**

##### **i. Non-Executive Director including Independent Directors:**

###### **Criteria of making payments to non-executive directors:**

The Nomination and Remuneration Committee (NRC) shall decide on the basis for determining the compensation, both Fixed and Variable, to the Non-Executive Directors, including Independent Directors, whether by way of sitting fee, as commission etc. or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and the Listing Regulations and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

##### **ii. Whole Time / Executive Director(s):**

The remuneration to Whole Time / Executive Director(s) shall be recommended by NRC to the Board. The remuneration may consist of fixed and variable compensation and may be paid as salary, perquisites & allowances, performance bonus and fringe benefits, if any, as approved by the Board and within the overall limits specified in the Shareholders resolution. The revision in compensation, if any, will be determined annually by the NRC based on their performance.

**c) The details of Directors' remuneration for 2019-20 is as follows:**

**Independent Non-Executive Directors**

(Rs. in Lakhs)

Name of the Directors who were in receipt of sitting	Sitting Fees for Board and Committee Meetings paid during FY 2019-20
Mr. J.B. Kapil	3.60
Mr. Rajiv Sharma	3.60

No sitting fee is payable to the non-executive director other than the one stated above.

**Managing Director**

(Rs.in Lakhs)

Name of Director	Salary (Basic and Allowance)	Commission	Contribution to Provident	Other Perquisites	Stock Option	Total	Service Contract (Tenure)
Mr. Rama Kant Sharma (Managing Director)	10.71	–	1.29	Nil	Nil	12.00	4th February, 2019 to 3rd February, 2022

\*The Managing Director re-appointment is recommended at the ensuing AGM w.e.f February 04, 2019 upto a period of 3 years. Further, the notice period of the MD is of 3 months.

\*\*There was change in designation of Mr. Jeevan Mehaldar from executive to non-executive w.e.f. February 04, 2019.

**Note :** (i) No stock option(s) has been granted to any Director  
(ii) Executive Directors are not eligible for any severance fees.

**6. General Body Meetings**

Details of last three Annual General Meetings (AGMs) of the Company are given below:

Year	Date& Time	Venue	Special Resolutions passed, if any
2017	11 August, 2017 3.00 P.M.	Hotel Cama, S.C.O. 13-18, Phase-3A, Sector 53, S.A.S. Nagar (Mohali) Punjab-160059	No special resolution has been passed at the general meeting.
2018	10 August, 2018 4.00 P.M.	Hotel Cama, S.C.O. 13-18, Phase-3A, Sector 53, S.A.S. Nagar (Mohali) Punjab-160059	No special resolution has been passed at the general meeting.
2019	Sept. 13, 2019 3.00 P.M	Hotel Cama, S.C.O.13-18, Phase-3A Sector 53, S.A.S. Nagar (Mohali) Punjab-160059	<ul style="list-style-type: none"> <li>• Appointment of Mr. Rama Kant Sharma as Managing Director of the Company for a period of three years (from 04th February, 2019 to 03rd February 2022).</li> <li>• Appointment of Mr. Jai Bhagwan Kapil as Independent Director of the Company for a period of 5 years from 03rd February, 2019 to 2nd February 2024.</li> <li>• Appointment of Mr. Rajiv Sharma as Independent Director of the Company for a period of 5 years from 03rd February, 2019 to 2nd February 2024.</li> </ul>

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One Extra-ordinary General Meeting was held during the last financial year 2019-20 as on 24th May, 2019.

During the year, no special resolution has been passed through Postal Ballot. As on date, no Special resolution is proposed to be passed by the Company through Postal Ballot.

**7. Means of Communication**

- a) In compliance with the requirements of the Listing Regulations, the Company regularly intimates quarterly un-audited as well as audited financial results to the Stock Exchange immediately after they are taken on record by the Board.
- b) The shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSELimited (BSE) are filed electronically. The Company has complied with filing submissions with BSE through BSE Listing Centre.
- c) These financial results are normally published in the leading financial,/ national/ andregional newspapers (i.e. Business Standard and Punjabi Tribune) and are also displayed on the Company's website [www.salautomotive.in](http://www.salautomotive.in);
- d) The official news releases are displayed on the Company's website [www.salautomotive.in](http://www.salautomotive.in);

During the year ended 31st March, 2020, no presentations were made to institutional investors or analysts.

**VII Shareholder Information**

**1. 45th Annual General Meeting**

Date : 28th September, 2020

Time : 3.00 P.M.

Through Video Conferencing.

**2. Financial Calendar (tentative)**

The tentative dates for Board Meetings for consideration of financial results for the financial year 2020-21 are as follows:

First Quarter Results	Within 45 days of the end of the first quarter
Second Quarter & Half Yearly Results	Within 45 days of the end of the second quarter
Third Quarter & Nine Months Results	Within 45 days of the end of the third quarter
Fourth Quarter and Annual Results	Within 60 days of the end of the financial year

**3. Dividend Payment :**

Dividend, if any, declared will be paid within 30 days of the Annual General Meeting.

**4. Date of Book Closure**

September 22, 2020 to September 28, 2020 (both days inclusive)

**5. Listing on Stock Exchange**

BSE Ltd. (BSE)

25th Floor, P.J. Towers, Dalal Street, Mumbai - 400001

Listing Fee for F.Y. 2019-20 of BSE has been paid.

## 6. Stock Code

BSE Ltd. (BSE) : 539353

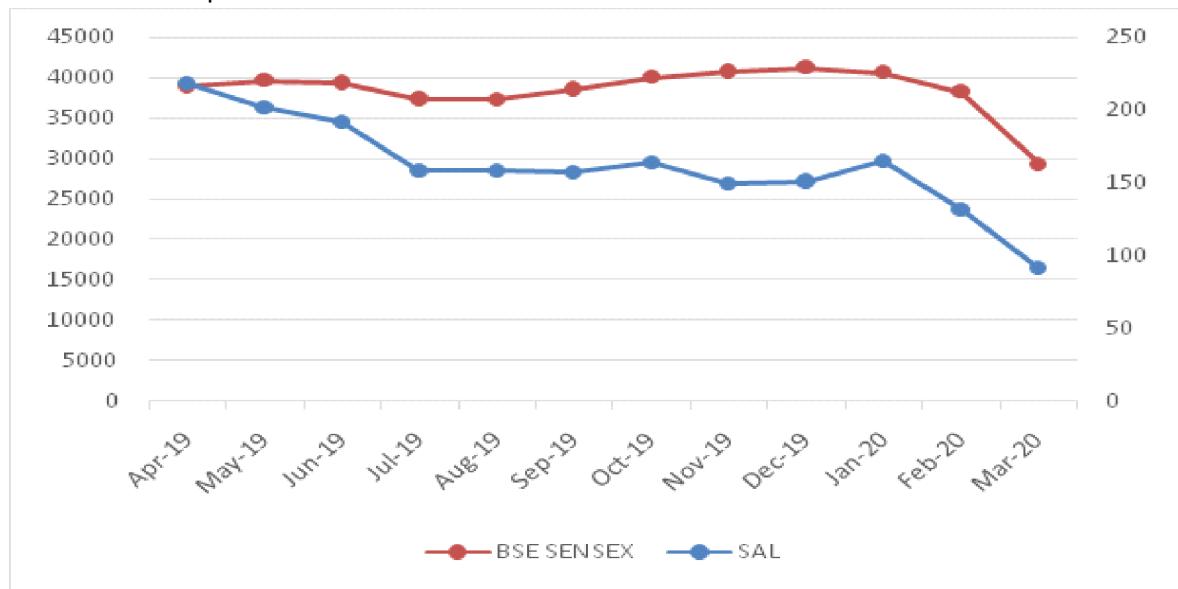
## 7. Stock Price Data

The Company's shares are listed at BSE Ltd. Accordingly, monthly High - Low Quotations of shares traded at BSE Ltd. are as under:

Month	BSE Ltd.	
	High (Rs.)	Low (Rs.)
April 2019	240	203.75
May 2019	231.75	195.15
June 2019	216.7	185
July 2019	201	156.25
August 2019	171.8	125.05
September 2019	190.8	151
October 2019	174.95	146.25
November 2019	211.4	133.6
December 2019	165	140
January 2020	194.7	147.05
February 2020	166.05	125.25
March 2020	149.2	82

## 8. Stock Price Performance

SAL Share Price performance relative to BSE Sensitive Index



## 9. Registrar and Transfer Agents

M/s MCS Share Transfer Agent Limited (MCS), at F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020 are the Registrar and Share Transfer Agent for physical shares of the Company. MCS is also the depository interface of the Company with both NSDL and CDSL.

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**10. Share Transfer Systems :**

All share transfer and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar and Share Transfer Agent.

As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 01, 2019 unless the securities are held in dematerialized form with the depositories. However, the transfer deeds lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 01, 2019.

All such requests are handled and disposed off by Company's Registrar & Share Transfer Agent within fifteen days from the date of receipt of request, provided the documents are found to be in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

**11. Shareholding Pattern as on 31st March, 2020 :**

Category of Shareholders	No. of Shareholders	No. of Shares Held	% of Holding
1. Promoters	1	1798285	75
2. Mutual Fund	1	106389	4.44
3. Financial Institution/Bank	—	—	—
4. Govt. (investor education protection fund)	1	11997	.5004
5. Foreign Institutional Investors	—	—	—
6. Bodies Corporate-Indian	36	112272	4.68
7. NRIs	—	—	—
8. Indian Public	—	—	—
9. OCB	1617	368770	15.38
<b>Total</b>	<b>1656</b>	<b>2397713</b>	<b>100</b>

**12. Distribution Pattern of Shareholding as on 31st March, 2020**

No. of Equity Shares held	No. of Shareholders		No. of Shares Held	
	Numbers	% total	Numbers	% total
1 - 500	1561	5.2738	126450	92.9167
501 - 1000	52	1.6408	39341	3.0952
1001 - 2000	32	1.9012	45585	1.9048
2001 - 3000	12	1.2617	30251	0.7143
3001 - 4000	5	0.6919	16589	0.2976
4001 - 5000	3	0.5859	14049	0.1786
5001 - 10000	4	1.1371	27265	0.2381
10001 - 50000	8	5.1357	123139	0.4762
50001 - 100000	1	3.7536	90000	0.0595
And Above	2	78.6184	1885044	0.119
<b>Total</b>	<b>1680</b>	<b>100</b>	<b>2397713</b>	<b>100</b>

**13. Dematerialization of Shares :**

As on March 31, 2020, 95.52 % of the Company's total equity shares representing 22, 90, 275 were held in dematerialized form and 4.48 % equity shares representing 1, 07, 438 shares were held in physical form.

The ISIN number allotted to the Company for dematerialization of shares is INE724G01014.

**14. Outstanding GDR's / ADR's / Warrants / Convertible Instruments :** Not applicable

**15. Commodity price risk or foreign exchange risk and hedging activities :** N.A.

**16. Plant Location :**

- i. Kakrala Road, Nabha, Distt. Patiala, Punjab -147201
- ii. 183/1, Belur Industrial Area, Dhardwad, Distt. Dhardwad, Karnataka-580011

**17. Address for correspondence**

<b>M/s MCS Share Transfer Agent Limited</b> Unit: SAL Automotive Limited (formerly known as Swaraj Automotives Limited)	<b>Compliance Officer &amp; Company Secretary</b> Mr. Gagan Kaushik, Company Secretary
F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020	Registered Office: SAL Automotive Ltd. (formerly known as Swaraj Automotives Limited) C-127, IV Floor, SatguruInfotech, Industrial Area Phase-VIII, S.A.S.Nagar (Mohali), Punjab - 160062
Email: helpdeskdelhi@mcsregistrars.com	Email: kaushik.gagan@salautomotive.in
Phone : 011 - 41406149	Phone : 0172 - 4650377
Fax : 011 - 41709881	Fax : 0172 - 4650377

**18. Website Address: [www.salautomotive.in](http://www.salautomotive.in)**

**19. Credit Rating:** The Company did not obtain or revise any credit ratings during the period under review.

**20. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** Not applicable

**21. Utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32 (7A) :** Not applicable

**22. Payment made to statutory auditors on consolidated basis during financial year 2019-20:**

	Rs. in Lakhs
Statutory Audit Fees	2.00
Other Services	2.90
Reimbursement of Expenses	0.71
Tax Audit Fees	0.40
GST Audit Fees	1.00
Total payable to statutory auditor	7.01

**23. AFFIRMATIONS & DISCLOSURES**

**a) Disclosure of transactions with Related Parties.**

During FY 2019-20, all transactions entered into with related parties were in the ordinary course of business and on arm's length basis. The Company has not entered into any transaction of material nature with the promoters, the directors or the management or their relatives etc. that may have potential conflict with the interests of the Company. Details of related parties and transactions with them are covered at Note no. 2.36 of the Financial Statements.

Further, the Company has no material significant transaction with the related parties viz. promoters, directors of the Company, management, their relatives, subsidiaries of promoter Company etc. that may have a potential conflict with the interest of the Company at large.

The policy for related party transactions approved by the Board of Directors of the Company is available at the Company's website <https://salautomotive.in/wp-content/uploads/2017/01/SAL-RPT-Policy2019-1.pdf>

**b) Details of non-compliance etc.**

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other statutory authorities, on any matters related to capital market during the last three years.

**c) Vigil Mechanism/Whistle Blower Policy**

The Company is committed to conduct its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted a Code of Conduct for its employees including Members of the Board of Directors referred to as "the Code" and other Policies as may be applicable from time to time which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees in pointing out such violations of the Code/Policies cannot be undermined. Accordingly, the Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach the Chairman of the Audit Committee of the Company or Chairman of the Company.

All Employees of the Company are eligible to make Protected Disclosures under the Policy. Protected Disclosures may be in relation to matters concerning the Company. Protected Disclosures should be reported in writing and addressed to the Chairman of the Audit Committee of the Company or Chairman of the Company for investigation. During the year under review, no employee has approached the Audit Committee. Further, none of the personnel of the Company has also been denied access to the Audit Committee.

**The details of Whistle Blower Policy are available at the Company's website <https://salautomotive.in/wp-content/uploads/2017/01/SAL-whistle-blower-policy-2019.pdf>**

**d) Disclosure of Accounting Treatment in preparation of Financial Statement.**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**e) Management Discussion and Analysis Report**

Management Discussion and Analysis Report has been attached to the Directors' Report and forms part of this Annual Report.

**f) Policy on Material Subsidiary**

The Company doesn't have any subsidiary company.

**g) Details of Compliances with the Mandatory and Non-mandatory Requirements**

In addition to the compliance with mandatory requirements, the Company has also adopted the following non-mandatory requirements in terms of the SEBI Listing Regulations:

**i. Audit Qualifications**

During the financial year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

**ii. Separate Posts of Chairman and CEO**

The Company has separate persons to the post of Chairman, Managing Director, and Executive Director.

**iii. Internal Auditor**

The internal auditor reports directly to the Audit Committee.

The Company has not adopted the other non-mandatory requirements as specified in Part E of Schedule II of the Listing Regulations during the year.

**h) Compliances with Governance Framework**

The Company has complied with the requirements of the Schedule V of the Listing Regulations;

The Company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

**i) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

There were no complaints received during the financial year under review.

No. of Complaints received during the year 2019-20	No. of Complaints disposed off during the year 2019-20	No. of Complaints pending at the end of FY 2020
Nil	Nil	Nil

**i) Disclosure with respect to the demat suspense/unclaimed suspense account as on 31st March 2020 -**  
The Company had no share lying in the demat suspense/unclaimed suspense account.

**24. CODE OF CONDUCT**

The Company's Board has laid down a well-defined Code of Ethics & Conduct (the "Code") to be followed by Board Members and employees of the Company for ethical professional conduct. The Code is available on the website of the Company [www.salautomotive.in](http://www.salautomotive.in). All Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report as **Annexure - A**.

**25. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

In terms of Regulation 34 of the Listing Regulations, the Certificate on Corporate Governance issued by practicing company secretaries / independent auditors annexed as **Annexure-B** to this report.

**26. CEO / CFO CERTIFICATION**

As required under Regulation 17(8) of the Listing Regulations, the Executive Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2020. The same is annexed as **Annexure-C**.

**27. CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE**

Also a certificate from a company secretary in practice dated 19th June, 2020 that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority is attached as **Annexure-D**.

For and on behalf of the Board

Rajiv Sharma  
Chairman

Place: Ghaziabad

Date: 20th August, 2020

**ANNEXURE-A TO CORPORATE GOVERNANCE**  
**DECLARATION BY THE MANAGING DIRECTOR UNDER**  
**SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)**  
**REGULATIONS, 2015**

**To**  
**The Members**  
**of SAL Automotive Limited**

This is to confirm that the Board of Directors of SAL Automotive Limited ("the Company") has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. The same has also been posted on the Company's website. It is further confirmed that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2020.

Rama Kant Sharma  
Managing Director

Place: Ghaziabad

Date : 8th June, 2020

**ANNEXURE-B TO CORPORATE GOVERNANCE**

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF SAL AUTOMOTIVE LIMITED**  
(Formerly SWARAJ AUTOMOTIVES LIMITED)

1. We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on March 2020, as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C, D and E of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations")

**Management's Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

**Auditor's Responsibility**

3. Our responsibility is limited to examining the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC)  
1. Quality Control for firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2020.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Restriction on use**

9. This certificate is issued solely for the purpose complying with the aforesaid Listing Regulations, and may not be suitable for any other purposes.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

Place : Ghaziabad  
Dated : June 8, 2020  
UDIN: 20080173AAAAAN8584

A.P. Mangla,  
Partner  
Membership No. 080173

**ANNEXURE-C TO CORPORATE GOVERNANCE**

The Board of Directors  
SAL Automotive Limited  
S.A.S.Nagar (Mohali)  
Punjab

**Certificate pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements),  
Regulations 2015**

We, Rama Kant Sharma, Managing Director and Jagdish Lal Raheja, Chief Financial Officer, of SAL Automotive Limited, to the best of our knowledge and belief certify that:

- (a) We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2020 and all its schedules and notes on accounts, as well as Cash Flow Statement and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
  - (i) Significant changes, if any, in internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

**Jagdish Lal Raheja**  
**Chief Financial Officer**

Date : 8th June 2020  
Place : Ghaziabad

**Rama Kant Sharma**  
**Executive Director**

Date : 8th June 2020  
Place : Ghaziabad

**ANNEXURE-D TO CORPORATE GOVERNANCE**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members of  
SAL Automotive Limited  
(formerly known as Swaraj Automotives Limited)  
C-127, 4th Floor, Sat Guru Infotech,  
Industrial Area, Phase VIII,  
S.A.S. Nagar, Mohali.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SAL Automotive Limited (formerly known as Swaraj Automotives Limited) having CIN: L45202PB1974PLC003516 and having registered office at C-127, 4th Floor, Sat Guru Infotech, Industrial Area, Phase VIII, S.A.S. Nagar, Mohali, Punjab (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the company
1.	Mr. Rama Kant Sharma	00640581	03.02.2016
2.	Mr. Rajiv Sharma	07418337	03.02.2016
3.	Mr. Jamil Ahmad	07171910	03.02.2016
4.	Mr. Jai Bhagwan Kapil	01894348	03.02.2016
5.	Ms. Namrata Jain	07310940	03.02.2016

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Ajay K. Arora  
(Proprietor)  
M No. 2191  
C P No. 993

Date: 19.06.2020  
Place: Chandigarh  
UDIN: F002191B000358250

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

**BALANCE SHEET AS AT 31ST MARCH, 2020** (Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
– Property , Plant & Equipment	2.1	<b>864.57</b>	844.90
– Capital Work in Progress	2.1	<b>6.75</b>	7.26
– Investment Property	2.2	–	451.23
– Intangible Assets	2.3	<b>43.98</b>	60.89
– Intangible Assets under Development			
– Financial Assets			
(a) Investments			
(b) Loans	2.4	<b>59.64</b>	52.24
(c) Others	2.5	<b>1198.28</b>	250.33
– Deferred Tax Assets (net of provisions) (Refer Note 1.10 (ii))	2.6a	<b>79.57</b>	133.60
– Income Tax (net of provisions) (Refer Note 1.10 (i))		<b>94.63</b>	57.20
– Other Non-Current Assets	2.7	<b>32.75</b>	67.59
<b>Current Assets</b>			
– Inventories	2.8	<b>737.56</b>	691.77
– Financial Assets			
(a) Trade Receivables	2.9	<b>2095.92</b>	2614.19
(b) Cash & Cash Equivalents	2.10	<b>25.27</b>	14.85
(c) Bank Balances (other than covered in (b) above)	2.10	<b>732.51</b>	843.96
(d) Other Financial Assets	2.11	<b>161.33</b>	55.02
– Other Current Assets	2.12	<b>334.86</b>	456.95
<b>TOTAL ASSETS</b>		<b>6467.62</b>	<b>6601.98</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
– Share Capital	2.13	<b>239.77</b>	239.77
– Other Equity (Refer SOCE)	2.14	<b>3102.55</b>	3103.22
<b>Non-Current Liabilities</b>			
– Financial Liabilities			
(a) Interest Bearing Loans & Borrowings	2.15	<b>4.86</b>	8.46
(b) Others			
– Provisions	2.16	<b>158.92</b>	198.95
<b>Current Liabilities</b>			
– Financial Liabilities			
(a) Interest Bearing Loans & Borrowings	2.17	<b>500.03</b>	498.15
(b) Trade Payable	2.18	<b>2092.30</b>	2206.97
(c) Others	2.19	<b>7.51</b>	6.35
– Provisions	2.20	<b>175.48</b>	154.93
– Current Tax Liabilities (Net)			
– Other Current Liabilities	2.21	<b>186.20</b>	185.18
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>6467.62</b>	<b>6601.98</b>
Significant Accounting Policies	1		
Notes to Accounts	2		

As per our report of even date attached

The Notes referred to above form an integral part of these financial statements.

For MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

FOR AND ON BEHALF OF THE BOARD  
J.B. KAPIL  
Chairman

A.P. MANGLA  
Partner  
Membership No. 080173  
Ghaziabad, 8th June, 2020

JAGDISH LAL RAHEJA  
Chief Financial Officer  
GAGAN KAUSHIK  
Company Secretary

R.K. SHARMA  
Managing Director  
Ghaziabad, 8th June, 2020

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020 (Rs. in Lakhs)**

Particulars	Notes	For the period ended 31st March, 2020	For the period ended 31st March, 2019
Revenue from Operations (Gross)	2.22	8546.87	13064.73
Other Income	2.23	123.08	83.30
<b>Total Revenue</b>		<b>8669.95</b>	<b>13148.03</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.24	6166.60	9907.61
Changes in Inventories of Finished Goods and Work-in-Progress	2.25	(37.35)	(75.02)
Employee Benefits Expense	2.26	1776.19	1872.57
Finance Costs	2.27	39.38	35.37
Depreciation & Amortization Expense	2.1, 2.2 & 2.3	143.72	136.59
Other Expenses	2.28	703.78	788.42
<b>Total Expenses</b>		<b>8792.32</b>	<b>12665.54</b>
<b>Profit before exceptional items and tax</b>		<b>(122.37)</b>	<b>482.49</b>
<b>Exceptional items (Refer Note 2.46)</b>		<b>306.14</b>	<b>—</b>
<b>Profit Before Tax</b>		<b>183.77</b>	<b>482.49</b>
<b>Tax Expense</b>			
– Current Tax		—	110.63
– Deferred Tax (Net)	2.6b	54.03	30.54
– Tax provision in earlier years (Short / Excess)	2.6b	4.55	(6.09)
<b>Net Profit / (Loss) for the period</b>		<b>125.19</b>	<b>347.41</b>
<b>Other Comprehensive Income</b>			
– Items that will not be reclassified to profit & loss account			
(a) Remeasurement of post employment benefit obligation		5.64	(0.30)
(b) Change in revaluation surplus			
(c) Income Tax relating to above items		(1.42)	—
– Items that will be reclassified to profit & loss account			
<b>Total Comprehensive Income for the period</b>		<b>129.41</b>	<b>347.11</b>
<b>Earnings Per Share</b>		<b>5.40</b>	<b>14.48</b>

As per our report of even date attached

The Notes referred to above form an integral part of these financial statements.

For MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

FOR AND ON BEHALF OF THE BOARD  
J.B. KAPIL  
Chairman

A.P. MANGLA  
Partner  
Membership No. 080173  
Ghaziabad, 8th June, 2020

JAGDISH LAL RAHEJA  
Chief Financial Officer  
GAGAN KAUSHIK  
Company Secretary

R.K. SHARMA  
Managing Director  
Ghaziabad, 8th June, 2020

## **1. COMPANY'S OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES**

SAL Automotive Limited (SAL) is a public limited company incorporated under the provisions of the Companies Act, 1956 on 20th November, 1974 having its registered office at C-127, IV Floor, Satguru Infotech, Phase VIII, Industrial Area, SAS Nagar, (Mohali), Punjab - 160071.

SAL has its principal place of manufacturing at Nabha located in the state of Punjab and second manufacturing plant at Dharwad located in the state of Karnataka.

SAL is engaged in the business of manufacturing seats for tractor & LCV, Seats Mechanisms, Seat Frames, Rotavator, Tractor Trolleys etc.

The company is listed at Bombay Stock Exchange Limited (BSE).

### **1.1 Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies Act 2013 as per the Section 133; read with rule 3 of Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy thereto in use.

### **1.2 Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

### **1.3 Revenue Recognition**

- i) Sales Revenue is recognized at the time of dispatches to customers or their respective transporters for onward dispatches and upon transfer of ownership to customers. Hence, finished goods dispatched whose ownership has not been transferred to customers at the end of last working day of the period, have been considered as Finished Goods-In-Transit and are excluded from being recognized as operational revenue.
- ii) Impact of variation in selling price with respect to goods sold, are recognized on periodical basis based on the agreements with the customers. Sales Revenue is recorded net of Trade Discounts, Rebates and any taxes or duties collected on behalf of the government if any.
- iii) In respect of Tools and fixtures developed for the production of components exclusively for customer concerned, revenue is recognized on completion of development process for production readiness.
- iv) Incomes from services rendered are booked based on agreements / arrangements with the concerned parties, in proportion to the stage of completion of the transactions at the reporting date when the outcome of the transaction can be estimated reliably.
- v) Interest on fixed deposits is recognized on a time proportion basis taking into account the underlying interest rate.

#### **1.4 Inventories**

- i) Stores, Spare Parts, Loose Tools, Raw Materials, Components and Packing Materials are valued at material cost determined on the basis of moving weighted average cost method with due provisioning for non-useable / obsolete items and impact of provisioning for price variation, if any.
- ii) Work-in-progress and Finished goods are valued at lower of cost or net realizable value as certified by Management, with due provisioning for slow moving / obsolete items. Cost includes material cost and an appropriate portion of manufacturing overheads, wherever applicable, incurred in bringing them to their present location and condition. Finished goods include government taxes, wherever applicable.
- iii) Finished Goods - In - Transit, whose ownership has not been transferred to customers at the end of last working day of the period and are not recognized for Sales revenue, are valued at cost plus taxes as applicable.
- iv) Scrap / damaged goods value is incorporated in books on the basis of expected realizable value.
- v) Rejected goods pending for quality approval are valued at 10% of the actual cost till further disposal/ rework.

#### **1.5 Property, Plant and Equipment**

The Cost of an item of Property, Plant and Equipment comprises:

- (a) its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- (b) any attributable expenditure directly attributes for bringing an asset to the location and the working condition for its intended use and
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- (d) Depreciation is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013 except the following assets:-
  - (i) Depreciation on dies manufactured by the Company is charged @ 20%.
  - (ii) Depreciation on vehicles (cars) is charged @ 25%.
- (e) Capital spares are amortized in a systematic manner over the useful life of the assets to which it relates.
- (f) Assets individually costing up to Rs. 5000/- are depreciated at 100% within one year from the date of purchase.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

### **1.6 Investment Property**

Investment property is property held to earn rental and or capital appreciation. Investment properties are measured at cost and the same is derecognized upon disposal or when it is permanently withdrawn from use with no future economic benefits are expected from the disposal.

Depreciation is provided on Straight Line Method computed on the basis of useful lives prescribed under part C of schedule II to the Companies Act 2013.

### **1.7 Intangible Assets**

Intangible assets are stated at cost less accumulated amount of amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc.

Intangible Assets (Others than Software) are amortized over a period of 6 years, which is the estimated useful life of the asset. Software expenditure capitalized during the year is amortized over 3 years from the date of its capitalization.

### **1.8 Employees Benefits**

#### **(i) Defined Contribution Plans**

The Company's contribution to Provident Fund is considered as defined contribution plan and is charged as an expense to the Statement of Profit and Loss for the year when the contributions are due. The Company contributes to Life Insurance Corporation of India to cover its liability towards its master policies of employee's superannuation and gratuity. Payment of gratuity at the time of retirement is routed through the Gratuity Fund created by the company with LIC.

#### **(ii) Defined Benefit Plans**

The company operates a defined benefit plan for its employees in the form of gratuity fund. The cost of providing benefit under the plan is determined on the basis of actuarial valuations being carried out at each Balance Sheet date. Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognized in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods.

#### **(iii) Short term / Long term employee benefits**

All employee benefits payable within twelve months of receiving the employee services are classified as Short-term employee benefits and benefits payable after twelve months of receiving the employee services are classified as Long-term employee benefits.

The undiscounted amount of short term employee benefits expected to be paid in exchange of services rendered by employees is recognized during the period when the employee renders services. These benefits include salaries, bonus, and leave travel allowance and performance incentives.

The employees of the Company are entitled to compensate absences. The Company has a policy for leave encashment, whereby the balance of leave is either availed or en-cashed in the following year, and hence the same is classified as short term. The short-term leave encashment liability has been measured based on the actual leave balance outstanding at the year end.

### **1.9 Earnings per Share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity Shareholders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings

per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

Dilutive potential equity shares are determined independently for each period presented.

#### **1.10 Income Taxes**

- (i) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961. Advance tax and provision for current tax are presented in the balance sheet after off-setting advance tax paid and income tax provisions.
- (ii) Deferred Tax is recognised, subject to consideration of prudence, on timing differences, being the difference between carrying amount and tax base of all assets and liabilities that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax charge or credit is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax liabilities are recognised for all timing differences.

Deferred Tax assets arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of that there will be sufficient future taxable income available to realise such assets.

Deferred Tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

Deferred Tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

Deferred Tax Assets are reviewed at each balance sheet date for their realizability.

#### **1.11 Foreign Currency Transactions**

Foreign currency transactions are recorded at exchange rates prevailing at the date of transaction. Exchange differences, if any, arising on settlement of transactions except those relating to fixed assets are recognized as income or expense in the year in which they arise.

In case of fixed assets, the cost is adjusted for exchange differences arising on payment of liabilities incurred for the purpose of acquiring such fixed assets.

#### **1.12 Dividends**

Dividends are recommended by the board in the board meeting while approving annual financial results and subsequently approved by the shareholders in annual general meeting. Post approval of dividend in AGM, dividends are paid and recorded in books accordingly.

#### **1.13 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The financial instruments are recognized in the balance sheet when the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial instruments at initial recognition.

#### **1.14 Impairment of assets**

Financial assets: The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables

is measured at an amount equal to lifetime ECL and charged to the statement of profit & loss account subject to the provisions created so far.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses(or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

Non-financial assets: Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

#### **1.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balances with banks in Current Accounts, demand deposits with banks/corporates and short term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

#### **1.16 Cash flow statement**

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

#### **1.17 Provisions**

A provision shall be recognized when:

- (a) an entity has a present obligation as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### **1.18 MSMED Act 2006**

Payment of Interest as per provisions of MSMED Act, 2006 is accounted for on actual payment basis as & when incurred.

#### **1.19 Product Warranty**

In respect of warranty given by the company on sale of rotavators, the estimated cost of warranty is provided at the time of sale. The estimate for accounting of warranty is reviewed and revisions are made as on quarterly basis.

#### **1.20 Segment Reporting**

The Company identifies primary segments based on the dominant nature of products, risks and returns, category of customers dealt and the internal reporting system, organization and management structure.

The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The Company's business is primarily dominated by Automobile components and Agriculture Implements. Revenue and expenses directly attributable to segments are reported under each reportable segment. All other income and expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. In addition, corporate assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

### **1.21 Leases**

Transition to Ind AS 116 notified under Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards). Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

As per our report of even date attached

The Notes referred to above form an integral part of these financial statements.

For MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

FOR AND ON BEHALF OF THE BOARD

A.P. MANGLA  
Partner  
Membership No. 080173

Ghaziabad, 08th June, 2020

JAGDISH LAL RAHEJA  
Chief Financial Officer

GAGAN KAUSHIK  
Company Secretary

J.B. KAPIL  
Chairman

R.K. SHARMA  
Managing Director

Ghaziabad, 08th June, 2020

**SAL AUTOMOTIVE LIMITED**  
*(Formerly Swaraj Automotives Limited)*

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**Statement of Changes in Equity (SOCE)**

**A. CHANGES IN EQUITY SHARE CAPITAL**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Outstanding at the beginning	239.77	239.77
Changes during the year	—	—
Outstanding at the end	239.77	239.77

**B. CHANGES IN OTHER EQUITY**

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	General Reserve	Retained Earnings	OCI	Total	General Reserve	Retained Earnings	OCI	Total
Opening Balance	1872.24	1222.63	8.35	3103.22	1872.24	1005.30	8.65	2886.19
Profit / (Loss) after tax for the period	—	125.19	4.22	129.41	—	347.41	(0.30)	347.11
Dividend paid on Equity Shares	—	(107.90)	—	(107.90)	—	(107.90)	—	(107.90)
Dividend Distribution Tax	—	(22.18)	—	(22.18)	—	(22.18)	—	(22.18)
<b>Closing Balance</b>	<b>1872.24</b>	<b>1217.74</b>	<b>12.57</b>	<b>3102.55</b>	<b>1872.24</b>	<b>1222.63</b>	<b>8.35</b>	<b>3103.22</b>

**SAL AUTOMOTIVE LIMITED**  
(Formerly Swaraj Automotives Limited)

**2.1 PROPERTY, PLANT AND EQUIPMENT as at 31st March, 2020 (Refer Note 1.5)** (Rs in Lakhs)

Description of Assets	Land	Buildings	Plant and Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Vehicles	Total
Gross Carrying Value as at 1st April, 2019	2.73	429.95	1517.37	149.95	146.31	28.30	148.41	2423.02
Additions during the year		9.75	117.36	1.89	3.87		29.39	162.26
Disposals / Adjustments during the year			(22.19)					(22.19)
<b>Gross Carrying Value as at 31st Mar, 2020</b>	<b>2.73</b>	<b>439.70</b>	<b>1612.54</b>	<b>151.84</b>	<b>150.18</b>	<b>28.30</b>	<b>177.80</b>	<b>2563.09</b>
Accumulated depreciation as at 1st April, 2019		313.43	923.83	117.70	115.65	17.27	90.24	1578.12
Depreciation expense for the year		13.63	79.52	3.63	9.53	1.48	14.21	122.00
Adjustment on disposals during the year			(1.60)					(1.60)
<b>Accumulated depreciation as at 31st Mar, 2020</b>	<b>0.00</b>	<b>327.06</b>	<b>1001.75</b>	<b>121.33</b>	<b>125.18</b>	<b>18.75</b>	<b>104.45</b>	<b>1698.52</b>
<b>Net Carrying Value as at 31st Mar, 2020</b>	<b>2.73</b>	<b>112.64</b>	<b>610.79</b>	<b>30.51</b>	<b>25.00</b>	<b>9.55</b>	<b>73.35</b>	<b>864.57</b>
Net Carrying Value as at 31st Mar, 2019	2.73	116.52	593.54	32.25	30.66	11.03	58.17	844.90
<b>Capital Work in Progress as at 31st Mar, 2020</b>								<b>6.75</b>
Capital Work in Progress as at 31st Mar, 2019								7.26

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**2.2 INVESTMENT PROPERTY as at 31st March, 2020** (Refer Note 1.6)

(Rs in Lakhs)

<b>Description of Assets</b>	<b>Total</b>
Gross Carrying Value as at 1st April, 2019	452.08
Additions during the year	-
Disposals / Adjustments during the year	452.08
<b>Gross Carrying Value as at 31st Mar, 2020</b>	-
Accumulated depreciation as at 1st April, 2019	0.85
Depreciation expense for the year	-
Adjustment on disposals during the year	0.85
<b>Accumulated depreciation as at 31st Mar, 2020</b>	-
<b>Net Carrying Value as at 31st Mar, 2020</b>	-
Net Carrying Value as at 31st Mar, 2019	451.23
Residential Plot classified as Investment Property being held for capital appreciation has been sold during the year for the value of Rs. 757.35 lakhs	

**2.3 INTANGIBLE ASSETS as at 31st March, 2020** (Refer Note 1.7)

(Rs in Lakhs)

<b>Description of Assets</b>	<b>Softwares</b>	<b>Design &amp; Development</b>	<b>Patents</b>	<b>Total</b>
Gross Carrying Value as at 1st April, 2019	79.81	67.45	0.09	147.35
Additions during the year	4.81	-	-	4.81
Disposals / Adjustments during the year	-	-	-	-
<b>Gross Carrying Value as at 31st Mar, 2020</b>	<b>84.62</b>	<b>67.45</b>	<b>0.09</b>	<b>152.16</b>
Accumulated depreciation as at 1st April, 2019	58.53	27.92	0.01	86.46
Depreciation expense for the year	11.00	10.70	0.02	21.72
Adjustment on disposals during the year	-	-	-	-
<b>Accumulated depreciation as at 31st Mar, 2020</b>	<b>69.53</b>	<b>38.62</b>	<b>0.03</b>	<b>108.18</b>
<b>Net Carrying Value as at 31st Mar, 2020</b>	<b>15.09</b>	<b>28.83</b>	<b>0.06</b>	<b>43.98</b>
Net Carrying Value as at 31st Mar, 2019	21.28	39.53	0.08	60.89

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**2.4 NON-CURRENT FINANCIAL ASSETS (LOANS)** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Security Deposits	59.64	52.24
	59.64	52.24

Security deposits includes refundable deposits against rental shed, deposits with Govt. authorities and earnest money deposits with various State Road Transport Undertakings.

**2.5 OTHER NON-CURRENT FINANCIAL ASSETS** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed Deposits	995.49	–
Fixed Deposits against Margin Accounts and Guarantee	202.79	250.33
	1198.28	250.33

Other Non-Current Financial Assets includes restricted fixed deposits against margin money and guarantees.

**2.6 (a) DEFERRED TAX ASSET / (LIABILITY)** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred Tax Liabilities</b>		
– PPE	(47.70)	(55.96)
– Intangibles	(4.99)	(8.65)
<b>Deferred Tax Assets</b>		
– Investment Property	–	67.42
– Unabsorbed Depreciation	18.71	–
– Provision for Gratuity	37.58	48.52
– Provision for Leave Encashment	45.23	47.64
– Provision for Bonus	8.85	9.48
– Provision for Warranty	1.35	2.29
– Provision for Doubtful Debts	20.54	22.86
<b>Deferred Tax (Liabilities) / Assets</b>	79.57	133.60

**2.6 (b) Income Tax Recognised in Profit and Loss Account**

(Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
– Current Tax	4.55	104.54
– Deffered Tax	54.03	30.54
	58.58	135.08

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**2.6 (c) Reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarised below:-** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Profit before Tax	183.77	482.49
Income Tax expense	46.25	134.22
Income not considered for tax purposes	(64.26)	—
Effect of estimated non-deductible expenses	(0.31)	1.32
Others (including temporary difference)	76.90	(0.46)
<b>Income Tax recognised in profit &amp; loss account</b>	<b>58.58</b>	<b>135.08</b>

**2.7 NON-CURRENT OTHER ASSETS**

(Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Advances	18.03	47.80
Prepaid Expenses	14.72	19.79
	<b>32.75</b>	<b>67.59</b>

**2.8 INVENTORIES** (Refer Note 1.4)

(Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials & Components *	312.39	303.46
Work-in-Progress	175.70	206.60
Finished Goods	157.44	86.35
Goods in Transit	57.57	60.41
Stores and Spares	19.31	18.63
Loose Tools	15.15	16.32
	<b>737.56</b>	<b>691.77</b>

Inventory as at 31st March, 2020 has been physically verified and certified by the Management as well as by the independent auditor.

\* Includes Goods in Transit of Rs Nil (2019 - Rs 2.41 Lakhs)

**2.9 TRADE RECEIVABLES**

(Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Debts outstanding from the date they are due for payment</b>		
<b>Unsecured</b>		
<b>For more than six months</b>		
– Considered Doubtful	81.59	82.16
Less : Provision for doubtful debts (Refer Note 1.14 and 2.43 (b))	(81.59)	(82.16)
– Considered good	93.41	111.09
<b>For less than six months</b>		
– Considered good	2002.51	2503.10
	<b>2095.92</b>	<b>2614.19</b>

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**2.10 CASH & BANK BALANCES** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Cash &amp; Cash Equivalents</b>		
– Cash on hand	1.25	1.11
– Cheques & Drafts on hand	–	–
– In Current Accounts	24.02	13.74
<b>Bank Balances</b>		
– On Margin Accounts and Deposits against Guarantee and OD Limit	515.15	436.76
– Fixed Deposits maturing within next 12 months	211.00	402.00
– Earmarked Balances with Banks - Unclaimed Dividend	6.36	5.20
	<b><u>757.78</u></b>	<b><u>858.81</u></b>

Cash and cash equivalents comprise cash balances on hand, bank balance and term deposits with banks. Deposits are with State Bank of India, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Cash and cash equivalents as of 31st March, 2020 include restricted cash and bank balances of **Rs.521.51 Lakhs** (31st March , 2019 - Rs.441.96 lakhs). The restrictions are primarily on account of cash and bank balances held as margin money, deposits against guarantees , OD limit and unpaid / unclaimed dividends.

**2.11 OTHER FINANCIAL ASSETS** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Insurance Claim recoverable	1.04	1.04
Other Recoverable	3.48	3.22
Loans & Advances to Employees	2.48	2.23
Interest Accrued on Fixed Deposits	77.11	44.77
Security Deposits	77.22	3.76
	<b><u>161.33</u></b>	<b><u>55.02</u></b>

**2.12 OTHER CURRENT ASSETS** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Prepaid Expenses	7.91	11.41
Balance with Govt. Authorities (other than income tax)	59.01	66.84
Advances to Suppliers	40.34	59.91
Value Added Tax Recoverable	227.60	318.79
	<b><u>334.86</u></b>	<b><u>456.95</u></b>

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**2.13 EQUITY SHARE CAPITAL (refer SOCE)** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised</b>		
Equity Shares, Rs.10/- par value		
30,00,000 (2019 - 30,00,000) Equity Shares	300.00	300.00
Redeemable Cumulative Preference Shares, Rs.100/- par value		
50,000 (2019 - 50,000) Redeemable Cumulative Preference Shares	50.00	50.00
	<b>350.00</b>	<b>350.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>		
Equity Shares, Rs.10/- par value		
23,97,713 (2019 - 23,97,713) Equity Shares fully paid-up	239.77	239.77
	<b>239.77</b>	<b>239.77</b>

The Company has issued only one class of shares referred to as Equity Shares having a par value of Rs.10/-. Each Equity Shareholder is entitled to one vote per share.

**Dividend Paid :** The Board of Directors in their meeting held on 24th May, 2019 proposed a Dividend of Rs 4.50 per Equity Share for the financial year ended 31-03-2019. Dividend proposed by the board of directors was approved by the shareholders in their Annual General Meeting held on 13th Sep, 2019. Same has resulted in a cash outflow of Rs 130.08 Lakhs including corporate dividend tax of Rs 22.18 Lakhs.

**Dividend Proposed :** "The company declares and pay dividend in Indian Rupees. The Board of Directors in their meeting held on 08th June, 2020 proposed a Dividend of Rs 3.50 per Equity Share for the financial year ended 31-03-2020. Dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Upon approval of the proposed dividend in the Annual General Meeting, same would result in a cash outflow of Rs 83.92 Lakhs being dividend is taxable in the hands of shareholders."

**Equity Shares held by Holding Company on 31-03-2020 :**

– Name of Holding Company	b4S Solutions Pvt. Limited
– Shares Held	17,98,285 (75%)

**Equity Shareholders holding more than 5% shares :**

Particulars	As at 31st March, 2020	As at 31st March, 2019		
Name	No. of Shares Held	% of Shareholding	No. of Shares Held	% of Shareholding
b4S Solutions Pvt. Limited	17,98,285	75%	17,98,285	75%

**Reconciliation of number of Equity Shares outstanding and the amount of Share Capital :**

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<b>Particulars</b>	<b>As at 31st March, 2020</b>		<b>As at 31st March, 2019</b>	
	<b>No. of Shares held</b>	<b>Share Capital</b> (Rs. in Lakhs)	<b>No. of Shares held</b>	<b>Share Capital</b> (Rs. in Lakhs)
Number of equity shares at the beginning	<b>23,97,713</b>	<b>239.77</b>	23,97,713	239.77
Movement in equity shares during the year	—	—	—	—
Number of equity shares at the closing	<b>23,97,713</b>	<b>239.77</b>	23,97,713	239.77

**In the last 5 years, the Company has not :**

- allotted any shares as fully paid-up pursuant to contract(s) without being received in cash,
- allotted any bonus shares,
- bought back its shares.

**2.14 OTHER EQUITY (refer SOCE)** (Rs. in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
General Reserve	<b>1872.24</b>	1872.24
Retained Earnings	<b>1230.31</b>	1230.98
	<b>3102.55</b>	3103.22

**2.15 NON-CURRENT BORROWINGS** (Rs. in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
<b>Secured Loans</b>		
Car Loan - ICICI Bank *	<b>8.46</b>	11.77
Less : Current Maturities of Long-Term Loan (Ref Note No. 2.17)	<b>(3.60)</b>	(3.31)
	<b>4.86</b>	8.46

\* Secured against hypothecation of vehicles.

**2.16 NON-CURRENT LIABILITIES** (Rs. in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
<b>Provision for Employee Benefits (Refer Note 1.8)</b>		
- Provision for Gratuity (Refer Note 2.39)	<b>57.43</b>	100.05
- Provision for Leave Encashment (Refer Note 2.40)	<b>101.49</b>	98.90
	<b>158.92</b>	198.95

**2.17 CURRENT FINANCIAL LIABILITIES** (Rs. in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
Current Maturities of Long-Term Loan (Ref Note No 2.15)	<b>3.60</b>	3.31
Bank Overdrafts	<b>496.43</b>	494.84
	<b>500.03</b>	498.15

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**2.18 TRADE PAYABLES** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Payables - Micro & Small Enterprises (Refer Notes 1.18 and 2.41)	358.42	333.52
Trade Payables - Other than Micro & Small Enterprises	1674.39	1845.56
Other Accruals	59.49	27.89
	<b>2092.30</b>	<b>2206.97</b>

**2.19 OTHER CURRENT FINANCIAL LIABILITIES** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deposits & Earnest Money	1.15	1.15
Unpaid / Unclaimed Dividend *	6.36	5.20
	<b>7.51</b>	<b>6.35</b>

\* Net of Rs 0.50 Lakhs (2019 Rs 0.51 Lakhs) credited to Investor Education and Protection Fund during the Year.

**2.20 CURRENT PROVISIONS** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Provision for Employee Benefits</b>		
– Provision for Gratuity (Refer Note 2.39)	91.90	74.36
– Provision for Leave Encashment (Refer Note 2.40)	78.22	72.34
<b>Others</b>		
– Warranty Claim (Refer Notes 1.19 and 2.43 (a))	5.36	8.23
	<b>175.48</b>	<b>154.93</b>

**2.21 OTHER CURRENT LIABILITIES** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances from Customers	13.04	27.47
Statutory Dues Payable	40.75	46.52
Employees Dues Payable	132.41	111.19
	<b>186.20</b>	<b>185.18</b>

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**2.22 REVENUE FROM OPERATIONS** (Rs. in Lakhs)

<b>Particulars</b>	<b>For the year ended</b>	
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Sale of Products (Refer Note 2.38 A)	<b>8497.58</b>	12981.60
<b>Other Operating Revenues</b>		
– Sale of Scrap	<b>49.29</b>	79.25
– Job Charges	–	3.88
	<b>8546.87</b>	<b>13064.73</b>

**2.23 OTHER INCOME** (Rs. in Lakhs)

<b>Particulars</b>	<b>For the year ended</b>	
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Interest Income	<b>116.26</b>	72.74
Miscellaneous Income*	<b>6.82</b>	10.56
	<b>123.08</b>	<b>83.30</b>

\* Includes written back of Trade Liabilities and reversal of excess provision related to previous years.

**2.24 COST OF MATERIALS CONSUMED** (Refer Note 2.38B) (Rs. in Lakhs)

<b>Particulars</b>	<b>For the year ended</b>	
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Opening Stock	<b>319.78</b>	336.20
Add : Purchases*	<b>6069.87</b>	9763.35
Job Charges	<b>104.49</b>	127.84
	<b>6494.14</b>	<b>10227.39</b>
Less : Closing Stock*	<b>(327.54)</b>	<b>(319.78)</b>
	<b>6166.60</b>	<b>9907.61</b>

\* Includes Goods in Transit of Rs Nil (2019 Rs 2.41 Lakhs)

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**2.25 CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS** (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Opening Stock</b>		
– Work in Progress	<b>206.60</b>	117.95
– Finished Goods	<b>146.76</b>	160.39
	<b><u>353.36</u></b>	<b><u>278.34</u></b>
<b>Closing Stock</b>		
– Work in Progress	<b>175.70</b>	206.60
– Finished Goods	<b>215.01</b>	146.76
	<b><u>390.71</u></b>	<b><u>353.36</u></b>
	<b><u>(37.35)</u></b>	<b><u>(75.02)</u></b>

**2.26 EMPLOYEE BENEFITS EXPENSE** (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries & Wages	<b>1540.58</b>	1636.73
Contribution to Provident & Other Funds	<b>83.68</b>	83.53
Gratuity	<b>33.31</b>	32.61
Workmen & Staff Welfare	<b>118.62</b>	119.70
	<b><u>1776.19</u></b>	<b><u>1872.57</u></b>

**2.27 FINANCE COSTS** (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Processing Charges	–	0.76
Interest Charges	<b>38.51</b>	33.40
Vehicle Loan Interest	<b>0.87</b>	1.21
	<b><u>39.38</u></b>	<b><u>35.37</u></b>

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<b>2.28 OTHER EXPENSES</b>	<b>(Rs. in Lakhs)</b>	
<b>Particulars</b>	<b>For the year ended 31st March, 2020</b>	<b>For the year ended 31st March, 2019</b>
Power, Fuel & Water Charges	171.99	211.13
Consumption of Stores & Spares	46.08	64.22
Rent	38.95	33.35
Rates and Taxes	8.55	8.33
Insurance	5.99	4.48
<b>Repairs and Maintenance</b>		
– Buildings	5.37	6.48
– Machinery	37.74	33.42
– Others	40.08	42.31
Postage & Telephone	5.26	6.81
Printing & Stationery	8.45	13.23
Legal and Professional Charges	9.63	11.77
Advertisement	7.19	4.57
Freight Outward	146.73	176.75
Business Promotion Expenses	2.06	3.72
Festival Expenses	6.38	9.71
Travelling & Conveyance Expenses	68.62	82.36
Provision for Doubtful Debts	–	–
<b>Auditors' Remuneration</b>		
– Statutory Audit Fees	2.00	2.00
– Other Services	2.90	2.42
– Reimbursement of Expenses	0.71	0.94
– Tax Audit Fees	0.40	0.40
– GST Audit Fees	1.00	1.00
Cost Auditor' Fees	0.50	0.50
Secretarial Audit Fee	0.70	0.50
Internal Auditor's Fee	3.60	4.32
Internal Auditors' Expenses	0.62	0.84
Directors' Sitting Fees	7.20	5.40
Design & Development Expenses	7.47	5.50
Warranty Claims	0.74	4.75
Loss on sale of Fixed Assets	–	0.00
Bank Charges	0.30	0.62
Interest & Penalties	2.60	1.21
Testing Charges	1.80	2.75
Miscellaneous Expenses	62.17	42.63
	<b>703.78</b>	<b>788.42</b>

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**2.29 CAPITAL MANAGEMENT**

Company's capital management objectives are to :-

- ensure the company's ability to continue as a going concern
- provide an adequate return to the shareholders by pricing the products and services commensurately with the level of risk.

For the purposes of Company's capital management, capital includes issued capital and all other equity reserves. Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of financial covenants.

**A. Debt/Equity Ratio** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>– Net Debts</b>	–	–
Total	—	—
<b>– Total Equity</b>		
Share Capital	<b>239.77</b>	239.77
Other Equity Capital	<b>3102.55</b>	3103.22
Total	<b>3342.32</b>	3342.99
<b>Net Debts to Equity Ratio</b>	–	–

**B. Dividends** (Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
– Final Dividend for the year ended 31st March, 2019 of Rs 4.50 per share (excluding tax)	<b>107.90</b>	–
– Final Dividend for the year ended 31st March, 2018 of Rs 4.50 per share (excluding tax)	–	107.90

In addition to above paid dividends, dividend of Rs 3.50 per equity share proposed by the board of directors for the year ended 31st March, 2020 is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**2.30 FINANCIAL INSTRUMENTS**

(Refer Note 1.13)

**Categories of Financial Assets and Liabilities as at 31st March, 2020** (Rs. in Lakhs)

Particulars	Amortised Cost	Fair Value through Profit & Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Non-Current Assets</b>					
– Loans	59.64	-	-	59.64	59.64
– Other Financial Assets	1198.28	-	-	1198.28	1198.28
	<u>1257.92</u>	<u>—</u>	<u>—</u>	<u>1257.92</u>	<u>1257.92</u>
<b>Non Current Liabilities</b>					
– Loans	4.86	-	-	4.86	4.86
	<u>4.86</u>	<u>—</u>	<u>—</u>	<u>4.86</u>	<u>4.86</u>
<b>Current Assets</b>					
– Trade Receivables	2095.92	-	-	2095.92	2095.92
– Cash & Cash Equivalents	757.78	-	-	757.78	757.78
– Other Financial Assets	161.33	-	-	161.33	161.33
	<u>3015.03</u>	<u>—</u>	<u>—</u>	<u>3015.03</u>	<u>3015.03</u>
<b>Current Liabilities</b>					
– Trade Payables	2092.30	-	-	2092.30	2092.30
– Other Financial Liabilities	507.54	-	-	507.54	507.54
	<u>2599.84</u>	<u>—</u>	<u>—</u>	<u>2599.84</u>	<u>2599.84</u>

**Categories of Financial Assets and Liabilities as at 31st March, 2019** (Rs. in Lakhs)

Particulars	Amortised Cost	Fair Value through Profit & Loss	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Non-Current Assets</b>					
– Loans	52.24	-	-	52.24	52.24
– Other Financial Assets	250.33	-	-	250.33	250.33
	<u>302.57</u>	<u>—</u>	<u>—</u>	<u>302.57</u>	<u>302.57</u>
<b>Non-Current Liabilities</b>					
– Loans	8.46	-	-	8.46	8.46
	<u>8.46</u>	<u>—</u>	<u>—</u>	<u>8.46</u>	<u>8.46</u>
<b>Current Assets</b>					
– Trade Receivables	2614.19	-	-	2614.19	2614.19
– Cash & Cash Equivalents	858.81	-	-	858.81	858.81
– Other Financial Assets	55.02	-	-	55.02	55.02
	<u>3528.02</u>	<u>—</u>	<u>—</u>	<u>3528.02</u>	<u>3528.02</u>
<b>Current Liabilities</b>					
– Trade Payables	2206.97	-	-	2206.97	2206.97
– Other Financial Liabilities	504.50	-	-	504.50	504.50
	<u>2711.47</u>	<u>—</u>	<u>—</u>	<u>2711.47</u>	<u>2711.47</u>

### **Financial Risk Management Framework**

Companies activities expose it to financial risks viz credit risks and liquidity risks.

#### **Credit Risk: -**

##### **– Credit Risk management**

- Majority of the company's receivables pertains to OEM's. Based of the overall credit worthiness of receivables and looking into their past record, companies expect minimum risks with regard to its outstanding receivables. There is standard mechanism to periodically track the outstanding amounts and assess the same with regard to its realization and creates the provision against dues doubtful to realize. Company expects all the debtors to be realized in full except the provisions stated in the financials.
- Credit risk on cash and cash equivalents is limited as company generally invests in Fixed deposits with banks.

#### **Liquidity Risk: -**

##### **– Liquidity Risk management**

The company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and by matching profiles of financial assets and liabilities.

Financial Liabilities include trade payables, capital purchases, unpaid / unclaimed dividends etc which are in the normal course of business having maturity of less than 1 year and non-interest bearing.

Following is the tabulated summary of balance contractual maturity for its financial liabilities with agreed repayment periods based on the earliest date on which these are required to pay.

<b>As at 31st March, 2020</b>		<b>(Rs. in Lakhs)</b>		
<b>Particulars</b>		<b>Less than One year</b>	<b>One to Three Years</b>	<b>More than 3 years</b>
– Trade Payables		2092.30		-
– Other Financial Liabilities		507.54		-
		<b>2599.84</b>		

<b>As at 31st March, 2019</b>		<b>(Rs. in Lakhs)</b>		
<b>Particulars</b>		<b>Less than One year</b>	<b>One to Three years</b>	<b>More than 3 years</b>
– Trade Payables		2206.97		-
– Other Financial Liabilities		504.50		-
		<b>2711.47</b>		

**The Company had a working capital of Rs. 1125.93 Lakhs including cash and cash equivalents of Rs.757.78 Lakhs as at 31st March, 2020**

The Company had a working capital of Rs.1625.16 Lakhs including cash and cash equivalents of Rs.858.81 Lakhs as at 31st March'2019

Accordingly, company do not perceive any liquidity risks.

### **2.31 CONTINGENT LIABILITIES**

(Not provided for in Accounts as certified by the Management)

#### **Contingent Liabilities**

Particulars	As at 31st March	
	2020 (Rs. in lakhs)	2019 (Rs. in lakhs)

#### **Claims against the Company, not acknowledged as debts\***

Telephone & Telex	1.47	1.47
Employees / Workers	13.00	13.00
Excise & Service Tax	–	23.04
Pending C Forms (Tax Value)	9.59	13.43

\*Amounts have been identified based on current status of the cases and does not include interest & other charges, if any.

### **2.32 CAPITAL COMMITMENTS**

Particulars	As at 31st March	
	2020 (Rs. in lakhs)	2019 (Rs. in lakhs)
Estimated amount of contracts remaining to be executed on capital account (Net of advances)	21.01	23.63

### **2.33 EXPENDITURE IN FOREIGN CURRENCY**

Particulars	For the year ended 31st March	
	2020	2019
i) Development Charges		
- In Euro	–	–
- In INR	–	–
ii) Purchase of Raw Material		
- In Euro	–	671.40
- In INR	–	54,867

### **2.34 CURRENT ASSETS / CURRENT LIABILITIES**

Major party's accounts are reconciled and some of the accounts are in process of reconciliation. However, in the opinion of the board, all current assets and loans and advances in the ordinary course of business, have a value on realisation at least equal to the amount at which they are stated in the financials.

### **2.35 SEGMENT REPORTING**

Company's principal business covers two primary business segments, viz."Automobile Components" and "Agriculture Implements". Segment revenue, segments results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments and also include amount allocable on reasonable basis. Items which are not directly relatable to the identified segments are shown as unallocated. The disclosure requirements of Ind AS - 108 "Operating Segments" are given below :–

**SAL AUTOMOTIVE LIMITED**  
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Particulars	2020 (Rs. in lakhs)	2019 (Rs. in lakhs)
<b>Segment Revenue :-</b>		
Automobile Components	<b>6803.06</b>	9876.66
Agriculture Implements	<b>1743.81</b>	3188.07
<b>Total</b>	<b><u>8546.87</u></b>	<u>13064.73</u>
<b>Segment Results (before finance cost and other unallocable income (loss) :-</b>		
Automobile Components	<b>16.45</b>	649.56
Agriculture Implements	<b>20.63</b>	65.94
<b>Total</b>	<b><u>37.08</u></b>	<u>715.50</u>
<b>Less:</b>		
(i) Finance Cost	<b>39.38</b>	35.37
(ii) Unallocable Exp (net of Income)	<b>(-186.07)</b>	197.64
(iii) Tax Expense (net of Deferred Tax)	<b>58.58</b>	135.08
<b>Total</b>	<b><u>125.19</u></b>	<u>347.41</u>
<b>Segment Assets:-</b>		
Automobile Components	<b>3343.63</b>	3747.02
Agriculture Implements	<b>683.22</b>	784.28
Un-allocable	<b>2440.76</b>	2070.67
<b>Total</b>	<b><u>6467.61</u></b>	<u>6601.97</u>
<b>Segment Liabilities:-</b>		
Automobile Components	<b>2390.74</b>	2542.74
Agriculture Implements	<b>389.55</b>	352.48
Un-allocable	<b>345.01</b>	363.77
<b>Total</b>	<b><u>3125.30</u></b>	<u>3258.99</u>

## 2.36 RELATED PARTY DISCLOSURES

Related party disclosures for the year ended 31st March, 2020 are as follows:

- i) Holding Company b4S Solutions Pvt. Ltd.
- ii) Associate Company Bhardwaj Packaging and Components Pvt. Ltd.  
SAB Motors Pvt. Ltd.  
ASB Automobiles Pvt. Ltd.  
Insulation & Electrical Products Pvt. Ltd.
- iii) Key Management Personnel Shri Rama Kant Sharma

**SAL AUTOMOTIVE LIMITED**  
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A) Transactions with related parties:		(Rs. in Lakhs)
	Holding Company	Associate Company
a) Purchase of raw materials / Tools & Dies	-	53.82
	(-)	(79.06)
Bhardwaj Packaging & Components Pvt. Ltd.	-	34.29
	(-)	(47.38)
Insulation & Electrical Products Pvt. Ltd	-	19.53
	(-)	(31.68)
b) Purchase of fixed assets	-	19.17
	(-)	(-)
ASB Automobiles Pvt. Ltd.	(-)	18.07
	(-)	(-)
Insulation & Electrical Products Pvt. Ltd.	-	1.10
	(-)	(-)
c) Expenditure in respect of services Received	70.82	0.36
	(31.43)	(-)
b4S Solutions Pvt. Ltd.	70.82	-
	(31.43)	(-)
SAB Motors Pvt. Ltd.	-	0.36
	(-)	(-)
d) Dividend Paid	80.92	-
	(80.92)	(-)
b4S Solutions Pvt. Ltd.	80.92	-
	(80.92)	(-)
B) Payables / (Receivables): -		
b4S Solutions Pvt Ltd	7.31	3.02
Bhardwaj Packaging & Components Pvt Ltd	7.46	2.38
SAB Motors Pvt Ltd.	0.07	—
ASB Automobiles Pvt. Ltd	8.07	—
Insulation & Electrical Products Pvt Ltd	(3.76)	17.33
Total	19.15	22.73

**C) Key Management Personnel**

Particulars	For the Year ended 31st March	
	2020 (Rs. in lakhs)	2019 (Rs. in lakhs)
Remuneration	12.00	47.38
Reimbursement of Expenses	—	10.60

**2.37 EARNING PER SHARE (EPS)**

Particulars	Year ended 31st March	
	2020	2019
a) Profit attributable to equity shareholder (Rs. Lakhs)	129.41	347.11
b) Basic/Weighted average number of equity shares	23,97,713	23,97,713
c) Basic / Diluted Earnings Per Share (a/b) (Face Value Rs.10/- per share)	Rs.5.40	Rs.14.48

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**2.38 PRODUCT SALES & CONSUMPTION OF MATERIALS**

Information about Production, Sales & Stocks, as certified by the management.

**A. Production, Sales & Stock of Finished Goods**

Particulars	Units	For the Year ended 31st March	
		2020	2019
<b>i) Seats for Light Commercial Vehicles</b>			
Opening stock	Nos.	<b>390</b>	52
Production	"	<b>9,801</b>	17,284
Sales	"	<b>9,699</b>	16,946
Closing stock	"	<b>492</b>	390
<b>ii) Seats for Tractors</b>			
Opening stock	Nos.	<b>463</b>	233
Production	"	<b>1,64,625</b>	1,67,587
Sales	"	<b>1,62,094</b>	1,67,357
Closing stock	"	<b>2,994</b>	463
<b>iii) Seat Components</b>			
Opening stock	Nos.	<b>51,189</b>	35,620
Production	"	<b>9,49,854</b>	19,32,752
Sales	"	<b>9,35,042</b>	19,17,183
Closing stock	"	<b>66,001</b>	51,189
<b>iv) Agriculture Implements</b>			
Opening stock	Nos.	<b>56</b>	93
Production	"	<b>3,087</b>	5,639
Sales	"	<b>3,120</b>	5,676
Closing stock	"	<b>23</b>	56
<b>v) Sales of Products</b>		<b>(Rs. in Lakhs)</b>	<b>(Rs. in Lakhs)</b>
Seat - Components		<b>2,060.09</b>	4,004.23
Seats-Light Commercial Vehicles & Parts		<b>249.13</b>	473.96
Tools, Dies & Fine Blanking Components		<b>97.88</b>	88.50
Tractor Seat and Parts		<b>4,343.13</b>	5,226.84
Agriculture Implements		<b>1,747.35</b>	3,188.07
		<b><u>8,497.58</u></b>	<b><u>12,981.60</u></b>

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**B (a) Consumption of Raw Materials & Components**

Particulars	Unit	For the Year ended 31st March			
		2020 Qty.	2020 Rs. Lakhs	2019 Qty.	2019 Rs. Lakhs
PU Foam Material	MT	172.40	287.38	216.01	405.40
CRCA Sheet & Steel Sheet	MT	551.79	322.24	992.80	618.23
Paints & Chemicals	MT	77.00	98.25	116.26	148.54
Trim Comp., Frames & Silencer etc.	Nos. (in lakhs)	2.84	327.64	3.72	417.05
Stopper, B. Plates, Arm Plate, H Plate	"	21.16	315.27	48.51	563.11
Guide Block, Sect-disc Lever etc.	"	15.58	127.81	59.17	578.43
Upper Rail, Lower Rail, Pawl Lock etc.	"	4.62	104.13	20.43	440.34
Tractor Seat Parts			2,179.91		2,437.18
Agriculture Implement - Parts & etc	-		1596.12		2,867.94
Seat Frames - Pipe, Tubes & etc			317.86		321.10
Packing Materials	-		71.43		107.76
Job Work Charges	-		104.49		127.84
Others	-		314.07		874.69
		<b>6,166.60</b>			<b>9,907.61</b>

**Notes:**

- i) It is not feasible to furnish quantitative information of all the components in view of large number of items varied in size and nature.
- ii) Quantities and values of all items in Analysis of Raw Materials consumed represent the issues from stores made during the year. The figure of others is a balancing figure, based on total consumption shown as above and includes adjustments for excess / shortage found on physical verification.

**(b) Value of imported and indigenous Raw Materials & Components, Stores and Spares etc. consumed & percentage of each to total consumption**

Particulars	For the Year ended 31st March			
	2020 %age	2020 Rs. Lakhs	2019 %age	2019 Rs. Lakhs
<b>a) Raw material &amp; Components</b>				
i) Imported	-	-	-	0.55
ii) Indigenous	100.00	6166.60	100.00	9907.06
	<b>100.00</b>	<b>6166.60</b>	<b>100.00</b>	<b>9907.61</b>
<b>b) Stores &amp; Spares</b>				
i) Imported	-	-	-	-
ii) Indigenous	100.00	46.08	100.00	64.22
	<b>100.00</b>	<b>46.08</b>	<b>100.00</b>	<b>64.22</b>

**2.39 EMPLOYEE DEFINED BENEFITS:**

Defined benefit plans - as per Actuarial Valuation

<b>Particulars</b>	<b>As at 31st March</b>	
	<b>2020 (Rs. in Lakhs)</b>	<b>2019 (Rs. in Lakhs)</b>
<b>I. Expenses Recognised in the Statement of Profit &amp;Loss Account</b>		
1. Past Service Cost	—	—
2. Current Service Cost	22.05	19.77
3. Net Interest Cost/ (Income)	11.25	12.84
4. Defined benefit cost recognised during the year	33.30	32.61
<b>II. Amount to be Recognised in the Balance Sheet</b>		
1. Present Value of Obligation at the end of the year	(410.29)	(417.04)
2. Fair Value of Plan Assets at the end of the year	260.96	242.63
3. Funded Status [Surplus / (Deficit)]	(149.33)	(174.41)
4. Net Liability arising from Obligation	149.33	174.41
<b>III. Change in the Present Value of Obligations</b>		
1. Present value of Obligation at the beginning of the year	417.04	409.16
2. – Interest Cost	29.83	29.73
– Past Service Cost	—	—
– Current Service Cost	22.05	19.77
3. Benefits Paid		
4. Remeasurement (Gain)/Loss		
– Experience Adjustment	(20.55)	16.34
– Difference in Present Value of Obligations	10.87	(16.97)
5. Present value of Obligation at the end of the year	410.29	417.04
<b>IV. Change in the Present Value of Plan Assets</b>		
1. Fair Value of Plan assets at the beginning of the year	242.62	18.58
2. Expected Return on Plan Assets	214.93	16.89
3. Contribution by the Employer	52.75	52.73
4. Withdrawal	(48.95)	(40.99)
5. Remeasurement Gain/(Loss):		
Return on Plan Assets	(4.04)	(0.93)
6. Fair Value of Plan assets at the end of the year	260.96	242.63

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<b>V. The major categories of plan assets as a percentage of total plan Funded with LIC</b>	<b>100%</b>	100%
<b>VI. Actuarial Assumptions</b>		
1. Imputed Rate	<b>6.75%</b>	7.60%
2. Expected rate of return on plan assets	<b>7.60%</b>	7.65%
3. In-service Mortality	<b>IAL 2012-14 Ultimate</b>	IAL 2012-14 Ultimate
4. Turnover Rate	<b>12% / 5%</b>	12% / 5%
5. Salary Rise - Officers/workers	<b>8% / 5%</b>	8% / 5%
6. Remaining Working life	<b>16.41Yrs</b>	15.85 Yrs

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

(Rs. Lakhs)

<b>Principal Assumptions</b>		<b>Changes in Assumptions</b>	<b>Increase / (Decrease) Impact on defined obligation</b>	
			<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
Discount Rate	<b>2020</b>	<b>1.00%</b>	<b>(12.73)</b>	<b>13.63</b>
	2019	1.00%	(13.23)	14.12
Salary Growth Rate	<b>2020</b>	<b>1.00%</b>	<b>12.75</b>	<b>(12.47)</b>
	2019	1.00%	13.81	(13.24)

The methods and types of assumptions used in preparing the sensitivity analysis didn't change compared to previous period.

#### **2.40 COMPENSATED ABSENCES (UNFUNDED)**

The leave obligations cover the Company's liability for sick and casual leaves. The Company does not have an unconditional right to defer settlement for the obligations shown as current provision balance above.

However, based on the past experience, the company does not expect all employees to take the full amount of accrued leave or require payments within the next 12 months, therefore, based on the independent actuarial report only a certain amount of provision has been presented as current and remaining as non-current. An amount of **Rs. 38.40 Lakhs** (2019 Rs. 20.02 lakhs) has been recognized in the statement of profit & loss.

<b>Particulars</b>	<b>2020 (Rs. in Lakhs)</b>	<b>2019 (Rs. in Lakhs)</b>
Current	<b>78.22</b>	72.34
Non-Current	<b>101.49</b>	98.90

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**2.41 DISCLOSURES UNDER MSMED ACT, 2006**

Micro, Small & Medium Enterprises have been identified by the Company on the basis of information available. Total Outstanding dues of Micro & Small enterprises, which are outstanding for more than stipulated period, are given below:-

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at 31st March</b>	
		<b>2020 (Rs. in Lakhs)</b>	<b>2019 (Rs. in Lakhs)</b>
(a)	Dues remaining unpaid as at 31st March		
	– Principal	<b>228.62</b>	56.56
	– Interest on above	<b>4.10</b>	0.57
(b)	Interest paid in terms of Section 16 of the Act along with the amount of payments made to the supplier beyond the appointed date during the year		
	– Principal paid beyond the appointed date	<b>56.56</b>	239.94
	– Interest paid in terms of Section 16 of the Act	<b>0.57</b>	2.80
(c)	Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	<b>4.10</b>	0.57
(d)	Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	–	–
(e)	Amount of interest accrued and remaining unpaid as at 31st March	<b>4.10</b>	0.57

**2.42 RESEARCH & DEVELOPMENT EXPENDITURE**

<b>Particulars</b>	<b>For the Year ended 31st March</b>	
	<b>2020 Rs. Lakhs</b>	<b>2019 Rs. Lakhs</b>
(a) Revenue Expenditure (Charged to Statement of Profit and Loss)	<b>10.83</b>	6.30
(b) Capital Expenditure (Capitalised under CWIP/Assets)	<b>4.10</b>	–
	<b>11.57</b>	6.30

**2.43 (a) MOVEMENT IN PROVISIONS FOR WARRANTY OBLIGATIONS**

<b>Particulars</b>	<b>Year ended 31st March</b>	
	<b>2020 Rs. Lakhs</b>	<b>2019 Rs. Lakhs</b>
a. As at the beginning of the Year	<b>8.23</b>	5.28
b. Provided during the year	<b>3.60</b>	4.75
c. Reversed during the Year	<b>2.87</b>	–
d. Utilised during the Year	<b>3.60</b>	1.80
e. As at the end of the Year	<b>5.36</b>	8.23

**2.43 (b) MOVEMENT IN PROVISIONS FOR DOUBTFUL DEBTS** (Rs. in Lakhs)

Particulars	Year ended 31st March	
	2020 (Rs. in Lakhs)	2019 (Rs. in Lakhs)
f. As at the beginning of the Year	82.16	88.66
g. Provided during the year	-	-
h. Written off Back during the Year	0.57	6.50
i. As at the end of the Year	81.59	82.16

**2.43 (c) MOVEMENT IN PROVISIONS FOR BONUS** (Rs. in Lakhs)

Particulars	Year ended 31st March	
	2020 (Rs. in Lakhs)	2019 (Rs. in Lakhs)
j. As at the Beginning of the Year	34.09	30.32
k. Provided during the year	30.71	31.35
l. Paid/Reversed during the Year	29.65	27.58
m. As at the end of the Year	35.15	34.09

**2.44 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**

**a) Derivative Outstanding :-**

Currency	Payable / Receivable	As at 31.03.20	As at 31.03.19
US\$	-	-	-

**b) Unhedged Foreign Currency Exposures :-**

Currency	Payable / Receivable	As at 31.03.20	As at 31.03.19
US\$ / INR	Payable	-	-
US\$ / INR	Receivable	US\$ 2333.20	US\$ 2333.20

**2.45 LIABILITIES WRITTEN BACK**

Trade Payables amounting to **Rs 3.45 Lakhs** being more than three years old which management consider not required to be paid has been written back during the year (2019 - Rs.2.62 Lakhs).

**2.46 EXCEPTIONAL ITEM**

Exceptional item amounting to **Rs 306.14 Lakhs** pertains to profit on sale of Investment property "Residential plot located at Chandigarh" sold for **Rs 757.35 Lakhs** during the year.

**2.47 COVID-19 FINANCIAL IMPLICATIONS**

The COVID-19 pandemic is a global humanitarian and health crisis. Consequently, demand and supply chain across industries has disrupted and negatively impacting the business of companies and driving the global economy towards a recession. Government has imposed stringent lock down to control the spread of disease. It has affected the business of the company from mid-March, 2020 onward. The performance of month March' 2020 has been partially impacted and the final impact of COVID -19 will depend on future developments that cannot be predicted reliably at this stage. Further, the company will closely monitor any material changes to future economic conditions impacting its business.

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**2.48 ADOPTION OF IND-AS 116 (Leases)**

Effective from 01 April 2019, the company has adopted Ind AS - 116, "Leases", applied to all lease contracts existing on 01 April 2019 using the modified retrospective method, accordingly the comparative periods have not been restated. There is no such lease contract whose maturity period is exceeding 12 months from the reporting date of the current year. On transition, adoption of this standard has resulted in nil impact on the profit of the current period.

Details of Lease expenses recognised in Statement of Profit & Loss account with respect to all leases during the Financial Year is summarized here below: -

<b>Sr. No.</b>	<b>Particulars</b>	<b>For the Year ended 31st March</b>	
		<b>2020 (Rs. in Lakhs)</b>	<b>2019 (Rs. in Lakhs)</b>
	Lease Payments made during the year	38.95	33.35

**2.49 PREVIOUS YEAR FIGURES**

Previous year figures have been regrouped / re-casted wherever necessary to correspond with those of the current year

As per our report of even date attached

The notes referred to above form an integral part of these financial statements

For MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

FOR AND ON BEHALF OF THE BOARD  
J.B. KAPIL  
Chairman

A.P. MANGLA  
Partner  
Membership No. 080173

JAGDISH LAL RAHEJA  
Chief Financial Officer

R.K. SHARMA  
Managing Director

Ghaziabad, 8th June, 2020

GAGAN KAUSHIK  
Company Secretary

Ghaziabad, 8th June, 2020

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (Rs. in Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	183.77	482.49
Adjustments for :		
Depreciation	143.72	136.59
Interest Paid	39.38	35.37
Interest Income	(116.26)	(72.74)
(Profit) / Loss on Fixed Assets Disposed / Write off	(306.14)	—
Actuarial Gain / (Loss) on re-measurement of defined benefit Liability	5.64	(0.30)
Capital grant-in-aid	<u>(233.66)</u>	<u>98.92</u>
Operating Profit before Working Capital Changes	(49.89)	581.41
Adjustments for:		
Trade Receivables	518.27	462.86
Inventories	(45.79)	(57.30)
Loans & Advances	(904.73)	59.36
Provision for Earned Leave & Gratuity	(16.61)	(34.23)
Provision for Doubtful Debts, Warranty & Advances	(2.87)	2.95
Trade Payables	<u>(112.49)</u>	<u>(598.62)</u>
<b>Cash Generated From Operations</b>	<u>(614.11)</u>	<u>416.43</u>
Direct taxes refund/(paid)	(43.40)	(149.62)
<b>Net Cash From Operating Activities</b>	<u>(657.51)</u>	<u>266.81</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(145.97)	(161.35)
Sale of Fixed Assets	757.37	—
Interest received	116.26	72.74
Net Cash Used in Investing Activities	<u>727.66</u>	<u>(88.61)</u>

**SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

Particulars	As at 31st March, 2019	As at 31st March, 2018	(Rs. in Lakhs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Bank Loans	1.59	139.84	
Repayment of Corporate Loans	(3.31)	(15.81)	
Dividend paid	(130.08)	(130.08)	
Interest Paid	(39.38)	(171.18)	(35.37) (41.42)
<b>Net Cash Used in Financing Activities</b>		<u>(171.18)</u>	<u>(41.42)</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<u>(101.03)</u>		136.78
Opening Cash & Cash Equivalents	858.81	722.03	
<b>Closing Cash &amp; Cash Equivalents</b>	<u>757.78</u>		<u>858.81</u>

**Notes:**

- 1 The above Cash Flow Statement has been prepared in accordance with Ind AS - 7 "Statement of Cash Flow" using indirect method for operating activities.
- 2 Figures in bracket indicate the cash outgo.
- 3 Previous year figures have been regrouped wherever found necessary.

This is the Cash Flow Statement referred to in our report of even date.

For MANGLA ASSOCIATES  
Chartered Accountants (FRN006796C)

FOR AND ON BEHALF OF THE BOARD  
J.B. KAPIL  
Chairman

A.P. MANGLA  
Partner  
Membership No. 080173  
Ghaziabad, 8th June, 2020

JAGDISH LAL RAHEJA  
Chief Financial Officer  
GAGAN KAUSHIK  
Company Secretary

R.K. SHARMA  
Managing Director  
Ghaziabad, 8th June, 2020

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of SAL Automotive Limited (Formerly SWARAJ AUTOMOTIVES LIMITED)**

#### **Report on the Financial Statements**

We have audited the standalone Indian Accounting Standards (Ind AS) financial statements of SAL AUTOMOTIVE LIMITED (Formerly SWARAJ AUTOMOTIVES LIMITED) ("the company"), which comprise the Balance Sheet as at 31 March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements, give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS;

- a) of the state of affairs (financial position) of the Company as at March 31, 2020; and
- b) its profit (financial performance including other comprehensive income), and
- c) its Cash Flows and the changes in equity for the year ended on that date.

#### **Basis for opinion**

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under these Standards are further described in the Auditors' Responsibilities section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We invite attention to Note no. to the financial results regarding the uncertainties arisen out of outbreak of COVID-19 pandemic and the assessment made by management on its business and financial statements for the year ended March 31, 2020, and also the future impact on supply chain and consumer demand. This assessment and the outcome of the pandemic is as made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods. The impact therefore, in future periods may be different from the estimates made as on the date of approval of these financial results. Further our attendance at the physical inventory verification done by the management were impracticable under the current lockdown restrictions imposed by the Government and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end.

Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Information other than the Standalone Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibilities Report, Corporate Governance and Shareholder's information, but does not include the Standalone Financial Statements and our auditors' report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **SAL AUTOMOTIVE LIMITED**

(Formerly Swaraj Automotives Limited)

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company's or to cease operations, or has no realistic alternative to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibility**

- A. Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- B. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
  - i) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and operating effectiveness of such controls.
  - iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements, or if, such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- v) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- C. Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.
- D. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- E. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- F. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **6. Report on other Legal and Regulatory Requirements**

- i) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A' statement on the matters specified in paragraphs 3 & 4 of the Order.
- ii) As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) on the basis of written representations received from the directors as on 31 March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'
  - g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us.
    - i. the Company has disclosed the impact of pending litigations, if any, on its financial positions in its Ind AS financial statements.
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

(A.P. Mangla)  
Partner  
Membership No. 080173

Ghaziabad, 8th June, 2020

**ANNEXURE 'A' REFERRED TO IN OUR REPORT OF EVEN DATE**

- I. (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets (property, plant and equipment)
- (b) As explained, the company has a regular programme of physical verification of its fixed assets (property, plant and equipment) by which fixed assets (property, plant and equipment) are verified in a phased manner. In accordance with the programme, certain assets (property, plant and equipment) were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- II. (a) According to the information and explanations given to us, physical verification of inventory has been conducted during the year by the management. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
- III. (a) According to the information and explanations given to us, the Company, during the year, has not granted any loans secured or unsecured to any party covered in the register maintained under Section 189 of the Act.
- (b) & (c) are not applicable
- IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- V. The company has not accepted any deposits from the Public.
- VI. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of the products manufactured by the Company and are of the opinion that prima-facie the prescribed accounts have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- VII. (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value added tax/GST, Cess and any other material statutory dues, where applicable. According

to the information and explanations given to us there are no arrears of undisputed outstanding dues of above as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are reported below. According to the information and explanation given to us and the records examined by us, the following dues of Excise Duty/Service Tax have not been deposited by the Company on account of disputes as on 31st March, 2020.

<b>S.No.</b>	<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount of Tax due (Rs. in Lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
1.	Central Excise	Excise Duty	1.28 March 2010	August 2009 to March, 2010	Deputy Commissioner

VIII. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or Government. The Company has not issued any debentures. Accordingly, the Paragraph 3(viii) of the Order is not applicable to the Company.

IX. According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) and the term loans availed by the Company were applied for the purposes for which they were raised.

X. In our opinion and as per information and explanations given and during the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed, or reported during the year.

XI. In our opinion and according to the information and explanations given to us, and based on our examinations of the records of the Company, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

XII. According to the information and explanation given to us, the Company is not a Nidhi Company. Thus Para 3(xii) of the Order is not applicable to the Company.

XIII. According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

XIV. According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Para 3(xiv) of the Order is not applicable to the Company.

XV. According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

XVI. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

A.P. Mangla,  
Partner  
Membership No. 080173

Ghaziabad, 8th June, 2020

## **ANNEXURE 'B' REFERRED TO IN OUR REPORT OF EVEN DATE**

### **Report on the Internal Financial Control under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SAL AUTOMOTIVE LIMITED (Formerly SWARAJ AUTOMOTIVES LIMITED) (the 'Company') as of 31st March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that are operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the " Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating Effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparations of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company: (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding

prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Mangla Associates  
Chartered Accountants  
(FRN 006796C)

A.P. Mangla,  
Partner  
Membership No. 080173

Ghaziabad, 8th June, 2020