

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

**47<sup>th</sup> ANNUAL GENERAL MEETING - 26<sup>th</sup> September 2022**

**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 47<sup>th</sup> Annual General Meeting of your Company. The requisite quorum being present, I call this Meeting to order.

We hope you and your family members are safe and healthy and wish you all a good health. In view of ongoing Covid-19 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 31<sup>st</sup> March 2022 was sent via e-mail only in accordance to the requisite MCA circular.

**YEAR IN REVIEW**

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

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

### **Automobile Industry:**

As per Society of Indian Automobile Manufacturers (SIAM), vehicles sold in India, during the financial year 2020-21, stood at 27.11 lakh and 5.68 lakh, for passenger and commercial category respectively. During the financial year 2021-22, the respective numbers increased to 30.69 lakh and 7.17 lakh, thereby registering a growth of 13.2% and 26.2%. Export sales of the respective categories stand at 5.78 lakh and 0.92 lakh, increased by 43.1% and 84.0% as compared to the previous year.

### **Agri-Implements Industry:**

Tractor Industry witnessed a marginal degrowth of 1.7% with sales volume (exports included) of 9.71 lakh in financial year 2021-22 as compared to 9.88 lakh in the previous year. However, your company had achieved a sales volume of 1.77 lakh tractor seats during reported financial year as compared to sales volume of 1.78 lakhs during previous year.

On the similar line for Rotavator - Major Agriculture Implement, where Industry witnessed 16.3% of degrowth during FY 2021-22 in sales volume, as total 2.05 lakhs of rotavators had been sold against the previous year sales volume of 2.45 lakhs. Your company had achieved a growth of 190% by recording a sales volume of 0.07 lakhs as compared to the sales volume of 0.02 lakhs during previous year. This year the Rotavator Industry is projecting a growth of 10% over FY 2021-22 volume and we are also anticipating a significant growth in the sales volume in line with the capacity enhancement project successfully commissioned during the first half of the financial year 2022-23.

In the above backdrop, total net revenue from operations of your company for the financial year 2021-22 increased to Rs. 150.58 crore against the previous year's revenue of Rs. 94.55 crore. Profit /(Loss) before tax for the year stands at Rs. (2.99) crore (previous year Rs.

0.85 crore). Margins dropped due to steep price increase of raw material & consumable items, increase in fixed overheads on account of expansion in manufacturing facility.

Profit/ (Loss) after tax for the year was Rs. (2.38) crore (previous year Rs.0.97 crore) which gives an Earnings per Share (EPS) of Rs. (9.91) (previous year Rs. 4.05).

## **CURRENT PERFORMANCE**

During the FY 2022-23, both Automobile and Agri implement industry is expected to have a good outlook. Accordingly, your company has also shown a positive trend in first quarter of FY-23 with growth of more than 50% in turnover which stood at Rs.60.46 crores with net profit of Rs. 0.38 crores.

## **INAUGRATION OF NEW SHED AT NABHA PLANT**

I am further, happy to inform you that your company has started commercial production in a new shed comprising 100,000 Sq feet at the existing plant location at Nabha, Punjab. This plant will increase the production capacity of Rotavator from 1000 existing levels to 3000 per month. This plant will cater the demand for Mahindra and Mahindra farm division.

## **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 2021-22. 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

the 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 the 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 manufacturers, 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 31<sup>st</sup> March 2022.

**Rajiv Sharma**  
Chairman