

SAL AUTOMOTIVE LIMITED
(Formerly Swaraj Automotives Limited)

46th ANNUAL GENERAL MEETING - 20th September 2021

CHAIRMAN SPEECH

Dear Members,

A very good afternoon to all of you.

On behalf of the Board of Directors, I am pleased to extend a very warm welcome to you at this 46th Annual General Meeting of your Company. The requisite quorum being present, I call this Meeting to order.

COVID 19 pandemic is not over yet and possibility of another wave looms. We hope you and your family members are safe and healthy and wish you all a good health. In view of ongoing pandemic and pursuant to Circulars issued by the Ministry of Corporate Affairs and SEBI, we are constrained to hold this meeting through Video Conference. The notice of the meeting and the Annual Report for the year ended 31st March 2021 was via e-mail only in accordance to the requisite MCA circular.

YEAR IN REVIEW

Your Company is in the business of manufacturing and supplying seat, seats mechanisms and agriculture implements to various manufactures of tractors, LCV, Car and Agri implements.

There is a severe impact of COVID19 on automotive industry especially commercial vehicle segment. However, agriculture implements industry has shown a positive trend backed by favorable policies and initiative taken by government.

As per Society of Indian Automobile Manufacturers (SIAM), vehicles sold in India, during the financial year 2019-20, stood at 27.74 lakh and 7.18 lakh, for passenger and commercial respectively. During the financial year 2020-21, the respective numbers dropped to 27.11 lakh and 5.68 lakh, thereby registering a degrowth of 2.24% and 20.77%. The respective numbers of units exported stand at 4.04 lakh and 0.50 lakh, lower by 38.92% and 16.64% compared to the previous year.

However, the total sales of tractors (exports included) increased by 26.50% to 9.88 lakh in financial year 2020-21 compared to 7.81 lakh in the previous year.

In the above backdrop, total net revenue from operations for the financial year 2020-21 increased to Rs. 94.55 crore against the previous year's revenue of Rs. 85.47 crore. Profit before tax for the year stands at Rs. 0.85 crore (previous year Rs. 1.84 crore). The profit in the previous year was higher despite lower sales revenue due to profit from exceptional item.

Profit after tax for the year was Rs. 0.84 crore (previous year Rs.1.25 crore) which gives an Earnings per Share (EPS) of Rs. 4.05 (previous year Rs. 5.40).

I am happy to inform that the Board of Directors has recommended a dividend of 35% for FY 2020-21.

CURRENT PERFORMANCE

Spread of Covid-19 across the world since the start of last calendar year 2020 adversely impacted the global economy, commercial and industrial activities. Sustenance / revamping of economic activities became a challenge for the Governments, industry and customers. Company prepared a roadmap to face the challenges and threats caused by the Covid-19 pandemic 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. The second wave of the pandemic again impacted the industry at the start of current financial year and forcing partial lockdown in parts of the country.

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

Operations of your company were also impacted due to Pandemic to large extent during first half of financial year. From Q2 onwards, operational activities started coming back to normalcy level and during Q3 it has shown some brighter results compared to H1 performance but continuous increases in commodity prices and availability have impacted the supply chain to a large extent.

Your Company has also set up a new plant at Rudrapur, Uttarakhand and the commercial production of at plant started in the month of April, 2021.

FUTURE

Overall industry has been impacted by the ongoing COVID 19 pandemic resulting in frequent lockdowns, movement of migrant labour and slow production in initial months of the financial year 2020-21. The commercial vehicle industry too is severely impacted. The recent sluggishness is also linked to the significant increase in insurance and fuel costs. The agriculture sector prospects look positive due to overall record production of crop and many Govt initiatives.

We, however, believe the aforesaid setbacks 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's continuous thrust on strengthening rural sector and infrastructure development coupled with initiatives like make in India, skill India, and vehicle scrappage policy will benefit the automobile sector. In addition to these, launch of new models by vehicle manufactures, changing consumer preferences, replacement demand etc. too shall act as a catalyst to the growth of the industry.

In light of these factors, the business environment for the Company looks promising, in medium to long term.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express our deep sense of appreciation to all those associated with the Company in various capacities - customers, vendors, employees, and shareholders.

I would like to convey our sincere thanks to the various authorities of the State Government, Bankers etc. for their cooperation. I would also like to express my gratitude to our Board of Directors for their support and guidance.

I would now commend for your consideration and adoption of the Directors' Report and the Accounts for the year ended 31st March 2021.

Rajiv Sharma
Chairman

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