

SML/SEC/EXCH
13th July, 2018

Dy. General Manager- Corporate Relationship Department BSE Limited P.J Towers, Dalal Street Fort, Mumbai-400 001	The Secretary, National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot no. C/1, G Block Bandra- Kurla Complex Bandra (E), Mumbai – 400 051
Scrip Code: 505192	Scrip Code: SMLISUZU

Dear Sir,

Annual Report 2018 including Notice of Annual General Meeting

We are pleased to enclose herewith a copy of Annual Report of SML ISUZU LIMITED for the financial year ended 31st March, 2018 including Notice of Annual General Meeting (AGM).

As informed earlier vide our communication dated 23rd May, 2018, AGM is scheduled on Thursday, 9th August, 2018 at Registered Office & Works of the Company at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab-144533.

The Annual Report contains the following :

1. Report of the Directors
2. Audited Financial Statements
3. Independent Auditors' Report
4. Notice of Annual General Meeting

This is for your information and record please.

Yours faithfully
For SML ISUZU LIMITED



(PARVESH MADAN)

Company Secretary & Compliance Officer
pmadan@smlisuzu.com
ACS-31266

SML ISUZU Limited

Corporate Office : 204-205, Sector 34-A, Chandigarh -160135

T +91 172 2647700-10 F +91 172 2615111

Regd. Office & Works:

Village : Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr) Punjab -144533

T +91 1881 270255 F +91 1881 270223 W www.smlisuzu.com CIN L50101PB1983PLC005516

Trucks & Buses



CSR INITIATIVES 2017-2018 ...



Healthcare – Ambulances, Patient Trolleys and Wheel Chairs in Government Hospitals

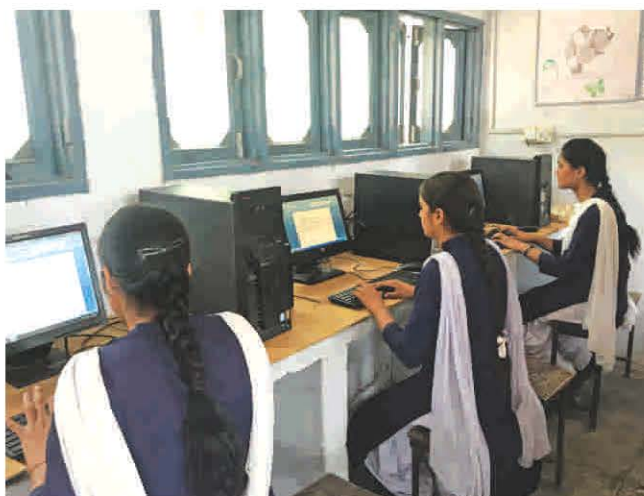


Education - School infrastructure up-gradation Projects :
Desks, Chairs, Fans, Water Purifiers and Toilets in village Schools

CSR INITIATIVES 2017-2018



Preventive Healthcare & Sanitation : Health Camps and Refuse Collector Bins provided for cleanliness



Vocational training Projects for girls



Education - Support to under privileged girls in the form of Fees, Uniforms & Books

SML ISUZU LIMITED (FORMERLY SWARAJ MAZDA LIMITED)

BOARD OF DIRECTORS

S.K. TUTEJA - Chairman
P.K. NANDA
A.K. THAKUR
DR. VASANTHA S. BHARUCHA
SUDHIR NAYAR
G. IWANAMI
K. GODA
T. KIKKAWA
M. MOROHOSHI
T. IMAI
PANKAJ BAJAJ
E. SETO - Managing Director & CEO
GOPAL BANSAL - Whole-time Director & CFO

COMPANY SECRETARY

PARVESH MADAN

AUDITORS

B S R & ASSOCIATES LLP

LISTING OF SHARES

BSE LIMITED
NATIONAL STOCK EXCHANGE
OF INDIA LIMITED

BANKERS

CANARA BANK
MIZUHO BANK LTD.
MUFG BANK LTD.

REGISTERED OFFICE & WORKS

VILLAGE : ASRON,
DISTT. SHAHID BHAGAT SINGH NAGAR
(NAWANSHAHR) PUNJAB-144 533

CORPORATE OFFICE

SCO 204-205, SECTOR 34-A,
CHANDIGARH-160 135

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34TH ANNUAL GENERAL MEETING

on Thursday, 9th August, 2018
at 3.00 P.M. at Village Asron,
Distt. Shahid Bhagat Singh Nagar,
(Nawanshahr), Punjab - 144 533

REPORT OF THE DIRECTORS

The Directors are pleased to present their Thirty-Fourth Annual Report together with audited financial statements for the financial year ended 31st March 2018.

PERFORMANCE REVIEW

The Indian economy witnessed a slow-down during fiscal 2017-18 due to persisting impact of demonetization, transitory disruptions caused by implementation of Goods and Service Tax (GST) and weak agricultural growth. GDP growth estimate of 6.6 percent for fiscal 2017-18 (7.1 percent achieved in fiscal 2016-17) has been the lowest since 2014-15. However, Commercial Vehicle Industry (all segments including exports) grew 15.9 percent to reach volume of 9,53,300 vehicles supported by Government's push towards infrastructure development, road construction & mining activities; an increased demand from consumption driven sectors as well as e-commerce logistics service providers; and strict implementation of overloading norms in some states. Light vehicles (LCVs) grew higher at 19.5 percent to reach 5,68,900 and Medium & Heavy vehicles (M&HCVs) grew 11.0 percent to reach 3,84,400.

The Company was unable to participate in that growth principally due to inadequate availability of vehicles for sale caused by the unexpected and sudden order of the Supreme Court of India on 29th March 2017 banning sale of BS III vehicles with effect from 1st April 2017. That order had rendered the entire inventory of BS III vehicles, built up for the ensuing school bus season of April-July 2017, non-saleable. All such vehicles had to be modified to make them BS IV compliant. In subsequent months, production of vehicles suffered on account of shortage of some critical components. Consequently, sales volume for the year could reach only 11355 against 14909 sold in the previous year.

The financial performance of the Company, for the year ended 31st March, 2018 is summarized below:

(Rs. in Crores)

Year ended 31st March	2018	2017
Sales volume (No. of vehicles)	11355	14909
Total Income	1177.25	1520.34
Less : Excise duty on sales	39.09	160.02
Net Income	1138.16	1360.32
Less : Material cost & other expenses	1089.78	1246.18
Operating profit	48.38	114.14
Profit before tax	9.46	84.14
Profit after tax	8.50	63.01
Balance of profit from prior years	215.31	172.52
Surplus available for appropriation	223.81	235.53

The Company has adopted Indian Accounting Standards (Ind-AS) with effect from 1st April, 2017 with the transition date of 1st April, 2016. Accordingly, financial statements for the year ended 31st March, 2018 have been prepared as prescribed for Ind-AS under Section 133 of the Companies Act, 2013 and the relevant rules. Previous year's figures have been restated to make them comparable.

DIVIDEND

The Directors have recommended payment of dividend of Rs. 1.5 per equity share of face value of Rs. 10/- each for the year ended 31st March, 2018 (previous year - Rs. 8.0 per equity share). The cash outflow on that account will be Rs. 2.62 crores (previous year - Rs. 13.93 crores), including dividend distribution tax of Rs. 0.45 crores (previous year - Rs. 2.36 crores).

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis, which also covers the state of the Company's affairs, forms a part of this report.

CORPORATE GOVERNANCE

A report on corporate governance together with the Auditors' Certificate confirming compliance with corporate governance norms as stipulated under the SEBI Listing Regulations, 2015, forms a part of this report.

INDUSTRIAL RELATIONS

Industrial relations and work atmosphere remained cordial throughout the year with sustained communication and engagement with workforce through various forums.

CREDIT RATING

The Company continues to enjoy the highest rating for short term borrowings of A1+ ('A one plus') from ICRA and the long term rating for line of credit / cash credit limits is AA ('double A').

SAFETY, HEALTH AND ENVIRONMENT

The Company continues to demonstrate strong commitment to safety, health and environment which have been adopted as core organizational values. The Company assures safety and audits its facilities in accordance with statutory and regulatory requirements. The Directors review these areas every quarter through reports and presentations made at the Board Meetings. Employees are continuously made aware of hazards / risks associated with their job and their knowledge and skills are updated through requisite training to meet any emergency. Medical and occupational check-ups of employees and eco-friendly activities are promoted. Safe disposal of hazardous waste is ensured through an effluent treatment plant and an incinerator; a sewage treatment plant ensures eco-friendly disposal of sewage.

The Company is certified as BS OHSAS 18001: 2007 in respect of Occupational Health & Safety Assessment Series and ISO 14001: 2015 in respect of Environmental Management System.

CURRENT BUSINESS ENVIRONMENT

Directors believe that demand for trucks during financial year 2018-19 will remain buoyant due to the increased thrust on infrastructure projects, growing demand from consumption-driven sectors & e-commerce logistic service providers, replacement led buying and generally improved economic scenario. In the passenger bus segment, replacement led buying, following a year of sharp contraction, and Government's focus on improving urban as well as rural transportation, etc. are expected to push volumes. Further, the Government's plan on phasing out of older diesel vehicles, at an advanced stage of formalization, is expected to generate additional demand both for trucks and buses.

Based on the above factors, during financial year 2018-19, M&HCV Truck segment is expected to register a growth of 4-6 percent and the LCV Truck segment is expected to grow 9-11 percent. Bus sales are expected to grow by 12-14 percent. However, competition is becoming increasingly intense with existing players continuously expanding their product portfolios.

Amidst such competitive environment and to meet ever changing regulatory requirements, the Company will continue its focus on customer reach, product development and up-gradation, innovative and cost effective technology solutions, up-gradation of manufacturing technology and cost cutting.

Company's capex project envisaging an outlay of Rs. 220 crores towards technological advancement, product up-gradation / development and up-gradation of plant infrastructure to improve manufacturing efficiency is in its final stages of completion. An amount of Rs 191.3 crores has been incurred till 31st March, 2018. For this capex spending, the Company has drawn Rs. 140.0 crores External Commercial Borrowings (ECB), designated in US Dollars (fully hedged), and the balance is from internal accruals.

DIRECTORS

Mr. Masaki Nakajima and Mr. Masahiro Narikiyo tendered their resignations as Directors of the Company with effect from 23rd March, 2018. The Board, in its Meeting held on 23rd March, 2018, recorded its deep appreciation for the valuable support and advice of the two gentlemen during their tenure.

The Board, on the recommendation of its Nomination and Remuneration Committee, appointed Mr. Gota Iwanami and Mr. Masaki Morohoshi as Additional Directors of the Company on 23rd March, 2018, who holds office until the ensuing Annual General Meeting of the Company.

Mr. Takahiro Imai, who was appointed by the Members as Whole-time Director designated as Director-R&D (Isuzu Products & Projects) at the last Annual General Meeting of the Company, resigned from his post with effect from 28th April, 2018. However, he continues to serve on the Board as a Non-Executive Director. The Board, at its Meeting held on 23rd May 2018, placed on record its deep appreciation for his valuable contribution to the Company as Director - R&D.

Mr. Eiichi Seto decided to demit office of Managing Director & CEO with effect from 10th August, 2018. However, he will continue as a Non-Executive Director on the Board of the Company. The Board, in its Meeting held on 23rd May, 2018, took note of his outstanding and inspirational leadership as Managing Director & CEO and recorded its deep appreciation for his valuable contributions to the Company and extended to him its best wishes for his future career.

The Board, at its Meeting held on 23rd May, 2018, was pleased to appoint, on the recommendation of its Nomination & Remuneration Committee, Mr. Yugo Hashimoto as Managing Director & CEO, in place of Mr. Eiichi Seto, w.e.f. 10th August, 2018, for a period of five years, subject to approval of the Members at the ensuing Annual General Meeting of the Company and of the Central Government, if required.

The Securities and Exchange Board of India ('SEBI') has amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which mandates that, effective 1st April 2019, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless approval of shareholders has been obtained through a special resolution. Presently, Company's two Non-Executive Independent Directors namely - Mr. P.K. Nanda & Mr. A.K. Thakur have already attained age of 75 years. Therefore, Special Resolutions being proposed for approval by the Members at the ensuing Annual General Meeting for Mr. P.K. Nanda & Mr. A.K. Thakur to continue as Directors on the Board of the Company.

Mr. Takeru Kikkawa retires by rotation and being eligible, offers himself for re-appointment.

Mr. Pankaj Bajaj retires by rotation and being eligible, offers himself for re-appointment.

At the last Annual General Meeting, held in September 2017, the Members had approved the appointment of Mr. Kazuo Goda as Non-Executive Director.

The details of the Directors being recommended for appointment / re-appointment are contained in the Notice convening the forthcoming Annual General Meeting of the Company.

All the independent Directors have given declaration to the Company that they meet the criteria of 'independence' set out in the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL (KMPs)

In terms of the applicable provisions of the Companies Act 2013, Mr. Eiichi Seto, Managing Director & CEO, Mr. Gopal Bansal, Whole-time Director & CFO and Mr. Parvesh Madan, Company Secretary are the Key Managerial Personnel of the Company.

No KMP has resigned or was appointed during the financial year ended on 31st March 2018. However, on 23rd May, 2018, Mr. Eiichi Seto decided to demit office of Managing Director & CEO w.e.f. 10th August 2018 and the Board has appointed Mr. Yugo Hashimoto as Managing Director & CEO with effect from 10th August 2018 subject to approval of the Members of the Company and Central Government, if required. On his appointment as Managing Director & CEO, he will be a KMP under the provisions of the Companies Act 2013.

NOMINATION AND REMUNERATION POLICY

Based on the recommendations of its Nomination and Remuneration Committee, the Board has adopted a Nomination and Remuneration Policy, which is attached as **Annexure A**.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no Subsidiary, Joint Venture or Associate Company.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length, in the ordinary course of business and in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There were no material transactions made by the Company during the year that would have required shareholders approval.

All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature.

The Company has adopted a policy to deal with related party transactions as approved by the Board of Directors. It is uploaded on the Company's website at web link: <http://smlisuzu.com/Financials/RPTPolicy.aspx>

In terms of Section 134(3)(h) of the Companies Act, 2013, there are no transactions to be reported in Form AOC-2. The details of the related party transactions, as per Ind-AS, are set out in Note 37 to the Financial Statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is attached as **Annexure B**.

MEETINGS OF THE BOARD

Five Board meetings were held during the year as detailed in the Corporate Governance Report which forms part of this report.

AUDIT COMMITTEE

The Audit Committee comprises three independent Directors, Mr. P.K. Nanda, as Chairman, Mr. A.K. Thakur and Mr. Sudhir Nayar, and the Whole-time Director & CFO, Mr. Gopal Bansal. All the recommendations made by the Audit Committee during the year were accepted by the Board.

PARTICULARS OF EMPLOYEES

The information as per Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report is attached as **Annexure C**.

The disclosure as per Section 197 of the Companies Act, 2013 read with Rule 5 (2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this Report. However, as per the provisions of Section 136 (1) of the Companies Act, 2013, the report and financial statements are being sent to the Members and others entitled thereto, excluding the aforesaid annexure. This annexure is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy thereof may write to the Company Secretary.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given any loans, guarantees or made any investments during the year, which would be covered by Section 186 of the Companies Act, 2013.

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

The Company proposes to carry Rs. 0.85 crores to General Reserve for the financial year 2017-18 (Previous year - Rs. 6.28 crores).

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes have occurred or commitments made after 31st March, 2018, which may affect the financial position of the Company or require disclosure.

SUSTAINABILITY INITIATIVE

Your Company is conscious of its responsibility towards preservation of natural resources and continuously takes initiatives to reduce consumption of electricity and water.

RISK MANAGEMENT

The primary objective of risk management is to protect the Company against risks to the value of the business, its capital and its continuity. In order to achieve the objective and for better governance, the Board has constituted a Risk Management Committee (RMC) comprising three independent Directors, one non-executive Director and the Whole-time Director & CFO.

RMC is entrusted with the functions of determining efficacy of risk management framework of the Company, evaluation of risks and mitigating measures. The Company has adopted a formal Risk Management Policy based on the recommendations of RMC.

The Policy sets out key risk areas - financial risks (including risk to assets), legislative and regulatory risks, environmental risks (including natural disasters), operational risks (markets, production, technology, etc.), risks relating to employment and manpower, and individual large transactional risks. The Managing Director & CEO identifies and proposes action in respect of all risks through his Management team as and when any are perceived or foreseen or inherent in operations; analyses these, and then reports to RMC for its review and guidance.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) Committee consists of two independent Directors, namely, Mr. S.K.Tuteja, as Chairman and Dr. (Mrs.) Vasantha S. Bharucha and two Executive Directors - Mr. Eiichi Seto, the Managing Director & CEO and Mr. Gopal Bansal, Whole-time Director & CFO. On the recommendation of the Committee, the Board has adopted Company's policy on CSR with key thrust areas defined as - promoting healthcare and sanitation, supporting education of girl child and under privileged children, sponsoring vocational education for women, etc.

Annual Report on CSR activities for the year ended 31st March 2018 is attached as **Annexure D**.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, performance evaluation of the Board, the Directors as well as Committees of the Board has been carried out and the details are covered in the Corporate Governance Report.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the year.

SHARE CAPITAL

There was no change in the Company's issued, subscribed and paid-up equity share capital during the year.

DEPOSITS

During the year, the Company has not accepted any deposit under Chapter V of the Companies Act, 2013.

SIGNIFICANT ORDERS PASSED BY REGULATORS, COURTS OR TRIBUNALS IMPACTING GOING CONCERN AND COMPANY'S OPERATIONS

To the best of our knowledge, the Company has not received any such orders from regulators, courts or tribunals or any other authority during the year which may impact the going concern status of the Company or its operations in future.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has adopted a policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the Act) and the Rules there under. The Policy aims to provide protection to women at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment. The Company has also constituted an Internal Complaints Committee in accordance with the Act, to inquire into complaints and take appropriate action.

The Company has not received any complaint of sexual harassment during the year.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a whistle blower policy, to provide formal mechanism to the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. It provides for adequate safeguards against victimization of Directors and Employees who avail the mechanism and provides for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of the Company is available on the Company's website at the web link: <http://smlisuzu.com/Financials/WhistleBlowerPolicy.aspx>

SECRETARIAL STANDARDS

The Company has duly complied with the applicable Secretarial Standards on Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, the Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed and proper explanations provided relating to material departures, if any;
- (b) they have selected such accounting policies and applied them consistently and made judgments 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 31st March, 2018 and of the profit of the Company for the year ended on that date;
- (c) they 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;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Based on the work performed by the internal, statutory and secretarial auditors and the reviews carried out by the Management and the relevant Board Committees, the Directors are of the opinion that the Company has in place, adequate internal financial controls, with reference to financial statements, commensurate with the size and nature of the business of the Company. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of familiarisation programme for Independent Directors in respect of their roles, rights & responsibilities, nature of the industry in which Company operates, business model of the Company and related matters are available on the website of the Company at the web link: <http://smlisuzu.com/Financials/FamiliarisationProgramme.aspx>

ALTERATION OF MEMORANDUM OF ASSOCIATION AND ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Memorandum of Association (MOA) and Articles of Association (AOA) of the Company, as currently in force, are in accordance with the Companies Act, 1956.

With the enactment of the Companies Act 2013 (the new Act), as amended from time to time, it is proposed to alter / amend the existing MOA and to adopt new AOA to align with the provisions of the new Act.

Pursuant to the provisions of the Companies Act 2013, read with the Rules framed there under, alteration of MOA and AOA requires approval of shareholders by way of a special resolution and, accordingly, the resolutions are being placed before the Members at the ensuing Annual General Meeting for their approval.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s A. Arora & Co., a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor to carry out the Secretarial Audit of the Company for fiscal 2017-18.

The Secretarial Audit Report, for the year under review, does not contain any qualification and is attached as **Annexure E**.

STATUTORY AUDITORS

B S R & Associates LLP, a firm of Chartered Accountants, was appointed as the Statutory Auditors of the Company, at its 31st Annual General Meeting, for a period of five years.

The Auditors' Report to the Members of the Company, for the year under review, does not contain any qualification.

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

The required information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in the Companies Act, 2013 is attached as **Annexure F**.

ACKNOWLEDGMENTS

Your Directors express their grateful appreciation for the co-operation received from the concerned Government departments, banks, dealers and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the employees of the Company at all levels.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dated : 23rd May, 2018

S.K. TUTEJA
Chairman

EIICHI SETO
Managing Director & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY REVIEW

Indian Commercial Vehicles Industry (excluding exports) grew 19.9 percent during financial year 2017-18, driven by strong demand in the LCV Truck segment which grew 29.5 percent and also in the M&HCV Truck segment which registered a growth of 19.4 percent. In contrast, sales volume of buses contracted 13.7 percent. The growth in the truck segment was supported by Government's push towards infrastructure development, road construction & mining activities; pent-up demand post GST implementation, replacement-led buying, improvement in finance availability at easier terms for purchase of vehicles and strict implementation of overloading norms in some states. Decline in the bus segment was on account of sluggish demand for large buses and deferment of orders from State Road Transport Undertakings (SRTUs), owing to lower budgetary allocations.

Exports volumes declined by 10.5 percent to reach 96,900 vehicles.

2. OUTLOOK

The recovery in the Commercial Vehicles industry, led by the truck segment, since the beginning of Q2 of 2017-18 has continued. It is expected that, during current fiscal 2018-19, growth momentum in the truck segment will sustain supported by Government's focus on infrastructure projects, higher demand from consumption driven sectors as well as e-commerce logistics service providers, further helped by the adoption of hub-n-spoke model of distribution by more business enterprises as a result of the new GST law. The bus segment is also expected to grow, after a year of sharp contraction, supported by replacement led demand and Government thrust on improvement of transport systems in urban areas as well as in the rural sector.

Based on the above factors, the industry forecast is that during fiscal 2018-19, demand in M&HCV Truck segment will grow by 4-6 percent and in the LCV Truck segment by 9-11 percent. Bus sales are expected to rise by 12-14 percent.

The Company is geared to meet the demand for its products with sufficient availability of vehicles besides introduction of new products / models, in particular the Global Series trucks with new improved cabin having features for more comfort & safety, and Ecomax LR in the bus segment (introduced in the latter part of 2017-18), as also a new range of CNG vehicles with Turbo CNG Engine and higher power Engine for tippers. The Company has also introduced the next generation Telematics solution named 'SML SAARTHI' for advanced transportation management and on-road 24x7 service support which will help customers, especially fleet owners, to manage their vehicles more efficiently and on real-time basis. Thus, the Company can look towards recovering the lost ground during FY 2017-18 and achieve satisfactory growth during the current fiscal year despite intense competition.

3. COMPANY PERFORMANCE

The Company sold 11,355 vehicles in 2017-18 against 14,909 in the previous year. Reasons for drop in sales during the year have been explained in the Report of Directors under Performance Review.

The Company has converted all BS III vehicles, which were lying in the Company's stock as on 31st March 2017, to BS IV.

Break up of sales is given hereunder:

	(Nos.)	
	2017-18	2016-17
Passenger vehicle (buses)	6097	7919
Cargo vehicles	5258	6990
Total	11355	14909

Total Income (net of excise) for 2017-18, is Rs. 1,138.2 crores against Rs. 1,360.3 crores in the preceding year, as detailed below:

	(Rs. in Crores)	
	2017-18	2016-17
Sale of Vehicles	1,044.0	1,267.2
Sale of Spare Parts etc.	94.2	93.1
Net Income	1,138.2	1,360.3

Material cost at 73.8% (73.6%) of net income was slightly higher on account of net impact of shifting production to BS IV compliant vehicles.

Employee costs at Rs. 146.1 crores (Rs. 140.2 crores) were 12.8% (10.3%) of net income.

Marketing costs at Rs. 49.4 crores were 4.3% (3.9%) of net income.

Other operating & administrative expenses at Rs. 53.9 crores made up 4.7% (3.8%) of net income.

Depreciation Charge was at Rs. 28.4 crores (Rs. 23.8 crores), increase has been due to additional investments in plant & machinery and other facilities during the year.

Due to lower sales volume, operating profit declined to Rs. 48.4 crores (4.3% of net income) against Rs. 114.1 crores (8.4% of net income) earned during the fiscal 2016-17.

Interest expense (net of interest earned) amounted to Rs. 8.9 crores (Rs. 2.5 crores), again because of the aforementioned investments and lower cash generation arising from a heavy drop in sales.

As a result of above, Profit before tax severely declined to Rs. 9.5 crores (0.8% of net income) against previous year's Rs. 84.1 crores (6.2%). Profit after tax was Rs. 8.5 crores (Rs. 63.0 crores), which translates to an earnings per share of Rs. 5.9 (Rs. 43.5).

Net worth of the Company as on 31st March, 2018 was Rs. 398.1 crores against Rs. 403.8 crores on that date in the previous year made up of equity component of Rs. 14.5 crores (Rs. 14.5 crores) and other equity of Rs. 383.6 crores (Rs. 389.3 crores).

Year-end short term and long term borrowings (ECB loan including current maturities) from banks - Rs. 70.0 crores (Rs. 5.1 crores) and Rs. 140.2 crores (Rs. 35.0 crores).

Property, Plant & Equipment including CWIP & Intangible assets stood at Rs. 399.9 crores (Rs. 293.5 crores).

Inventories at the year-end at Rs. 363.8 crores (Rs. 294.6 crores) increased from last year's level on account of higher stock of buses maintained to meet demand during peak school bus season (April-July).

Year-end trade receivables were at Rs. 117.3 crores (Rs. 114.8 crores) and trade payables were Rs. 211.8 crores (Rs. 190.7 crores).

Cash & Bank Balances (including Fixed Deposits with Banks) were Rs. 22.0 crores (Rs. 7.6 crores).

4. INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company conducts its affairs within the framework of well-defined business plans which provides appropriate guidance and direction to its employees. Annual Business Plan for each fiscal year is formulated on the basis of well defined processes and is approved by the Board of Directors. Finance & Accounts function is adequately staffed by professionally qualified and experienced personnel. An advanced ERP system - SAP (S/4 HANA) has been installed, during the year, to upgrade the existing Management Information System and to take care of future business needs.

The Company has an effective reporting and monitoring system which is regularly reviewed at the meetings of the Audit Committee and the Board while considering quarterly business performance. Business projections are revised in relation to market expectations and appropriate actions are taken by the Management to offset adverse changes to the extent possible. Policies and procedures have been laid down to provide reasonable assurance that assets are safeguarded from risks of un-authorized use/disposition and transactions are recorded and reported with propriety, accuracy and speed. These aspects of operations are regularly reviewed and verified by the Internal Audit department and the Statutory Auditors. Company's own independent Internal Audit Department carries out audit reviews based on the Internal Audit Plan, as approved by the Audit Committee of the Board which also covers testing of established internal controls and standard operating procedures. Significant observations of the Auditors are subsequently submitted to the Audit Committee of the Board for its consideration and guidance. Outside support, for audit of some specific areas, is also taken as and when required. Audit Committee also reviews adequacy and effectiveness of Company's internal financial controls.

5. HUMAN RESOURCES

The Company has always strived to attract the best talent, provide invigorative work environment, retain achievers and outstanding performers and to inculcate in the employees loyalty for the organization. Raising employees' involvement in the decision making process and grooming them for leadership positions has been an ongoing process. Industrial relations and work atmosphere remained cordial throughout the year with sustained communication and engagement with work force through various forums. Employees' strength as on 31st March, 2018 was 1060 (1063).

6. OPPORTUNITIES AND THREATS

Outlook for commercial vehicle (CV) industry is positive, backed by projected improvement in industrial activity, strong focus on infrastructure development, steady agricultural output and rising consumption expenditure. Over the medium term, Truck segment would also benefit from roll out of GST with positive impact on logistics sector through lifting of barriers and enhanced preference for hub-n-spoke model. Further, Government's increased thrust on improvement in transport system and initiatives like Smart City Program and increasing demand from inter-city movement are expected to drive growth in the bus segment.

The key challenges during fiscal 2018-19 and going forward for the Company would be preparing itself to comply with series of new regulations announced by the Government such as - additional bus body code with requirements like electronic stability control (ESC), multiplex wiring, NVH, Fire detection alarm & suppression system as per AIS 153 and requirement of telematics as per AIS 140 etc., truck body code and several other regulations, to enhance passenger & driver comfort and road safety. As regards already notified BS-VI emission norms, to be effective from 1st April 2020, the Company has taken appropriate steps to meet the target timelines. All these require considerable development work and will significantly increase cost of production of vehicles.

7. BUSINESS RISKS AND CONCERNS

The demand for commercial vehicles is influenced by general economic conditions, including, among other things, rates of economic growth, availability of credit, interest rates, environmental and tax policies, safety regulations, freight rates, fuel and commodity prices. Unfavorable trends in any of these factors will pose concern for the industry.

Transformation from BS-IV to BS-VI and other regulatory changes would require modifications in product designs and the need for training across all relevant areas in manufacturing, marketing and customer services. These factors would substantially increase cost of production and, therefore, the prices of vehicles.

To meet the above challenges, the Company is continuing its focus on - product development, innovative and cost effective technology solutions such as powertrains through outsourcing, cost cutting, improvements in after sale service, measures for customer satisfaction, brand promotion, enhancing dealer network and empowering their sales force, etc.

The Risk Management Committee of the Board is entrusted with the functions of determining efficacy of the risk management framework of the Company including evaluation of risks and mitigation measures taken by the Management.

8. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projection, 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

The Company follows principles of good corporate governance, disclosure and transparency giving high priority to core values and ethics. It considers itself custodian and trustee for all its stake-holders. It seeks corporate excellence by offering quality vehicles and service to customers, fostering team spirit amongst employees by their continuous involvement and participation in decision making processes placing high emphasis on their integrity and loyalty to the Company.

COMPOSITION OF THE BOARD

The composition of the Board of Directors ("Board") conforms to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with five independent Directors, including the Chairman and a woman Director; two whole-time Directors and six non-executive Directors. Out of total six non-executive Directors, four are from the Promoter group, Sumitomo Corporation, Japan and two are from Isuzu Motors, Japan, the Company's technical adviser. All the non-executive Directors are qualified professionals with expertise in their own fields and have vast knowledge and experience in business and administration. No Directors are inter-se related to each other.

All independent Directors were appointed in accordance with the Companies Act, 2013 and Listing Regulations. The formal letter of appointment issued to Independent Directors containing terms and conditions of appointment is disclosed on the Company's website www.smlisuzu.com. All the Independent Directors have declared to the Company that they meet the criteria of 'independence' set out in the Listing Regulations and the Companies Act, 2013.

The Managing Director & CEO and the Whole-time Director & CFO, both are professionals. The Managing Director & CEO has been an employee of the Company's Promoter group - Sumitomo Corporation, as is his proposed successor.

The Board periodically reviews and approves overall strategy, gives guidelines and directions to and oversees the functioning of the Management to ensure that the objectives of the Company are met and its core values sustained.

MEETINGS OF THE BOARD

Annual calendar of Board meetings is agreed at the beginning of the year.

Detailed agenda is sent to each Director / Committee Member prior to a meeting, including, as appropriate, operating and financial performance statements of the Company. The Board reviews strategy and business plans, efficacy of risk management framework, annual operating and capital expenditure budgets, investment and exposure limits, quarterly / half-yearly / annual operating performance and financial results, compliance reports of the laws applicable to the Company and minutes of meetings of the Committees of the Board and other significant developments.

INFORMATION ON MEETINGS, ATTENDANCE AND MEMBERSHIP

During the year, the Company held 5 Board Meetings on 10th May 2017, 10th August 2017, 10th November 2017, 9th February 2018 and 23rd March, 2018. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

The details are set out below:

Name of Director (DIN No.)	Category	Board Meetings during 2017-18		Attendance at the AGM held on 22.09.2017	Directorships in other Companies* (as on 31.03.2018)		No. of Committee Positions in Companies# including SML ISUZU LIMITED (as on 31.03.2018)	
		Meetings Held	Board Meetings Attended		Public	Private	Chairman	Member
Mr. Surender Kumar Tuteja Chairman (00594076)	Independent Non-Executive	5	5	Yes	7	7	5	5
Mr. Pramod Kumar Nanda (00751931)	Independent Non-Executive	5	5	Yes	1	-	1	1
Mr. Ashish Kumar Thakur (00031778)	Independent Non-Executive	5	5	Yes	3	-	1	3
Mr. Sudhir Nayar (00200415)	Independent Non-Executive	5	5	Yes	1	-	1	1
Dr. (Mrs.) Vasantha S. Bharucha (02163753)	Independent Non-Executive	5	5	Yes	1	-	-	1
Mr. Masaki Nakajima (06605180) (ceased w.e.f. 23.03.2018)	Non-Executive	5	5	No	NA	NA	NA	NA
Mr. Takeru Kikkawa (03107280)	Non-Executive	5	4	No	-	-	-	-
Mr. Kazuo Goda (07572151)	Non-Executive	5	3	No	-	-	-	-
Mr. Masahiro Narikiyo (07125220) (ceased w.e.f. 23.03.2018)	Non-Executive	5	4	No	NA	NA	NA	NA
Mr. Pankaj Bajaj (00337925)	Non-Executive	5	5	No	-	1	-	-
Mr. Gota Iwanami (08094102) (appointed w.e.f. 23.03.2018)	Non-Executive	NA	NA	NA	-	-	-	-
Mr. Masaki Morohoshi (07302404) (appointed w.e.f. 23.03.2018)	Non-Executive	NA	NA	NA	-	2	-	-
Mr. Takahiro Imai (07796387) Director - R&D	Non-Executive (Refer Note)	4	4	Yes	-	-	-	-
Mr. Eiichi Seto (02704734) Managing Director & CEO	Executive	5	5	Yes	-	-	-	1
Mr. Gopal Bansal (06836592) Whole-time Director & CFO	Executive	5	5	Yes	-	-	-	2
Mr. Kei Katayama (06942162) Director - R&D (ceased w.e.f. 25.05.2017)	Executive	1	1	NA	NA	NA	NA	NA

Note : Appointed w.e.f. from 26.05.2017 as whole-time-Director designated as Director – R&D (Isuzu Products & Project) and ceased w.e.f. 28.04.2018. However he will continue as Non-Executive Director.

* Excludes Directorships in Associates, Foreign Companies, Government Bodies and Companies registered under Section 8 of the Companies Act, 2013.

Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for Committee positions.

- (a) None of the Directors is a member of more than 10 committees and chairman of more than 5 committees (as specified in the Listing Regulations), across all the companies in which he is a Director.
- (b) The Senior Management personnel have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which would have potential conflict of interest with the Company at large.
- (c) As on March 31, 2018, none of the Directors is shareholder of the Company except Mr. S.K.Tuteja, Chairman and Non-Executive Independent Director of the Company who holds 1400 equity shares of the Company.
- (d) None of the independent Directors is an independent Director in more than 7 listed companies and whole-time Director in any listed Company.

CODE OF CONDUCT

The Board has laid down a well-defined Code of Ethics and Conduct (the "Code") to be followed by Board members and senior management of the Company. Duties of independent Directors, as specified under Companies Act, 2013, have been incorporated in the code.

The Code is available on the website of the Company www.smlisuzu.com. In accordance with the Listing Regulations, all Directors and senior management personnel have affirmed compliance with this Code.

A declaration signed by the Managing Director & CEO to this effect forms part of this report.

CEO/CFO CERTIFICATION

As required under the Listing Regulations, the Managing Director & CEO and Whole-time Director & CFO have certified to the Board regarding Annual Financial Statements for the year ended 31st March, 2018. A copy of the certificate was placed before the Board of Directors at their meeting held on 23rd May, 2018 and forms part of this report.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate meeting of Independent Directors was held, in accordance with the Companies Act and Listing Regulations, to review performance of non independent Directors, the Chairman and the Board as a whole and assess the quality, quantity and timeliness of flow of information between the Management and the Board. All independent Directors attended the meeting.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The familiarisation programme for Independent Directors can be accessed from the website of the Company at the web link <http://smlisuzu.com/Financials/FamiliarisationProgramme.aspx>

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees after seeking inputs from all the Directors and members of relevant Committees. The Board has also carried out performance evaluation of each Director based on the evaluation carried out by its Nomination and Remuneration Committee (NRC).

The criteria for performance evaluation was set out by NRC and adopted by the Board. These included composition and structure of the Board and its Committees, effectiveness of the Committees, knowledge of the Company's operations by the members, their participation at meetings including preparedness for issues for consideration, level of contribution in assessing and improving performance of the Company and interactions amongst themselves and with senior management. Adherence to Code of Conduct of the Company, fiduciary and statutory obligations, continuing maintenance of independence by independent Directors, etc. were also a part of the performance evaluation.

The Board was satisfied with its composition and its diversified nature and that all Directors upheld the highest standards of integrity and probity, adhered to the Company's code of conduct, made constructive and effective contribution at meetings and generally carried out their responsibilities well in the interest of the Company and its stakeholders.

A separate meeting of independent Directors was held during the year to review the performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of other Directors. That review confirmed satisfactory performance on all counts.

COMMITTEES OF THE BOARD

Audit Committee

The members of Audit Committee possess vast experience in and knowledge of corporate affairs and finance. During the financial year under review, four meetings of Audit Committee were held on 9th May 2017, 9th August 2017, 9th November 2017 and 8th February 2018. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 22nd September, 2017.

The Committee also met on 22nd May 2018, prior to the finalization of the Accounts for fiscal 2017-18.

The Composition of Audit Committee and the details of meetings attended by the members during the year are given below :

Name of the Member	Category	No. of meetings attended during 2017-18
Mr. P. K. Nanda, Chairman	Independent, Non-Executive	4
Mr. A. K. Thakur	Independent, Non-Executive	4
Mr. Sudhir Nayar	Independent, Non-Executive	4
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	4

Audit Committee meetings are usually attended by the Managing Director & CEO, the Head of Internal Audit, the Company Secretary and a representative of Statutory Auditors. Senior Management is also invited to participate in the deliberations as appropriate.

Terms of reference of the Audit Committee inter alia include:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Review with the management, the annual and quarterly financial statements and auditor's report thereon before submission to the Board for approval.
- Review with the management, statutory and internal auditors, adequacy of the internal control systems;
- Evaluation of internal financial controls and risk management systems;
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Discussion with statutory auditors the nature and scope of audit as well as post-audit areas of concern;
- Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- Review adequacy of internal audit function including structure of the internal audit department, staffing and seniority of the official heading the function, reporting structure, coverage and frequency of internal audit;

- Discussion with internal auditor of any significant findings and follow up thereof;
- Review findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Approval (or any subsequent modification) of transactions of the Company with related parties;
- Review functioning of the Whistle Blower mechanism;

Stakeholders Relationship Committee

Stakeholders Relationship Committee is headed by Mr. S.K. Tuteja, Independent Director, and consists of two Executive Directors as its members.

Terms of Reference of the Committee are as follows:

- Consider and resolve grievances of the shareholders of the Company including complaints related to transfer of shares, non receipt of Annual Report, non-receipt of dividends, etc.
- Transfer / transmission of shares, Dematerialization / rematerialization of shares, Issue of duplicate share certificates and such other functions as may be stipulated under Listing Regulations and the Companies Act, 2013.

The Committee also reviews the functioning of the Registrar and Transfer Agent to render effective and quality services to the investors. During the financial year ended 31st March, 2018, 11 meetings of the Committee were held.

The composition of the Committee and the details of meetings attended by the members during the year are given below:

Name of the Member	Category	No. of meetings attended during 2017-18
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	11
Mr. Eiichi Seto	Executive (Managing Director & CEO)	8
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	10

Mr. Parvesh Madan, Company Secretary, is the Compliance Officer of the Company.

The Company received 723 queries / requests from the shareholders which, inter-alia, included queries/ requests related to dematerialization / rematerializaion of shares, non-receipt of dividend / annual reports, transfer of shares and revalidation of dividend, duplicate shares etc. which were duly attended to and the Company has furnished necessary documents/ information to the shareholders. No share transfers pertaining to the year under review were pending on 31st March 2018.

Total of 3 complaints were received during the year from shareholders, through SCORES (SEBI Complaints Redressal System) and BSE/ NSE, which were resolved to the satisfaction of the shareholders. As on 31st March, 2018, no complaint was pending.

Nomination and Remuneration Committee

This Committee has been constituted in compliance with the requirements of the Companies Act, 2013. Terms of Reference of the Committee are as follows :

- Identify persons who may be appointed Directors in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Evaluation of performance of Directors including independent Directors and the Board.
- Formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.

The Nomination and Remuneration Committee also helps the Board on succession plan for the Directors and Senior Management.

The Composition of the Nomination and Remuneration Committee (reconstituted in March 2018 due to resignation of Mr. Masaki Nakajima) and the details of Meetings attended by the members during the year are given below :

Name of the Member	Category	No. of meetings attended during 2017-18
Mr. P. K. Nanda, Chairman	Independent, Non-Executive	4
Mr. S. K. Tuteja	Independent, Non-Executive	4
Mr. Masaki Nakajima (ceased w.e.f. 23.03.2018)	Non-Executive	4
Mr. Gota Iwanami (appointed w.e.f. 23.03.2018)	Non-Executive	NA

During the year, four meetings of the Committee were held on 10th May, 2017, 10th August 2017, 9th February, 2018 and 23rd March 2018.

Nomination and Remuneration Policy:

Nomination and Remuneration Policy is in place for Directors, KMP and other employees, in accordance with the provisions of the Act and Listing Regulations. The policy is part of Directors' Report.

The criteria for performance evaluation of the Directors is covered in Nomination and Remuneration Policy of the Company.

Remuneration of Directors:

Remuneration paid to Whole-time Directors is decided by the Board on the recommendations of the Nomination and Remuneration Committee and approved by the shareholders at Annual General Meetings. Independent Directors are paid sitting fee of Rs. 50,000 per meeting for attendance at Board meetings (revised from Rs. 30,000 per meeting w.e.f. 1st April 2017 as approved by the Board of Directors in the Board Meeting held on 10th August 2017) and Rs. 30,000 per meeting for attendance at Committees Meetings and reimbursement of expenses incurred for attending such meetings.

At the 32nd Annual General Meeting, held in August, 2016, the shareholders had authorized the Board of Directors for payment of commission, a sum not exceeding one percent of the Net profits of the Company

per annum, computed in accordance with the provisions of the Companies Act, 2013, to the Independent Directors of the Company, for each financial year commencing from 1st April, 2016.

Apart from the above stated, there have been no other material pecuniary relationships or transactions by the Company with Non-executive directors during the year.

Following are the details of Directors remuneration paid in 2017-18.

Whole-time Directors

(Amount in Rs.)

Name of Director	Salary (Basic & DA)	Allowances (including HRA, Leave Trave & Special Allowances)	Commission for the FY 2016-17	Contribution to Provident and other Funds	Other Perqui-sites	Stock Option	Total	Service Contract (Tenure)
Eiichi Seto Managing Director & CEO	6,300,000	-	6,300,000	-	1,742,592	-	14,342,592	Upto 25.12.2018 (Refer Note a)
Gopal Bansal Whole-time Director & CFO	7,800,000	2,900,000	6,000,000	1,836,000	188,425	-	18,724,425	Upto 10.02.2019
Kei Katayama Director - R&D	686,452	-	-	-	222,925	-	909,377	Ceased w.e.f 25.05.2017
Takahiro Imai Director - R&D (Isuzu Products & Projects)	3,873,548	-	-	-	503,321	-	4,376,869	ceased w.e.f. 28.04.2018. (Refer Note b)

Note:

- Resigned from the post of MD & CEO w.e.f. 10.08.2018. However, he will continue as a Non-Executive Director.
- Appointed w.e.f. 26.05.2017 and resigned from the post of Director - R&D w.e.f. 28.04.2018. However, he is continuing as a Non-Executive Director.
- No notice period and severance fee is payable to any Director.
- Approval from the Shareholders by way of a special resolution is being sought at the ensuing Annual General Meeting for payment of managerial remuneration as Minimum Remuneration to Managing Director & CEO and Whole-time Director & CFO in view of inadequacy of profits and ratification of payment of excess remuneration aggregating to Rs. 44.18 lacs paid during financial year ended 31st March, 2018.

Non-Executive Independent Directors

(Amount in Rs.)

Name of Director	Sitting Fees	Commission [^]
Mr. S.K. Tuteja	8,20,000	8,00,000
Mr. P.K. Nanda	5,80,000	8,00,000
Mr. A.K. Thakur	4,60,000	8,00,000
Mr. Sudhir Nayar	4,60,000	8,00,000
Dr. (Mrs.) Vasantha S. Bharucha	3,70,000	8,00,000

Note: ^ Related to financial year 2016-17 and paid in financial year 2017-18.

Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013.

Terms of reference of the Committee, inter alia, includes :

- Formulate and recommend to the Board, a CSR Policy covering the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Review the CSR activities of the Company from time to time and institute a transparent monitoring mechanism for CSR activities.

The Board has adopted a Policy on CSR recommended by the Committee and is placed on the Company's website www.smlisuzu.com

The annual report on CSR activities, for fiscal 2017-18, forms a part of Directors' Report.

The composition of the CSR Committee and details of meetings attended by the members during the year are given below :

Name of the Member	Category	No. of meetings attended during 2017-18
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	3
Dr. (Mrs.) Vasantha S. Bharucha	Independent, Non-Executive	3
Mr. Eiichi Seto	Executive (Managing Director & CEO)	3
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	3

During the year three meetings were held on 10th May 2017, 10th August 2017 and 23rd March 2018.

Risk Management Committee

The Committee is entrusted with the functions of overseeing the efficacy of risk management framework of the Company, including mitigation measures taken by management, advising thereon and appropriately reporting to the Board.

The composition of the Risk Management Committee and the details of meetings attended by the members during the year are given below:

Name of the Member	Category	No. of meetings attended during 2017-18
Mr. P. K. Nanda, Chairman	Independent, Non-Executive	2
Mr. A. K. Thakur	Independent, Non-Executive	2
Mr. Sudhir Nayar	Independent, Non-Executive	2
Mr. Pankaj Bajaj	Non -Executive	2
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	2

During the year, two meetings were held on 9th August 2017 and 22nd March 2018.

DISCLOSURES

1. Details of General Meetings

(i) Annual General Meetings :—

Financial Year	Date	Time	Venue	Special Resolutions passed
2014-15	24.09.2015	01:30PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Nil
2015-16	05.08.2016	03:30PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Nil
2016-17	22.09.2017	01:00PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Appointment of Mr. Takahiro Imai as Whole-time Director designated as Director - R&D (Isuzu Products & Projects)

Pursuant to the provisions of Section 110 of the Companies Act, 2013, there was no matter required to be dealt by the Company to be passed through postal ballot.

(ii) Extraordinary General Meeting:

No extraordinary general meeting was held during financial year 2017-18.

2. Transactions with related parties

The Company has adopted a policy to deal with related party transactions and during the year there were no material related party transactions made by the Company that would have required shareholders approval. The Company has not entered into any transaction of material nature that may have any potential conflict with the interest of the Company. The details of the related party transactions as per Ind AS 24 'Related Parties Disclosures' are set out in note 37 to the Financial Statements.

The Policy on Related Party Transactions is uploaded on the Company's website and can be assessed at the web link : <http://smlisuzu.com/Financials/RPTPolicy.aspx>

3. Details of non-compliance

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 authorities, on any matters related to capital market during the last three years.

4. Whistle Blower Policy/Vigil Mechanism

The Company has adopted a whistle blower policy, to provide formal mechanism to the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. It provides for adequate safeguards against victimization of Directors and Employees who avail of the mechanism and provides for direct access to the Chairman of the Audit Committee.

No instance has been reported when any person was denied access to the Audit Committee.

Whistle Blower Policy of the Company is available on the Company's website at the web link: <http://smlisuzu.com/Financials/WhistleBlowerPolicy.aspx>

5. Code for prevention of Insider Trading Practices

In compliance with SEBI's Regulations on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for prevention of insider trading. The Code lays down guidelines and procedures to be followed and disclosures to be made, by Designated Persons, while dealing with shares of the Company and cautioning all concerned of the consequences of violations.

6. Accounting treatment

In preparation of the Financial Statements, the Company has followed the Indian Accounting Standards (Referred to as Ind AS) prescribed under Section 133 of the Companies Act, 2013 as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, to the extent applicable. The significant accounting policies are set out under Note 2 of the Financial Statements for the year ended 31st March 2018.

7. Means of Communication

(a) Publication of results

Quarterly, half-yearly and annual financial results of the Company are published in English and one vernacular language newspaper having wide circulation viz., Financial Express, Indian Express and Punjabi Tribune.

(b) Website and News Releases:

The Company's website www.smlisuzu.com displays the information, prescribed to be made available on website of the Company under the Listing Regulations, which inter alia includes - details of business of the Company, terms and conditions of independent directors, composition of Board committees, policies adopted by the Company, shareholding pattern, presentations made to the Analysts / Institutional investors, announcements / disclosures made by the Company, notices published in the newspapers, status of unclaimed dividend, Annual Reports, quarterly and Annual Financial results, contact for investor grievances, etc.

(c) Stock Exchanges

The Company makes timely disclosures of necessary information to Stock Exchanges - BSE Limited and the National Stock Exchange of India Limited, where the Company's shares are listed, in terms of the Listing Regulations and other Rules and regulations issued by SEBI, electronically through at their respective web-based portals - BSE Listing center and NEAPS (NSE Electronic Application Processing System).

8. Management Discussion and Analysis Report

Management Discussion and Analysis Report has been attached to Directors' Report.

9. Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under Listing Regulations.

The Company has also complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.

10. Adoption of discretionary requirements

i) The Board

The Company does not maintain the office of the Non-Executive Chairman but he is allowed reimbursement of expenses incurred in performance of his duties.

ii) Shareholder Rights

The Company regularly publishes its quarterly and annual results in Newspapers in Regional language and English language having wide circulation as required under the Listing Regulations. These results are also available on the Company's website www.smlisuzu.com. The Annual Report containing Audited Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the Members and is also displayed on the Company's website www.smlisuzu.com

iii) Modified opinion(s) in Audit Report

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

iv) Separate posts of Chairman and CEO

The post of the Non-Executive Chairman of the Board is separate from that of the Managing Director & CEO.

v) Reporting of Internal Auditor

The Internal Auditor of the Company periodically reports to the Audit Committee.

11. Policy on determining Material Subsidiary

The Company has no subsidiary.

SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Date	:	9th August, 2018 (Thursday)
Time	:	3:00 P.M.
Venue	:	SML Isuzu Limited Village Asron, Distt. Shahid Bhagat Singh Nagar, (Nawanshahr), Punjab-144 533

2. Calendar (tentative) for Financial Results

The Financial year covers the period from 1st April to 31st March

Quarter ending 30 th June, 2018	:	1st/2nd week of August, 2018
Quarter ending 30 th Sept., 2018	:	1st/2nd week of November, 2018
Quarter ending 31 st Dec., 2018	:	1st/2nd week of February, 2019
Year ending 31 st March 2019	:	May, 2019

3. **Book Closure** : 3rd August, 2018 to 9th August, 2018 (both days inclusive)

4. **Dividend Payment date** : shall be paid/dispatched on or before 24th August, 2018

5. **Listing on Stock Exchanges** : **BSE Limited (BSE)**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001
National Stock Exchange of India Limited (NSE)
Exchange Plaza, 5th Floor,
Plot no. C/1, G Block
Bandra- Kurla Complex
Bandra (E)
Mumbai - 400051

Listing fee for FY 2018-19 for both these stock exchanges has been paid.

6. **Stock Code** : **BSE -505192** **NSE - SMLISUZU**

7. **CIN** : L50101PB1983PLC005516

8. Dematerialisation and Liquidity of Shares:

Trading in Equity shares of SML ISUZU Limited is permitted only in dematerialized form. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to avail of this facility.

As on 31st March, 2018, 97.70% of the Company's shares were held in electronic form.

International Securities Identifications Number: INE294B01019 (with NSDL and CDSL)

For Shares held in electronic form, all instructions regarding change of address, nomination, power of attorney etc., should be given directly to their Depository Participants and the Company will not be able to entertain any such requests directly from shareholders.

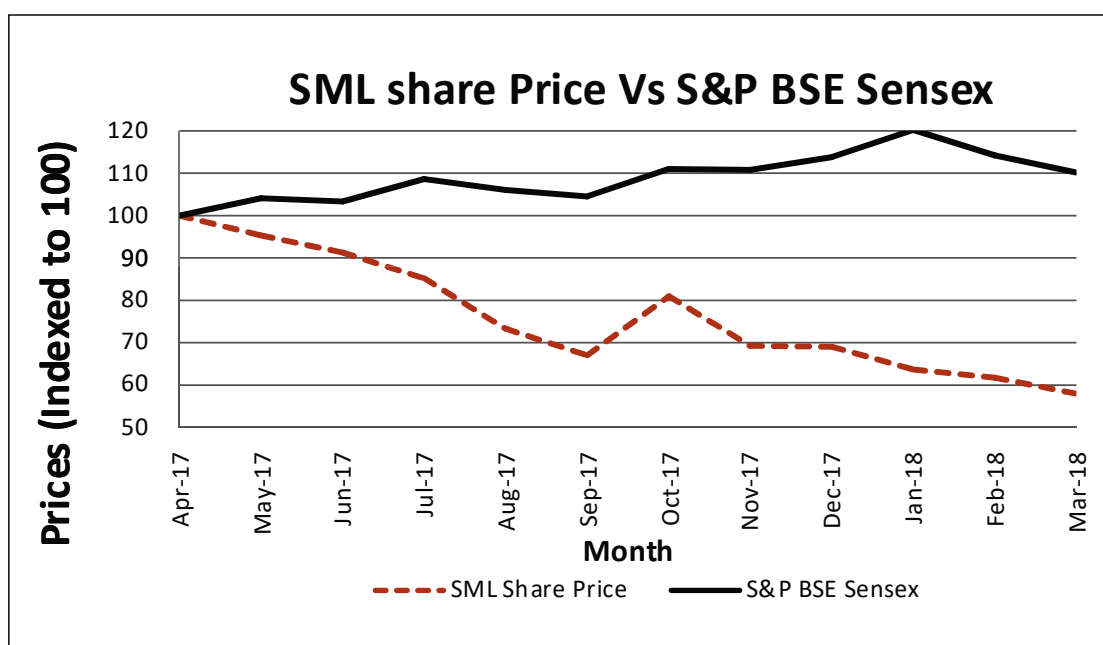
9. Stock Market Data

Month wise high and low price for one equity share of Rs.10 at BSE and NSE is given below:

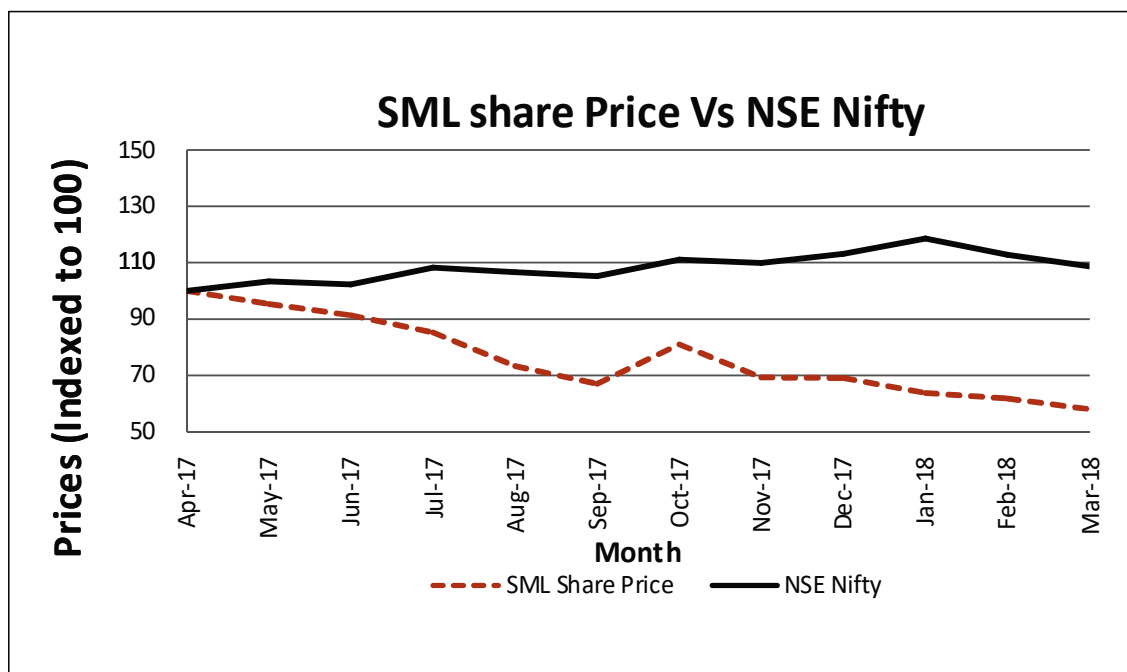
Month	BSE Limited (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2017				
April	1,385	1,286	1,388	1,292
May	1,369	1,223	1,368	1,220
June	1,280	1,170	1,275	1,160
July	1,215	1,125	1,220	1,120
August	1,136	903	1,135	903
September	988	881	990	880
October	1,079	899	1,079	896
November	1,090	884	1,086	882
December	936	834	936	830
2018				
January	960	839	948	836
February	861	775	862	775
March	815	728	820	731

10. Stock Price Performance

SML ISUZU Ltd. Share Price performance relative to S&P BSE Sensex



SML ISUZU Ltd. Share Price performance relative to NSE Nifty



Note: Above comparison is based on the month end closing share price of SML Isuzu Limited and BSE/NSE Index.

11. Transfer System for physical shares:

Share transfers are being registered and dispatched within the stipulated timeline from the date of receipt, if the documents are clear in all respect. The Company obtains half yearly certificate of compliance, with respect to issue of share certificates, from a Company Secretary in Practice as required under Regulation 40(9) of the Listing Regulations and files a copy of the said certificate with Stock Exchanges.

Total number of shares transferred during 2017-18 was 5,069 (Previous Year 4,950)

Income-tax PAN mandatory for Transfer / Transmission / Deletion / Transposition of securities held in physical form.

12. Transfer of unclaimed dividends to the Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Accordingly, the Company has transferred the unclaimed dividends for and upto the Financial Year ended 31st March 2010 to IEPF. Members who have not encashed the dividend warrant(s) so far from financial year 2010-11 onwards are requested to send their claims to the Company. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company on the website of the Company (www.smlisuzu.com).

13. Transfer of shares Investor Education and Protection Fund (IEPF) relating to dividend which have remained unclaimed for seven consecutive years to

Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account'). During FY 2017-18, the Company had transferred 1,60,264 equity shares (in respect of FY 2008-09 and FY 2009-10) to the IEPF Account after following the prescribed procedure.

Further, all the shareholders who have not claimed/ en-cashed their dividends during the last seven consecutive years from FY 2010-2011 onwards, are requested to claim the same by 12th September 2018. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, the Company has individually informed the concerned shareholders and also published notice in the newspapers as per the IEPF Rules. The details of such shareholders along with the shares due for transfer are uploaded on the "Investors Section" of the website of the Company viz. www.smlisuzu.com

However, the shareholder can claim both unclaimed dividend amount and the shares transferred to IEPF from IEPF Authority by making an application in Form IEPF-5 online on www.iepf.gov.in and sending the physical copy of the same duly signed (as per registered specimen signature) along with requisite documents enumerated in the said Form IEPF-5 to the Company or to M/s MCS Share Transfer Agent Limited, Registrar and Transfer Agents of the Company for verification of the claim. Shareholder can file only one consolidated claim in a financial year as per the IEPF Rules.

14. Registrar and transfer Agents

M/s MCS Share Transfer Agent Limited
Sri Venkatesh Bhavan,
F - 65, 1st Floor, Okhla Industrial Area,
Phase - I, New Delhi - 110020

Contact person : Mr. S. Biswas
Tele: 011-41406149
Fax: 011-41709881
Email address : helpdeskdelhi@mcsregistrars.com

All communications regarding share transfers, duplicate share certificates, dividends and change of address etc. may be addressed to the Registrar, M/s MCS Share Transfer Agent Limited or to the Company Secretary of the Company at SCO: 204-205, Sector-34 A, Chandigarh-160 135.

15. The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments.

16. The Company being a user of commodities (raw material and components procured for manufacturing of vehicles) is exposed to commodity price risks.

Particulars of the foreign currency exposures, risk associated with the same and hedging activities have been covered in Note 39 to Financial Statements.

17. Disclosures with respect to the Demat Suspense Account / Unclaimed Suspense Account

As on 31st March 2018, no shares were lying under the Demat Suspense Account/Unclaimed Suspense Account.

18. Shareholding Pattern as on 31st March, 2018

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	1	43.96	6,362,306
Foreign Body Corporate	1	15.00	2,170,747
Mutual Funds and UTI	7	2.60	3,76,304
FI/Banks	3	0.05	7,283
Insurance Company	1	0.12	17,000
Other Bodies Corporate	760	5.20	7,51,930
FII's/NRI's	1,037	1.99	2,87,410
Foreign Portfolio Investors	17	5.79	8,37,800
Individuals	32,733	24.17	3,498,259
Trusts	7	0.01	2,090
IEPF Authority MCA	1	1.11	160264
NBFC registered with RBI	2	0.00	253
TOTAL	34,570	100.00	14,471,646

19. Distribution of Shareholding as on 31st March, 2018

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Share-holding
1-500	33495	2117668	14.63
501-1,000	601	461664	3.20
1,001-2,000	268	391809	2.70
2,001-3,000	71	179320	1.24
3,001-4,000	30	105853	0.73
4,001-5,000	19	87471	0.60
5,001-10,000	36	273321	1.89
10,001-50,000	38	792570	5.48
50,001-100,000	4	254839	1.76
100,000 above	8	9807131	67.77
TOTAL	34570	14,471,646	100.00

20. Plant Location : SML Isuzu Limited
Registered Office & Works : Village Asron,
Distt. Shahid Bhagat Singh Nagar, (Nawanshahr),
Punjab - 144 533

21. Address for correspondence (for Investor queries etc.)
**Registrar and Share Transfer Agents
M/s MCS Share Transfer Agent Limited**

Unit : SML Isuzu Limited
Sri Venkatesh Bhavan, F-65, 1st Floor
Okhla Industrial Area, Phase-1
New Delhi-110 020
Phone : 011-41406149
Fax : 011-41709881
Email : helpdeskdelhi@mcsregistrars.com

Compliance Officer & Company Secretary
Mr. Parvesh Madan

SML Isuzu Limited
SCO: 204-205
Sector 34 - A
Chandigarh - 160 135
Tele : 0172-2647700-10
Fax : 0172-2615111
Email : pmadan@smlisuzu.com
investors@smlisuzu.com

22. Website Address : www.smlisuzu.com

ANNEXURE A TO DIRECTORS' REPORT

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

Introduction

Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement), together with Guiding Principles set out therein, require the Nomination and Remuneration Committee ('NRC') to recommend to the Board a policy in respect of selection, appointment, performance evaluation and removal of Independent Directors and other Directors, including whole time directors, Key Management Personnel ('KMP') and other senior management, and a policy of remuneration to them.

Accordingly, as proposed by the NRC and in order to formalise the Company's current and ongoing policy and practices for the above mentioned objectives in a more structured manner, the Board sets out a policy framework as under.

General

The composition of the Board of Directors, the appointment of Directors, their number, duration of appointment, their remuneration and their removal, where appropriate, will always be in accordance with the Companies Act and any other applicable law, the Listing Agreement and the Memorandum & Articles of Association.

The Company will continue its policy of non-discrimination on grounds of race, ethnicity, language and religion or caste in appointment, promotion and remuneration of employees.

NRC will monitor the policy and processes as set out herein on behalf of the Board.

Composition of the Board

The Board is composed of Independent Directors and other Directors, both men and women, with diverse experience in different industries and professions, both in India and other countries, Managing Director and whole time directors holding executive positions in the Company with relevant expertise and experience. The process of appointment is transparent backed by appropriate documentation.

Independent Directors

The law and good governance requires the Company to appoint a third of its members of the Board (as defined in the Companies Act) to be independent.

Principal criteria for selecting an independent director are that he/she:

- must have considerable experience at senior levels in business, industry, professions, government or industry/ finance related institutions in India and/or other countries;
- has no conflict of interest, including any material or pecuniary interest, except for remuneration received as approved by law and/or shareholders;
- has the ability to evaluate and advise on strategy and business of the Company;
- has the ability to challenge and evaluate performance of the management, financial performance and risks in the business;
- has the ability to relate and advise on the effects of macro level economic, industrial and political environment and developments, including government policies, on the Company's affairs and management of its business.

The remuneration of Independent Directors, which may include sitting fees and commission on profit, is determined by the Board on recommendation of NRC and is subject to shareholders' approval and as required by law.

The maximum term of appointment of an Independent Director is determined by law and as approved by the Shareholders.

Performance of an Independent Director is evaluated annually by the NRC and the Board, excluding the director being evaluated, according to the evaluation criteria set by the Board.

An independent Director may be removed from the Board by a majority decision by its members for sufficient reasons which may include a conflict of interest, lack of attendance at meetings of the Board and its Committees and inadequate performance at such meetings as evaluated by the Board annually or otherwise.

Performance evaluation for an Independent Director is principally based on the following factors:

1. Attendance at meetings of the Board, Committees of which he / she is a member and of Shareholders;
2. Compliance with the Code of Conduct;
3. Constructive participation in the proceedings of the Board and Committees;
4. Evaluation and advice relating to the Company's performance, both financial and commercial;
5. Awareness of the Company's operations and organisation, applicable corporate and other major laws and regulations, fiduciary responsibilities and matters relating to Stock Exchanges, SEBI and corporate governance generally;
6. Adherence to independence, no-conflict of interest and protection of interests of stakeholders.

Other Directors

The Board may invite any person to join as member who may not qualify as Independent Director and is not an employee of the Company. For the sake of clarity and only for this policy framework such director is referred herein as 'non-executive director' (NED).

The criteria of selection of NED may include, among others, expertise or specialized knowledge in one or more areas of the Company's activities, knowledge of similar or related activities gained in the business of the promoter, technology provider or other business associate.

The duration of the term of appointment, remuneration and removal of NED is at the absolute discretion of the Board, but always according to law and the Listing Agreement, and under no circumstance can the remuneration to a NED exceeds that of any Independent Director.

Performance of an NED is evaluated annually by the NRC and the Board, excluding the director being evaluated, according to the evaluation criteria set by the Board.

Performance evaluation for an NED is principally based on the same factors as for Independent Directors and, in addition, on his/her contribution in respect of the specific areas of expertise and knowledge where applicable.

Remuneration of NED, where payable, is recommended by NRC on a case by case basis.

Key Managerial Personnel ('KMP') and Senior Management

This group comprises:

1. Managing Director/Chief Executive Officer 'CEO'
2. Chief Financial Officer 'CFO'
3. Company Secretary
4. Senior Executives included in this Group by the Board from time to time, currently: Executive Directors responsible for, Marketing, Works, R&D, referred to herein as 'ED'

Managing Director

Appointment of the Managing Director/CEO is made by the Board on the recommendation of NRC.

Criteria for selection of Managing Director are knowledge of the business of the Company, experience in that business or any related business, leadership qualities, incisive understanding of the market, understanding socio-economic and political milieu in which the Company operates and effects thereof on the Company's policies and operations, objective setting and implementation of such objectives, ability to interact with the Board, ability to communicate effectively with employees, shareholders and other stakeholders and other publics.

Remuneration of Managing Director is determined by the Board on recommendation of NRC and approved by Shareholders and/or Central Government as required by law. While recommending remuneration payable NRC will consider, inter alia the factors as set out below for evaluation of performance.

Evaluation criteria for CEO's performance are: development and implementation of the Company strategy, achievement of short and long term plans, overall financial performance of the Company, effectiveness of management controls and systems in the Company, demonstrated communication skills and continued assessment of the effectiveness of organization structure, and protection of the Company's wealth and good standing.

Key Managerial Personnel and Senior Management

Whole-time Director

Selection, appointment and removal of KMP and Senior Management personnel is the responsibility of the Managing Director.

However, NRC in consultation with the Managing Director considers and recommends to the Board the appointment of a whole-time director from amongst the KMP and Senior Management.

Criteria for such selection and appointment as a director principally are:

- the need felt by the Board for expertise and experience of the individual to be available for Board deliberations as a member.
- as a reward/promotion for specially good performance and contribution to the Company's business.

Remuneration of a whole time director is determined by the Board on recommendation of NRC and approved by Shareholders and / or Central Government as required by law. While recommending remuneration payable, NRC considers the remuneration structure for senior management and additional responsibilities as a member of the Board.

Performance evaluation of a whole time director is made by the Managing Director in respect of his executive/operational responsibilities and by NRC on his performance at the Board on criteria similar to that set out for NED.

Evaluation of KMP and Senior Management is made annually by the Managing Director, principally based on both quantitative and qualitative performance in their specific area of executive responsibility, financial and other objectives as set in annual business plans, effectiveness of their leadership, management of people reporting to them, implementation of systems and controls in their operations, their contribution in the deliberations of executive and management groups and positive interaction with other executives and employees.

The remuneration of these personnel is determined by the Managing Director in consonance with the Company's policy to give fair managerial compensation taking account of their performance and contribution to the Company's overall performance.

The Company's compensation policy provides for variable content related to performance in remuneration package for all managerial personnel.

NRC develops its process and forms/matrices for performance evaluation from time to time as it deems appropriate.

ANNEXURE B TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018
[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:

i)	CIN	L50101PB1983PLC005516
ii)	Registration Date	26.07.1983
iii)	Name of the Company	SML ISUZU LIMITED
iv)	Category/Sub-Category of the Company	Public Limited Company (Limited by Shares)
v)	Address of the Registered Office and Contact details	Village Asron, District Shahid Bhagat Singh Nagar (Nawanshahr), Punjab-144 533 Tel: 01881-270255 Fax: (91) 1881-270223 Website: www.smlisuzu.com Email : investors@smlisuzu.com
vi)	Whether Listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Share Transfer Agents	M/s MCS Share Transfer Agent Limited Sri Venkatesh Bhawan F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020 Tel: +91 11 41406149 Fax: +91 11 41709881 Email : helpdeskdelhi@mcsregistrars.com

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:-

Sr.No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Trucks	29102	36%
2	Bus	29109	56%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sumitomo Corporation, Japan, a Body Corporate, is the Promoter of the Company and holds 43.96% shareholding of the Company. In terms of the provisions of Section 2(76) the Companies Act, as amended, the Company is an Associate Company of Sumitomo Corporation.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of shares held at the end of the year (as on 31.03.2018)				% Change during the year
		Demat	Physical	Total	%age of Total Shares	Demat	Physical	Total	%age of Total Shares	
(A)	Promoter									
(1)	Indian									
(a)	Individuals/ HUF	–	–	–	–	–	–	–	–	–
(b)	Central Govt.	–	–	–	–	–	–	–	–	–
(c)	State Govt(s)	–	–	–	–	–	–	–	–	–
(d)	Bodies Corp.	–	–	–	–	–	–	–	–	–
(e)	Banks/ FI	–	–	–	–	–	–	–	–	–
(f)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	–	–	–	–	–	–	–	–	–
(2)	Foreign									
(a)	NRI's-Individuals	–	–	–	–	–	–	–	–	–
(b)	Other Individuals	–	–	–	–	–	–	–	–	–
(c)	Bodies Corp.	6362306	–	6362306	43.96	6362306	–	6362306	43.96	–
(d)	Banks/ FI	–	–	–	–	–	–	–	–	–
(e)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(2)	6362306	–	6362306	43.96	6362306	–	6362306	43.96	–
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	6362306	–	6362306	43.96	6362306	–	6362306	43.96	–
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	459930	1550	461480	3.19	375204	1100	376304	2.60	-0.59
(b)	Banks/ FI	5933	850	6783	0.05	6433	850	7283	0.05	0.00
(c)	Central Govt.	–	–	–	–	–	–	–	–	–
(d)	State Govt.(s)	–	–	–	–	–	–	–	–	–
(e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f)	Insurance Companies	–	–	–	–	17000	–	17000	0.12	0.12
(g)	FII's	–	–	–	–	–	–	–	–	–
(h)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
(i)	Others	–	–	–	–	–	–	–	–	–
	Foreign Portfolio Investors	606228	–	606228	4.19	837800	–	837800	5.79	1.60
	Sub-Total (B)(1)	1072091	2400	1074491	7.43	1236437	1950	1238387	8.56	1.13

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of shares held at the end of the year (as on 31.03.2018)				% Change during the year
		Demat	Physical	Total	%age of Total Shares	Demat	Physical	Total	%age of Total Shares	
(2)	Non Institutions									
(a)	Bodies Corp.									
(i)	Indian	949727	1851	951578	6.58	750829	1101	751930	5.20	-1.38
(ii)	Overseas	2170747	–	2170747	15.00	2170747	–	2170747	15.00	–
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	2470253	400562	2870815	19.84	2730695	272368	3003063	20.75	0.91
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	740984	–	740984	5.11	495196	–	495196	3.42	-1.69
(c)	Any Other									
(i)	NBFCs Registered with RBI	10263	–	10263	0.07	253	–	253	–	-0.07
(ii)	Trust & Foundation	2190	–	2190	0.02	2090	–	2090	0.01	-0.01
(iii)	Cooperative Societies	–	–	–	–	–	–	–	–	–
(iv)	Non Resident Individual	181922	106350	288272	1.99	229760	57650	287410	1.99	–
(v)	IEPF MCA	–	–	–	–	160264	–	160264	1.11	1.11
	Sub-Total (B)(2)	6526086	508763	7034849	48.61	6539834	331119	6870953	47.48	-1.13
	Total Public Shareholding (B)= (B)(1)+(B)(2)	7598177	511163	8109340	56.04	7776271	333069	8109340	56.04	–
(C)	Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A+B+C)	13960483	511163	14471646	100.00	14138577	333069	14471646	100.00	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Sumitomo Corporation, Japan	6362306	43.96	–	6362306	43.96	–	Nil
	TOTAL	6362306	43.96	–	6362306	43.96	–	Nil

(iii) Change in Promoter's Shareholding

Sr. No.		Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	6362306	43.96	6362306	43.96
2.	Date wise Increase / Decrease in Promoters Share holding during the year	Nil	Nil	Nil	Nil
3.	At the end of the year	6362306	43.96	6362306	43.96

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Increase / (Decrease) in shareholding				Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	ISUZU MOTORS LIMITED, JAPAN	2170747	15.00%	31.03.2018	At the end of year			2170747	15.00%
2	NATIONAL WEST MINISTER BANK PLC AS THE TRUSTEE OF THE JUPITER INDIA FUND	300836	2.08%					—	—
				07.04.2017	Purchase of shares	11261	0.08%	312097	2.16%
				05.05.2017	Purchase of shares	20399	0.14%	332496	2.30%
				12.05.2017	Purchase of shares	56317	0.39%	388813	2.69%
				19.05.2017	Purchase of shares	55265	0.38%	444078	3.07%
				30.06.2017	Purchase of shares	26912	0.18%	470990	3.25%
				09.02.2018	Purchase of shares	4228	0.03%	475218	3.28%
				31.03.2018	At the end of Year			475218	3.28%
3	SACHIN BANSAL	275000	1.90%						
				07.04.2017	Purchase of shares	60000	0.41%	335000	2.31%
				26.05.2017	Purchase of shares	2000	0.02%	337000	2.33%
				08.09.2017	Sale of shares	2206	0.02%	334794	2.31%
				15.09.2017	Sale of shares	32794	0.22%	302000	2.09%
				03.11.2017	Sale of shares	2000	0.02%	300000	2.07%

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Increase / (Decrease) in shareholding				Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				10.11.2017	Sale of shares	47994	0.33%	252006	1.74%
				17.11.2017	Sale of shares	10159	0.07%	241847	1.67%
				24.11.2017	Sale of shares	9872	0.07%	231975	1.60%
				01.12.2017	Sale of shares	9017	0.06%	222958	1.54%
				08.12.2017	Sale of shares	63912	0.44%	159046	1.10%
				15.12.2017	Sale of shares	9046	0.06%	150000	1.04%
				23.02.2018	Purchase of shares	34068	0.23%	184068	1.27%
				02.03.2018	Purchase of shares	15932	0.11%	200000	1.38%
				31.03.2018	Purchase of shares	29999	0.21%	229999	1.59%
				31.03.2018	At the end of Year			229999	1.59%
4	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE MNC FUND	144887	1.00%	31.03.2018	At the end of year			144887	1.00%
5	UTI-MID CAP FUND	143536	0.99%						
				26.01.2018	Sale of shares	370	0.00%	143166	0.99%
				02.02.2018	Sale of shares	2214	0.02%	140952	0.97%
				31.3.2018	At the end of year			140952	0.97%
6	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND	102069	0.71%						
				05.05.2017	Purchase of shares	5604	0.03%	107673	0.74%
				12.05.2017	Purchase of shares	15477	0.11%	123150	0.85%
				19.05.2017	Purchase of shares	15180	0.11%	138330	0.96%
				23.06.2017	Sale of shares	14147	0.10%	124183	0.86%
				09.02.2018	Sale of shares	1425	0.01%	122758	0.85%
				31.03.2018	At the end of year			122758	0.85%

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Increase / (Decrease) in shareholding				Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	95305	0.66%						
				02.06.2017	Sale of shares	4802	0.03%	90503	0.63%
				18.08.2017	Sale of shares	5900	0.05%	84603	0.58%
				02.02.2018	Sale of shares	4284	0.02%	80319	0.56%
				16.03.2018	Sale of shares	5010	0.04%	75309	0.52%
				23.03.2018	Sale of shares	2759	0.02%	72550	0.50%
				31.03.2018	At the end of year			72550	0.50%
8	MV SCIF MAURITIUS	54798	0.38%						
				07.04.2017	Purchase of shares	1242	0.01%	56040	0.39%
				14.04.2017	Purchase of shares	621	0.00%	56661	0.39%
				21.04.2017	Purchase of shares	620	0.00%	57281	0.39%
				28.04.2017	Purchase of shares	6200	0.05%	63481	0.44%
				05.05.2017	Purchase of shares	1240	0.01%	64721	0.45%
				19.05.2017	Purchase of shares	6200	0.05%	70921	0.50%
				02.06.2017	Purchase of shares	620	0.00%	71541	0.50%
				16.06.2017	Purchase of shares	1260	0.01%	72801	0.51%
				23.06.2017	Purchase of shares	2607	0.02%	75408	0.53%
				07.07.2017	Sale of shares	3858	0.03%	71550	0.50%
				21.07.2017	Sale of shares	1286	0.01%	70264	0.49%
				11.08.2017	Purchase of shares	871	0.01%	71135	0.50%
				15.09.2017	Sale of shares	2588	0.02%	68547	0.48%
				22.09.2017	Sale of shares	2739	0.02%	65808	0.46%
				29.09.2017	Purchase of shares	214	0.00%	66022	0.46%
				06.10.2017	Purchase of shares	68	0.00%	66090	0.46%
				27.10.2017	Purchase of shares	998	0.00%	67088	0.46%
				31.10.2017	Purchase of shares	1238	0.01%	68326	0.47%
				03.11.2017	Purchase of shares	1857	0.01%	70183	0.48%
				10.11.2017	Purchase of shares	2472	0.02%	72655	0.50%
				15.12.2017	Purchase of shares	617	0.01%	73272	0.51%

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Increase / (Decrease) in shareholding				Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				22.12.2017	Sale of shares	879	0.01%	72393	0.50%
				12.01.2018	Sale of shares	612	0.00%	71781	0.50%
				09.02.2018	Sale of shares	3060	0.02%	68721	0.48%
				16.02.2018	Purchase of shares	317	0.00%	69038	0.48%
				16.03.2018	Sale of shares	1226	0.01%	67812	0.47%
				23.03.2018	Sale of shares	3283	0.02%	64529	0.45%
				31.03.2018	At the end of year			64529	0.45%
9	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC(DFAIDG)	60426	0.42%						
				14.04.2017	Sale of shares	872	0.01%	59554	0.41%
				30.06.2017	Purchase of shares	558	0.00%	60112	0.41%
				31.03.2018	At the end of year			60112	0.41%
10	SACHIN BANSAL	150000	1.04%						
				14.04.2017	Purchase of shares	10000	0.07%	160000	1.11%
				21.04.2017	Purchase of shares	4326	0.03%	164326	1.14%
				28.04.2017	Purchase of shares	674	0.00%	165000	1.14%
				26.05.2017	Purchase of shares	25343	0.17%	190343	1.31%
				02.06.2017	Purchase of shares	10000	0.07%	200343	1.38%
				18.08.2017	Purchase of shares	1177	0.01%	201520	1.39%
				08.09.2017	Sale of shares	11520	0.08%	190000	1.31%
				15.09.2017	Sale of shares	19353	0.13%	170647	1.18%
				22.09.2017	Sale of shares	20389	0.14%	150258	1.04%
				29.09.2017	Sale of shares	4132	0.03%	146126	1.01%
				06.10.2017	Purchase of shares	1874	0.02%	148000	1.03%
				03.11.2017	Sale of shares	98000	0.68%	50000	0.35%
				31.03.2018	At the end of year			50000	0.35%

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.		Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	None of the Directors & KMP hold shares in the Company			
2	Date wise Increase / Decrease in Shareholding during the year	Mr. S.K.Tuteja acquired 1400 shares of the Company (as a gift from his son on 23.08.2017).			
3	At the end of the year	Mr. S.K.Tuteja holds 1400 shares in the Company			

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (as on 01.04.2017)				
i) Principal Amount	511.29	3,352.58	Nil	3,863.87
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not	Nil	Nil	Nil	Nil
Total (i+ii+iii)	511.29	3,352.58	Nil	3,863.87
Change in Indebtedness during the financial year				
- Addition	Nil	37,663.92*	Nil	37,663.92
- Reduction	511.29	20,000.00	Nil	20,511.29
Net Change	(511.29)	17,663.92	Nil	17,152.63
Indebtedness at the end of the financial year (as on 31.03.2018)				
i) Principal Amount	Nil	21,016.50	Nil	21,016.50
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	21,016.50	Nil	21,016.50

* Includes ECB Loan of Rs. 10,663.92 lacs (including foreign exchange fluctuation loss amounting to Rs. 163.92 lacs)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (for FY 2017-18)

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

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager						Total Amount (a+b)
		Eiichi Seto Managing Director & CEO	Gopal Bansal Whole-time Director & CFO	Sub Total (a) (Refer Note (a) below)	Takahiro Imai Director R&D (Isuzu Products & Projects)^	Kei Katayama Director R&D#	Sub Total (b) (Refer Note (b) below)	
1.	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.0	107.0	170.0	38.7	6.9	45.6	215.6
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	17.4	1.8	19.2	5.0	2.2	7.2	26.4
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961							
2.	Stock Option	–	–	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–	–	–
4.	Commission	–	–	–	–	–	–	–
	– as % of profit	16.3	16.3	32.6	-	-	-	32.6
	– others, specify							
5.	Others (Employer Contribution to PF)		18.4	18.4			-	18.4
	Total (A)	96.7	143.5	240.2	43.7	9.1	52.8	293.0
	Ceiling as per the Act	<p>Note :</p> <p>a) Approval from the Shareholders by way of a special resolution is being sought at the ensuing Annual General Meeting for payment of managerial remuneration as Minimum Remuneration to Mr. Eiichi Seto and Mr. Gopal Bansal in view of inadequacy of profits and ratification of payment of excess remuneration aggregating to Rs. 44.18 lakhs paid during the financial year ended 31 March 2018. In terms of the provisions of the Companies Act 2013, the amount will be refunded to the Company by the concerned directors in case it is not approved by the shareholders. Additionally, commission of 1% of the net profits, computed in accordance with Section 198 of the Companies Act, 2013, will be paid to Mr. Eiichi Seto and Mr. Gopal Bansal upon receipt of the aforesaid shareholders approval.</p> <p>b) Remuneration paid to Mr. Kei Katayama and Mr. Takahiro Imai is within the limits prescribed under Schedule V of the Companies Act, 2013. (Approval of Shareholders obtained in the AGM held on 22nd September, 2014 and 22nd September, 2017 respectively).</p>						

^ appointed as Director-R&D with effect from 26th May, 2017 and resigned with effect from 28th April, 2018.

ceased to be Director with effect from 25th May, 2017.

B. Remuneration to other directors
(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		S.K. Tuteja	A.K. Thakur	P.K. Nanda	Sudhir Nayar	Dr. (Mrs.) Vasantha S Bharucha	
1.	Independent Directors						
	• Fee for attending board / committee meetings	8.2	4.6	5.8	4.6	3.7	26.9
	• Commission	3.0	3.0	3.0	3.0	3.0	15.0
	• Others						
	Total (1)	11.2	7.6	8.8	7.6	6.7	41.9
2.	Other Non-Executive Directors	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–
	Total (B)=(1+2)	11.2	7.6	8.8	7.6	6.7	41.9
	Ceiling as per the Act (for Commission)	Rs. 16.3 lakhs (being 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)					
	Total Managerial Remuneration (A+B)	Rs. 308.0 lakhs (excluding sitting fee of Rs. 26.9 lakhs)					
	Overall Ceiling as per the Act	Not Applicable					

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTB
(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Parvesh Madan Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25.59	25.59
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2.48	2.48
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission		
	– as % of profit	–	–
5	Others (Employer Contribution to PF)	1.89	1.89
	Total	29.96	29.96

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the year ended 31st March 2018.

ANNEXURE C TO DIRECTORS' REPORT

DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<ul style="list-style-type: none"> - Ratio of the remuneration of Mr. Eiichi Seto, Managing Director & CEO to the median remuneration of the employees-13:1 - Ratio of the remuneration of Mr. Gopal Bansal, Whole-time Director & CFO to the median remuneration of the employees-19:1 - Ratio of the remuneration of Mr. Takahiro Imai, Director- R & D (Isuzu Products & Projects) to the median remuneration of the employees - 7:1
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<ul style="list-style-type: none"> - Mr. Eiichi Seto, Managing Director & CEO- NIL - Mr. Gopal Bansal, Whole-time Director & CFO -NIL - Mr. Takahiro Imai, Whole-time Director - R & D (Isuzu Products & Projects) - NIL - Mr. Parvesh Madan, Company Secretary- 13.5%
(iii)	Percentage increase in the median remuneration of employees in the financial year	8.1%
(iv)	Number of permanent employees on the rolls of the company	1060
(v)	Average percentile 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	<ul style="list-style-type: none"> - Average increase in remuneration of Managerial Personnel - 4.5% - Average increase in remuneration of employees other than the Managerial Personnel - 8.1%
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the Nomination and Remuneration Policy of the Company, formulated pursuant to the provisions of section 178 of the Companies Act, 2013

ANNEXURE D TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1. **A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or programs.**

The key thrust areas of Company's policy on CSR, adopted by the Board of Directors in adherence to Section 135 of the Companies Act, 2013, are - promoting healthcare and sanitation, supporting education of girl child and under privileged children, sponsoring vocational education for women, etc.

CSR policy has been uploaded on the website of the Company under the web-link:
<http://smlisuzu.com/Financials/CSRPolicy.aspx>

2. **The Composition of CSR Committee is as follows:-**

As at 31st March 2018, the Corporate Social Responsibility Committee consists of four directors - two independent directors and two executive directors :

- i) Mr. S.K. Tuteja, Independent Director as Chairman
- ii) Dr. (Mrs.) Vasantha S. Bharucha, Independent Director
- iii) Mr. Eiichi Seto, Managing Director & CEO
- iv) Mr. Gopal Bansal, Whole-time Director & CFO

3. **Average net profit of the Company for last three financial years** Rs. 7,524.9 lakhs
4. **Prescribed CSR expenditure** Rs.150.5 lakhs
 (two percent of the amount mentioned in item 3 above)
5. **Details of CSR spent during the financial year:**
 - a) Total amount to be spent for the financial year Rs. 150.5 lakhs
 - b) Amount unspent, if any Not applicable
 - c) Manner in which the amount spent during the financial year is detailed below :-

(Rs. in Lakhs)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or Program (1) Local Area or Other (2) State and district where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Projects or Programs		Cumulative Expenditure upto the reporting period i.e. FY 2017-18	Amount Spent : Direct or through implementing Agency
					Direct expenditure	Overheads		
1.	Education – Amenities for Students Provided desks, chairs, green board water purifiers, water recharge system and constructed Toilets	Education	1. Local 2. (a) Punjab District- SAS Nagar (b) Punjab District - Fatehgarh Sahib (c) Punjab District - Roopnagar (d) Chandigarh (UT)	62.00	60.86	1.29	62.15	Direct
2.	Girls Education Support provided to under privileged girls students in terms of School Fees, Uniforms & Books	Education	1. Local 2. (a) Punjab District- Roopnagar b) Chandigarh (UT)	16.00	15.78	0.05	15.83	Direct
3.	Vocational Education Setting up/Upgradation of vocational training centre for enhancing computer skills and fashion designing/tailoring skills of girls/ women	Vocational Education	1. Local 2. (a) Punjab District - Roopnagar (b) Punjab District - SAS Nagar (c) Punjab District - SBS Nagar (d) Chandigarh (UT)	14.00	13.30	0.75	14.05	Direct
4.	Preventive Health Care/Sanitation Provided sanitary napkins dispensing machines to Government Schools and Refuse Collector Bins & Waste Collectors to Municipal Councils and constructed community toilet for public convenience.	Preventive Healthcare & Sanitation	1. Local 2. (a) Punjab District - Roopnagar (b) Punjab District - SBS Nagar	15.00	15.31	0.02	15.33	Direct
5.	Health Camps Medical check-up and free medicine	Preventive Healthcare	1. Local 2. (a) Punjab District - Fatehgarh Sahib (b) Punjab District - Roopnagar (c) Chandigarh (UT)	6.00	5.40	0.41	5.81	Direct
6.	Project - "Jan Swasthya, Shiksha & Rog Nivaran" Mobile medical aid primarily for underprivileged section of the society and for imparting knowledge towards preventive healthcare	Preventive Healthcare	1. Local 2. Chandigarh (UT)	3.00	3.00	–	3.00	Direct
7.	Medical Infrastructure Ambulances and Blood Collection Van provided to hospitals catering mainly to under-privileged section of society	Health care	1. Local 2. (a) Punjab District - Roopnagar (b) Punjab District- SBS Nagar (c) Chandigarh (UT)	35.00	34.71	0.52	35.23	Direct
	Total			151.00	148.36	3.04	151.40	

RESPONSIBILITY STATEMENT

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company.

S.K.Tuteja

Chairman, CSR Committee

Dated : 23rd May, 2018

Eiichi Seto

Managing Director & CEO

ANNEXURE E TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[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]

Form No. MR-3

To,
The Members,
SML Isuzu Limited
CIN : L50101PB1983PLC005516
Village-Asron, District- Nawanshahr
Punjab

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SML ISUZU 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 Company's 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, 2018 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 SML ISUZU LIMITED ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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 including any amendment thereof.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 -Not applicable as the Company has not issued any securities during the financial year under review.
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not applicable as the Company has not granted any share based benefits to its employees during the financial year under review.
 - e) The 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.

- f) 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.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including any amendment thereof- Not applicable as the Company has not delisted any securities from any stock exchange during the financial year under review.
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the Company has not bought back any of its securities during the financial year under review.
- (vi) The Motor Vehicles Act, 1988 and the rules made there under (the law which is applicable specifically to the Company, being manufacturer of Commercial Vehicle).
- (vii) Other laws applicable to the Company as per the representation given by the Company.

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 and Disclosure Requirements) Regulations, 2015 being listed with the National Stock Exchange of India Limited and BSE Limited.

During the financial year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.

Based on my 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 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 on the basis of majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The Company has proper board processes.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

I further report that during the financial year under review, there were no instances of:

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

Place : Chandigarh
Date : May 10, 2018

AJAY K. ARORA
A. ARORA & CO.
FCS No. 2191
C P No.: 993

ANNEXURE F TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

1. The steps taken or impact on conservation of energy

- Process of replacing old CFL lights / Metal halide lights with LED lights and procurement of new LED lights for new buildings and shop floor continued.
- Modification in new PTCED line processes to save electrical energy.
- Automation of Engine shop AHU, lights and fans at conveyor lines.
- Installation of new energy efficient air cooled air compressor in place of water cooled air compressor.

2. The steps taken by the company for utilizing alternate sources of energy

- The Company is exploring use of Solar Energy as an alternate source for Hot Water Generator.
- More Solar traffic lights introduced at plant

3. Capital investment on energy conservation equipments

Capital Investment: Rs. 36.03 Lakhs

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

- SML continued its efforts on technology up-gradation in the area of power train & new vehicle development - Higher Power engines (Diesel & CNG) developed meeting BS-IV emission norms. Development of higher capacity Transmission completed and production started.
- Installation of new Effluent Treatment Plant with latest technology completed and commissioned.
- Installation of automatic PTCED plant completed and fully operational.
- Installation of Robotic Main Framing Station for Cabin Spot Welding
- Installation for Robotic Station for Cabin Door Hemming.
- Plant layout re-engineering completed.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- High power engines & higher capacity transmission will improve the performance of vehicles in Field.
- Effluent treatment plant with latest technology will take care of enhanced generation of trade effluent due to expected increase in production/ change in process and will also help in improving the quality of treated effluent (water) used for on-to-land irrigation (Internal Irrigation).
- Benefits of automatic PTCED plant:
 - i) Rust proof capability of truck cabin improved from 320 SST hrs to 1200 SST hrs with consistent quality by the best in class technology.
 - ii) Uniform paint DFT distribution due to electro-deposit has resulted in highly improved paint gloss.
 - iii) Higher productivity of 12 JPH (Jobs per Hour) from automated line using lean manpower.
- Robotic Main Framing Station for Cabin Spot Welding will improve productivity and consistent quality.
- Robotic Station for Cabin Door Hemming will save energy along with very high productivity and consistent quality.
- Plant layout re-engineering has reduced material movement and wastage.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: - Not Applicable

(iv) The expenditure incurred on Research and Development:

	(Rs. in lakhs)
(a) Capital	1,561.17
(b) Recurring	1,816.87
(c) Total	3,378.04
(d) R&D expenditure as a %age of total income	2.87%

Our in-house Research & Development facility has been duly recognized by Department of Scientific & Industrial Research (DSIR), Govt. of India since 1987.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in lakhs)
Earnings in foreign currency	2,253.20
Payment in foreign currency	2,582.05

BALANCE SHEET AS AT 31 MARCH 2018

(All amounts in Rs. Lakhs except for share data)

	Note No.	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	35,286.00	20,849.17	16,530.41
Capital work-in-progress	3	2,705.05	7,817.01	4,028.58
Other intangible assets	3	1,217.04	687.20	710.50
Intangible assets under development	3	781.40	-	-
Financial assets				
– Loans	4A	326.25	238.32	189.07
– Other financial assets	5A	156.50	90.92	-
Income tax assets (net)	6	756.03	521.44	406.46
Other non-current assets	7	1,811.00	3,325.02	1,653.44
Total non-current assets		43,039.27	33,529.08	23,518.46
Current assets				
Inventories	8	36,378.21	29,458.24	33,852.94
Financial assets				
– Trade receivables	9	11,727.92	11,475.55	10,280.39
– Cash and cash equivalents	10	1,995.50	538.44	766.80
– Bank balances other than Cash and cash equivalents above	11	200.28	225.40	2,846.89
– Loans	4B	105.67	69.56	69.46
– Other financial assets	5B	100.40	61.08	232.40
Other current assets	12	5,118.86	3,177.51	1,232.14
Total current assets		55,626.84	45,005.78	49,281.02
Total assets		98,666.11	78,534.86	72,799.48
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	1,447.88	1,447.88	1,447.88
Other equity	14	38,357.69	38,931.69	33,998.40
Total equity		39,805.57	40,379.57	35,446.28
Liabilities				
Non-current liabilities				
Financial liabilities				
– Borrowings	15A	11,848.93	3,500.77	49.38
– Other financial liabilities	16A	1,156.75	1,188.62	1,166.06
Provisions	17A	4,562.53	4,674.89	4,343.57
Deferred tax liabilities (net)	18	277.59	524.57	582.02
Other non-current liabilities	19	245.05	197.85	55.69
Total non-current liabilities		18,090.85	10,086.70	6,196.72
Current liabilities				
Financial liabilities				
– Borrowings	15B	7,000.00	511.29	5,500.00
– Trade payables	20	21,182.30	19,071.14	17,192.57
– Other financial liabilities	16B	6,928.69	2,729.19	2,024.00
Provisions	17B	1,674.39	1,604.97	1,487.47
Current tax liabilities (net)	21	335.96	337.62	453.99
Other current liabilities	22	3,648.35	3,814.38	4,498.45
Total current liabilities		40,769.69	28,068.59	31,156.48
Total liabilities		58,860.54	38,155.29	37,353.20
Total equity and liabilities		98,666.11	78,534.86	72,799.48
Significant accounting policies	2			
Notes to the Ind AS Financial Statements	1-45			

The accompanying notes form an integral part of the Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of SML ISUZU Limited

For B S R & Associates LLP
Chartered Accountants
Firm Registration Number : 116231W/W-100024

GOPAL BANSAL
Whole Time Director & CFO

S.K. TUTEJA
Chairman

RAJESH ARORA
Partner
Membership Number : 076124

PARVESH MADAN
Company Secretary

EIICHI SETO
Managing Director & CEO

Place : New Delhi
Date : 23 May, 2018

Place : New Delhi
Date : 23 May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rs. Lakhs except for share data)

	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
INCOME :			
Revenue from operations	23	117,413.99	151,618.97
Other income	24	311.47	415.03
Total income		117,725.46	152,034.00
Expenses:			
Cost of materials consumed	25	85,148.64	91,941.38
Purchase of stock-in-trade		5,326.78	4,761.31
Changes in inventories of finished goods, work in progress and stock-in-trade	26	(6,435.90)	3,399.31
Excise duty on sales	23	3,909.20	16,001.72
Employee benefits expense	27	14,612.08	14,024.92
Finance costs	28	1,052.39	617.78
Depreciation and amortisation expense	29	2,839.68	2,382.19
Other expenses	30	10,326.79	10,490.84
Total expenses		116,779.66	143,619.45
Profit before tax		945.80	8,414.55
Tax expense:	40		
Current tax		242.19	2,184.62
Tax adjustment related to prior years		84.62	-
Deferred tax credit		(230.71)	(71.06)
Income tax expense		96.10	2,113.56
Profit for the year		849.70	6,300.99
Other comprehensive income	14		
A. (i) Items that will not be reclassified to profit or loss			
– Re-measurement gains on defined benefit plans		87.43	81.62
(ii) Income tax related to items that will not be reclassified to profit or loss		(30.55)	(28.25)
Net other comprehensive income not to be reclassified to profit or loss		56.88	53.37
B. (i) Items that will be reclassified to profit or loss			
– Effective portion of (losses) on hedging instruments in cash flow hedges reclassified to profit or loss		(133.98)	(42.29)
(ii) Income tax related to items that will be reclassified to profit or loss		46.82	14.64
Net other comprehensive (loss) to be reclassified to profit or loss		(87.16)	(27.65)
Total comprehensive income for the year		819.42	6,326.71
Basic and diluted earnings per share in Rupees (Face value of Rs.10 per share)	34	5.87	43.54
Significant accounting policies	2		
Notes to the Ind AS financial statements	1-45		

The accompanying notes form an integral part of the Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of SML ISUZU Limited

For B S R & Associates LLP
Chartered Accountants
Firm Registration Number : 116231W/W-100024

GOPAL BANSAL
Whole Time Director & CFO

S.K. TUTEJA
Chairman

RAJESH ARORA
Partner
Membership Number : 076124

PARVESH MADAN
Company Secretary

EIICHI SETO
Managing Director & CEO

Place : New Delhi
Date : 23 May, 2018

Place : New Delhi
Date : 23 May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rs. Lakhs except for share data)

	Year ended 31 March 2018	Year ended 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	945.80	8,414.55
Adjustments For :		
Depreciation and amortization expense	2,839.68	2,382.19
Unrealised loss / (gain) on foreign exchange fluctuation	8.36	(11.33)
Finance costs	1,052.39	617.78
Interest income	(158.84)	(366.23)
Property, plant and equipment / Capital work-in-progress written off	61.18	19.55
Net gain on sale of property, plant and equipment	(10.23)	(0.69)
Provision for liquidated damages	29.66	88.83
Allowance for doubtful trade receivables / advances	82.57	87.30
Trade receivables / advances written off	47.19	49.07
Liabilities no longer required written back	(211.23)	(124.56)
Operating profit before working capital changes	4,686.53	11,156.46
Adjustments for :		
(Increase) in other non current and current financial assets	(166.26)	(26.25)
(Increase) in other non current and current assets	(2,006.87)	(1,852.95)
(Increase) / Decrease in inventories	(6,919.97)	4,394.70
(Increase) in trade receivables	(363.23)	(1,458.98)
(Decrease) / Increase in other non current and current financial liabilities	(150.13)	124.34
Increase in current and non current provisions	44.47	530.46
Increase in trade payables	2,224.47	2,152.51
(Decrease) in other non current and current liabilities	(64.76)	(542.19)
CASH (USED) / PROVIDED BY OPERATIONS	(2,715.75)	14,478.10
Less: Direct tax paid (net of refunds)	563.06	2,415.96
NET CASH (USED) / PROVIDED BY OPERATING ACTIVITIES	(3,278.81)	12,062.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development	(9,968.87)	(11,984.08)
Proceeds from sale of property, plant and equipment	10.23	1.01
Investment in Bank deposits (having original maturity of more than three months)	(85.52)	(43,684.75)
Maturity of Bank deposits (having original maturity of more than three months)	62.50	46,237.28
Realisation of Margin money	1.39	0.72
Interest income	154.26	513.50
NET CASH (USED) BY INVESTING ACTIVITIES	(9,826.01)	(8,916.32)

	Year ended 31 March 2018	Year ended 31 March 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long-term borrowings taken during the year (excluding finance lease)	10,500.00	3,500.00
(Repayment) / Proceeds from finance lease	(47.97)	102.37
Short-term borrowings taken / (repaid) during the year (net)	6,488.71	(4,988.71)
Dividend paid	(1,145.86)	(1,136.01)
Tax paid on dividends	(235.69)	(235.69)
Addition to unpaid dividend accounts	(11.87)	(21.72)
Finance costs paid	(985.44)	(594.42)
NET CASH PROVIDED / (USED) BY FINANCING ACTIVITIES	14,561.88	(3,374.18)
Net increase / (decrease) in cash and cash equivalents	1,457.06	(228.36)
Cash and cash equivalents at the beginning of the year	538.44	766.80
Cash and cash equivalents at the end of the year	1,995.50	538.44
Notes to Cash flow statement :-		
1. Components of cash and cash equivalents		
Cash in hand	1.85	5.62
Balances with banks		
– Bank deposits (Original maturity with 3 months or less)	1,135.00	-
– Current accounts	858.65	532.82
	1,995.50	538.44
2. The above "Cash flow statement" has been prepared under the Indirect method as set out in Indian Accounting Standard-7, "Statement of Cash Flows".		
3. Reconciliation of movements of liabilities to cash flows arising from financing activities :-		
Borrowings at the beginning of the year (Current and non current) *	4,083.18	5,616.94
Proceeds from borrowings	10,452.03	3,602.37
Proceeds / (Repayment) of borrowings **	6,488.71	(4,988.71)
Exchange (gain) / loss on term loan	163.92	(147.42)
Borrowings at the end of the year (Current and non-current) *	21,187.84	4,083.18
* includes short-term borrowings		
** includes net movement during the year for short-term borrowings		

As per our report of even date attached

For and on behalf of the Board of Directors of SML ISUZU Limited

For B S R & Associates LLP
Chartered Accountants
Firm Registration Number : 116231W/W-100024

GOPAL BANSAL
Whole Time Director & CFO

S.K. TUTEJA
Chairman

RAJESH ARORA
Partner
Membership Number : 076124
Place : New Delhi
Date : 23 May, 2018

PARVESH MADAN
Company Secretary

EIICHI SETO
Managing Director & CEO

Place : New Delhi
Date : 23 May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rs. Lakhs except for share data)

A. Equity share capital	Note
Balance as at 1 April 2016	1,447.88
Changes in equity share capital during 2016-17	-
Balance as at 31 March 2017	1,447.88
Changes in equity share capital during 2017-18	-
Balance as at 31 March 2018	13 1,447.88

B. Other equity

Particulars	Reserves and surplus Other comprehensive income					Total other equity
	Securities premium reserve (Refer Note 14)	General reserve (Refer Note 14)	Retained earnings (Refer Note 14)	Cash flow hedge reserve (Refer Note 14)	Remeasurement of defined benefit liability (Refer Note 14)	
Balance as at 1 April 2016	7,452.88	9,293.71	17,251.81	-	-	33,998.40
Profit for the year	-	-	6,300.99	-	-	6,300.99
Other comprehensive income (net of tax)	-	-	-	(27.65)	53.37	25.72
Total comprehensive income for the year	-	-	6,300.99	(27.65)	53.37	6,326.71
Transfer to general reserve	-	628.09	(628.09)	-	-	-
Dividend (including corporate dividend tax)	-	-	(1,393.42)	-	-	(1,393.42)
Balance as at 31 March 2017	7,452.88	9,921.80	21,531.29	(27.65)	53.37	38,931.69
Balance as at 1 April 2017	7,452.88	9,921.80	21,531.29	(27.65)	53.37	38,931.69
Profit for the year	-	-	849.70	-	-	849.70
Other comprehensive income (net of tax)	-	-	-	(87.16)	56.88	(30.28)
Total comprehensive income for the year	-	-	849.70	(87.16)	56.88	819.42
Transfer from retained earnings	-	84.97	(84.97)	-	-	-
Dividend (including corporate dividend tax)	-	-	(1,393.42)	-	-	(1,393.42)
Balance as at 31 March 2018	7,452.88	10,006.77	20,902.60	(114.81)	110.25	38,357.69

Significant accounting policies 2

Notes to the Ind AS financial statements 1-45

The accompanying notes form an integral part of the Ind AS financial statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration Number : 116231W/W-100024

RAJESH ARORA
Partner
Membership Number : 076124
Place : New Delhi
Date : 23 May, 2018

For and on behalf of the Board of Directors of SML ISUZU Limited

GOPAL BANSAL
Whole Time Director & CFO

PARVESH MADAN
Company Secretary

S.K. TUTEJA
Chairman

EIICHI SETO
Managing Director & CEO

Place : New Delhi
Date : 23 May, 2018

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

1. Reporting entity

SML Isuzu Limited (the 'Company') is a public Company domiciled in India with its registered office situated at Village: Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab and its shares are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India. The Company is primarily engaged in the business of manufacture and sale of Commercial Vehicles and their parts. The Company has its operations primarily in India.

The financial statements of the Company for the year ended 31 March 2018 have been prepared as per the requirements of Schedule III of the Companies Act, 2013.

2. Significant Accounting Policies

(a) Basis of preparation

(i) Statement of compliance

These Ind AS financial statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 31.

The financial statements were authorized for issue by the Company's Board of Directors on 23 May 2018.

(ii) Functional and presentation currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

(iii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Net defined benefits (assets)/liability	Fair Value of the plan assets less present value of defined benefits obligations
Certain financial assets and liabilities (Including derivative instruments)	Fair value

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

(iv) Use of estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognized prospectively in current and future periods.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3 and 2 (b) - Assessment of useful life and residual value of Property, plant and equipment
- Note 3 and 2 (c) - Assessment of useful life of Intangible assets
- Note 17 A, 17 B, 32 and 2 (f) (g) - Provisions and contingent liabilities
- Note 40 and 2 (L) - Income taxes
- Note 15 (A), 16 (B) and 2 (m) Lease classification including determining whether an arrangement contains a lease
- Note 8, 2 (d) - Inventory valuation

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant impact on the financial statements are as mentioned below:

Note 17 (A), 17(B) and 38 - measurement of defined benefit obligations: key actuarial assumptions

Note 17 (A), 17 (B) and 32 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Note 2 (o) (ii) - Impairment test of non-financial assets: key assumptions underlying recoverable amounts

Note 2 (o) (i)- Impairment of financial assets

Note 39 (B) and 2 (a) (v)- Fair value measurement of financial instruments

Note 18 and 2 (L) -Recognition of deferred tax assets: Availability of future taxable profits against which such deferred tax assets can be adjusted

(v) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

Note 39 (B) - financial instruments

(b) Property, plant and equipment ('PPE')

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and/ or accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress comprises the cost of PPE that are not ready for their intended use at the reporting date.

Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

(ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer Note 31)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

Depreciation on item of PPE is calculated on the basis useful lives as specified below:

Particulars	Management estimate of useful life (Years)	Useful life as per Schedule II of the Companies Act, 2013 (Years)
Buildings		
– Buildings (other than Road)	3-60	3-60
– Roads	10	10
Office equipment	3-10	5
Furniture and fixtures	3-10	10
Vehicles	4-10	8
Plant and equipment	2-35	15-35
Computers	3-6	3-6

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(c) Other intangible assets

(i) Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Internally generated: Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and/ or any accumulated impairment losses.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

(iv) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets. (Refer note 31)

(v) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

- Software 3-10 years
- Technical know-how 2.5-10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(vi) Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use and disposal.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the moving weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(e) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)*Post-employment benefits*Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts. The Company makes specified contributions towards these schemes such as Superannuation Fund, Provident Fund, Employee State Insurance and other funds as determined under relevant schemes and/ or statute. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability i.e Gratuity, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income ('OCI'). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long term employee benefits*Compensated absences

The Company's net obligations in respect of long-term employee benefits other than post-employment benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Obligations such as those related to compensated absences are measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when, as a result of past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(f) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

at the balance sheet date. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighing of all possible outcomes by their associated probabilities. The timing of outflows will vary as and when warranty claim will arise.

(ii) Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(g) Contingent liabilities

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

(h) Commitments

Commitments include the amount of purchase order / contracts (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

(i) Revenue

Sale of products

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over goods sold, or managerial involvement to the degree associated with ownership of goods, and the amount of revenue and its related cost can be measured reliably. Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, incentives and liquidated damages. This *inter alia* involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenues include excise duty till 30 June 2017 (goods and service tax (GST) applicable w.e.f. 1 July 2017) and are shown net of GST, sales tax, value added tax and applicable discounts and allowances, if any.

The timing of transfers of risks and rewards varies depending on the individual terms of sale as follows:

- For sales of vehicles to dealers, usually such transfer occurs when the vehicles are received by the dealer, however, for some international shipments transfer occurs from the date of bill of lading
- For government sales, transfer occurs when the confirmation for receipt of vehicles is given by customer

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)***Rendering of services***

Consideration received for services not yet rendered and for which Company has an obligation to perform is recognised as revenue received in advance and subsequently recognised as revenue in the statement of profit and loss over the period of the contract.

Other operating revenue

Export benefits are accounted for on accrual basis.

Revenue from royalty is recognized on accrual basis as per the terms of agreement entered into with the respective parties.

Revenue from dealer support services is recognized on accrual basis as per the terms of agreement entered into with the Dealers.

Other income***Government grants***

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(j) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(k) Borrowing costs

Borrowing costs includes interest and other costs (including exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

(l) Income-tax

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Therefore, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(m) Leases

(i) Determining whether arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)**(ii) Assets held under lease**

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the company substantially all the risk and rewards of ownership (i.e. operating leases) are not recognised in the Company's balance sheet.

(iii) Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Financial Instruments**(i) Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement**Financial assets**

On initial recognition, a financial asset is classified as measured at:

- a. Amortised cost;
- b. Fair value through other comprehensive income ('FVOCI') - debt investment;
- c. Fair value through other comprehensive income ('FVOCI') - equity investment; or
- d. Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de- recognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

(iii) *De-recognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) *Derivative financial instruments*

The Company holds derivative financial instruments to hedge its exposure to interest rate and foreign exchange rate risks by entering into cross currency interest rate swaps. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

(vi) *Hedge accounting:*

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges:

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

(o) Impairment

(i) Impairment of financial assets

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability- weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost is deducted from the gross carrying amount of the assets.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Foreign currency transactions*Initial recognition*

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss. Exchange differences related to qualifying cash flow hedges are recognised in other comprehensive income to the extent that hedges are effective.

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(q) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

(r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(t) Earnings per share

Basic earnings per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

(u) Research and development

Expenditure on research is expensed off under the respective heads of account in the period in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and right to use the asset. The expenditure capitalised includes the cost of materials, direct labor and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Statement of Profit and Loss as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Property, plant and equipment used for research and development are depreciated in accordance with the Company's policy as stated above.

Materials identified for use in research and development process are carried as inventories and charged to the Statement of Profit and Loss on consumption of such materials for research and development activities.

(v) Recent accounting pronouncement

Ind AS 115, Revenue from contracts with customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

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The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Ind AS 21 - The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The impact of the same is not expected to be material on the Company's financial statements.

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NOTE 3

Property, plant and equipment (PPE) and capital work in progress **

	Freehold Land	Buildings	Plant and equipment	Plant and equipment on lease @	Furniture and fixtures	Office equipment	Vehicles	Computers	Total	Capital work in Progress [^]
GROSS BLOCK										
Balance as at 1 April 2016 (Deemed cost) #	48.74	7,135.46	7,633.20	130.80	330.85	175.95	682.50	392.91	16,530.41	4,028.58
Additions during the year *	-	696.30	4,993.09	169.94	340.17	72.86	200.48	76.82	6,549.66	9,477.82
Disposals / Adjustments	-	-	4.00	-	-	0.54	-	-	4.54	5,689.39
Balance as at 31 March 2017	48.74	7,831.76	12,622.29	300.74	671.02	248.27	882.98	469.73	23,075.53	7,817.01
Additions during the year *	235.18	3,649.15	12,561.88	23.15	291.73	48.72	38.79	259.54	17,108.14	11,334.25
Disposals / Adjustments	-	13.65	67.99	-	0.34	0.24	29.60	0.14	111.96	16,446.21
Balance as at 31 March 2018	283.92	11,467.26	25,116.18	323.89	962.41	296.75	892.17	729.13	40,071.71	2,705.05
ACCUMULATED DEPRECIATION										
Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-	-
Charge during the year	-	369.19	1,302.07	29.59	68.42	64.45	212.40	181.54	2,227.66	-
Disposals / Adjustments	-	-	1.08	-	-	0.22	-	-	1.30	-
Balance as at 31 March 2017	-	369.19	1,300.99	29.59	68.42	64.23	212.40	181.54	2,226.36	-
Charge during the year	-	470.08	1,504.42	51.11	129.34	66.57	199.49	189.13	2,610.14	-
Disposals / Adjustments	-	3.98	30.07	-	0.15	0.23	16.36	-	50.79	-
Balance as at 31 March 2018	-	835.29	2,775.34	80.70	197.61	130.57	395.53	370.67	4,785.71	-
NET BLOCK										
Balance as at 1 April 2016	48.74	7,135.46	7,633.20	130.80	330.85	175.95	682.50	392.91	16,530.41	4,028.58
Balance as at 31 March 2017	48.74	7,462.57	11,321.30	271.15	602.60	184.04	670.58	288.19	20,849.17	7,817.01
Balance as at 31 March 2018	283.92	10,631.97	22,340.84	243.19	764.80	166.18	496.64	358.46	35,286.00	2,705.05
Other intangible assets										
				Software	Technical know-how		Total			Intangible assets under development [^]
GROSS BLOCK - Acquired										
Balance as at 1 April 2016 (Deemed cost) #				-	710.50		710.50			-
Additions during the year				104.97	26.26		131.23			131.23
Disposals / Adjustments				-	-		-			131.23
Balance as at 31 March 2017				104.97	736.76		841.73			-
Additions during the year				519.37	240.01		759.38			1,540.78
Disposals / Adjustments				-	-		-			759.38
Balance as at 31 March 2018				624.34	976.77		1,601.11			781.40

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

ACCUMULATED AMORTISATION

Balance as at 1 April 2016	-	-	-	-
Charge during the year	15.42	139.11	154.53	-
Disposals / Adjustments	-	-	-	-
Balance as at 31 March 2017	15.42	139.11	154.53	-
Charge during the year	64.55	164.99	229.54	-
Disposals / Adjustments	-	-	-	-
Balance as at 31 March 2018	79.97	304.10	384.07	-
NET BLOCK				
Balance as at 1 April 2016	-	710.50	710.50	-
Balance as at 31 March 2017	89.55	597.65	687.20	-
Balance as at 31 March 2018	544.37	672.67	1,217.04	781.40

Notes:

- * Additions include Rs. 650.43 lakhs (previous year Rs. 150.31 lakhs) towards assets located at the research and development facilities.
- ** refer note 15 for information on PPE pledged as security by the Company.
- # refer note 31 for reconciliation of deemed cost as adopted by Company in accordance with Ind AS 101.
- @ The related finance lease obligations in respect to plant and equipment acquired under finance lease arrangements have been disclosed in note nos. 15 A & 16.
- ^ Disposals / adjustments included in Capital work in progress / Intangible assets under development represents assets capitalised during the year.
Additions during the year in PPE and other intangible assets includes borrowing costs capitalised amounting to Rs. 403.97 lakhs (previous year Rs. 10.62 lakhs).
Refer note 32 for disclosure of contractual commitments for the acquisition of PPE.
The gross and net carrying amount of plant and equipment acquired under finance leases are separately shown in the reconciliation of carrying amount in note no. 3 above.

NOTE 4

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
LOANS*			
<i>(Unsecured, considered good unless stated otherwise)</i>			
A. Non-Current			
Loans to employees	173.16	81.32	32.59
Security deposits	153.09	157.00	156.48
	326.25	238.32	189.07
B. Current			
Loans and advances to employees	93.70	65.58	61.96
Security deposits	11.97	3.98	7.50
	105.67	69.56	69.46
	431.92	307.88	258.53

- * The Company's exposure to credit and market risks related to financial assets are disclosed in note 39.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 5

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
OTHER FINANCIAL ASSETS*			
A. Non-Current			
Other bank balances:			
– Bank deposits (due to mature after twelve months from the reporting date) **	148.58	89.96	-
Interest accrued but not due on bank deposits	7.92	0.96	-
	<u>156.50</u>	<u>90.92</u>	<u>-</u>
B. Current			
Interest accrued but not due on deposits	8.62	11.00	159.24
Royalty income receivable	8.90	9.88	9.65
Export incentive receivable	10.85	40.20	63.51
Insurance claim receivable	72.03	-	-
	<u>100.40</u>	<u>61.08</u>	<u>232.40</u>
	<u>256.90</u>	<u>152.00</u>	<u>232.40</u>

** Deposits includes restricted bank deposits amounting to Rs. 148.58 lakhs (31 March 2017 Rs. 89.96 lakhs, 1 April 2016 Nil) on account of deposits held as margin money against bank guarantees.

* The Company's exposure to credit and market risks related to financial assets are disclosed in note 39.

NOTE 6

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
INCOME TAX ASSETS (NET)			
Advance income-tax and tax deducted at source (net of provision)	756.03	521.44	406.46
	<u>756.03</u>	<u>521.44</u>	<u>406.46</u>

NOTE 7

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
OTHER NON-CURRENT ASSETS (Unsecured considered good unless stated otherwise)			
Capital advances	760.10	2,326.30	463.12
Prepaid expenses and other advances			
Considered good	17.29	14.62	3.78
Considered doubtful	50.00	50.00	50.00
Less: Allowance for doubtful advances	50.00	50.00	50.00
	<u>17.29</u>	<u>14.62</u>	<u>3.78</u>
Amount paid under protest to government authorities			
– Income tax	970.97	945.97	945.97
– Sales tax			
Considered good	62.64	38.13	238.44
Considered doubtful	87.30	87.30	-
Less: Allowance for doubtful advances	87.30	87.30	-
	<u>62.64</u>	<u>38.13</u>	<u>238.44</u>
– Excise duty	-	-	2.13
	<u>1,811.00</u>	<u>3,325.02</u>	<u>1,653.44</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 8

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
INVENTORIES			
(valued at cost or net realisable value, whichever is lower)			
Raw materials *	9,554.75	7,974.06	7,003.71
Work in progress	4,479.95	13,519.06	3,702.92
Finished goods (Vehicles) *	21,399.05	6,845.03	21,987.28
Stock-in-trade (Spare parts) *	800.63	1,021.29	1,045.72
Stores and spares *	125.20	73.52	91.05
Loose tools *	18.63	25.28	22.26
	<u>36,378.21</u>	<u>29,458.24</u>	<u>33,852.94</u>

*Includes goods / stock in transit:

– Raw materials	657.95	564.87	500.57
– Finished goods (Vehicles)	2,370.87	1,063.80	2,644.37
– Stock-in-trade (Spare parts)	7.45	25.83	46.84
– Stores and spares	0.55	0.70	3.33
– Loose tools	6.52	1.50	1.77

Note:

The net reversal of write downs during the year amounted to Rs. 192.85 lakhs (previous year Rs. 225.95 lakhs)

NOTE 9

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
TRADE RECEIVABLES *			
Secured, considered good	505.16	507.64	263.86
Unsecured			
– Considered good	11,222.76	10,967.91	10,016.53
– Considered doubtful	359.69	277.12	304.93
	<u>12,087.61</u>	<u>11,752.67</u>	<u>10,585.32</u>
Less: Allowance for bad and doubtful receivables	359.69	277.12	304.93
	<u>11,727.92</u>	<u>11,475.55</u>	<u>10,280.39</u>

* The Company's exposure to credit and market risks related to financial assets are disclosed in note 39.

* The carrying amount of trade receivables approximate their fair values is included in note 39.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 10

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
CASH AND CASH EQUIVALENTS *			
Balances with banks			
– in deposit accounts (Original maturity of 3 months or less)	1,135.00	-	-
– in current accounts	858.65	532.82	757.93
Cash on hand	1.85	5.62	8.87
	<u>1,995.50</u>	<u>538.44</u>	<u>766.80</u>

*The Company's exposure to credit and market risks related to financial assets are disclosed in note 39.

NOTE 11

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE *			
Bank deposits (with original maturity of more than three months but less than twelve months) **	11.60	48.04	2,691.60
Unpaid dividend accounts	169.94	158.07	136.35
Margin money (against bank guarantees)	1.00	2.39	3.11
Earmarked balances #	17.74	16.90	15.83
	<u>200.28</u>	<u>225.40</u>	<u>2,846.89</u>

* The Company's exposure to credit and market risks related to financial assets are disclosed in note 39.

** includes restricted bank deposits amounting to Rs. 11.60 lakhs (31 March 2017 Rs. 48.04 lakhs, 1 April 2016 Rs. 191.60 lakhs) on account of deposits held as margin money against bank guarantees.

These balances are earmarked to meet certain employee related contingencies and are restricted and not freely usable.

NOTE 12

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
OTHER CURRENT ASSETS (Unsecured considered good unless stated otherwise)			
Balance with government authorities	3,188.66	2,702.08	840.56
Advances for supply of goods	1,649.07	189.34	154.32
Prepaid expenses and other advances	280.99	285.95	237.26
Others	0.14	0.14	-
	<u>5,118.86</u>	<u>3,177.51</u>	<u>1,232.14</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 13

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
EQUITY SHARE CAPITAL						
	No. of	Amount	No. of	Amount	No. of	Amount
I. Detail of Share Capital		shares		shares		shares
Authorised						
Equity shares of Rs. 10 each	40,000,000	4,000.00	40,000,000	4,000.00	40,000,000	4,000.00
	40,000,000	4,000.00	40,000,000	4,000.00	40,000,000	4,000.00
Issued, subscribed and paid up						
Equity shares of Rs. 10 each fully paid up*	14,471,646	1,447.17	14,471,646	1,447.17	14,471,646	1,447.17
Forfeited equity shares of Rs.10 each	13,300	0.71	13,300	0.71	13,300	0.71
	14,484,946	1,447.88	14,484,946	1,447.88	14,484,946	1,447.88

* Includes 100 (31 March 2017 ; 100, 1 April 2016 ; 100) equity shares of Rs. 10 each, fully paid up, held by a non-resident Indian ('NRI') for which approval from the Reserve Bank of India is pending.

2. Rights, preferences and restrictions attached to the equity shares :-

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

3. Reconciliation of the shares outstanding at beginning and at the end of the year

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
Particulars	No. of	Amount	No. of	Amount	No. of	Amount
	shares		shares		shares	
Balance at the beginning and at the end of the year	14,471,646	1,447.17	14,471,646	1,447.17	14,471,646	1,447.17

4. Details of shareholders holding more than 5% share in the Company

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of	% of equity	No. of	% of equity	No. of	% of equity
	shares	shares held	shares	shares held	shares	shares held
Sumitomo Corporation, Japan	6,362,306	43.96%	6,362,306	43.96%	6,362,306	43.96%
Isuzu Motors Limited	2,170,747	15.00%	2,170,747	15.00%	2,170,747	15.00%

5. There are no shares reserved for issue under options and contracts/commitments. Further, there are no shares that have been allotted during last 5 years pursuant to a contract without payment being received in cash, or by way of bonus shares or shares bought back.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 14

	As at 31 March 2018	As at 31 March 2017
OTHER EQUITY		
i. Securities premium reserve *		
Balance at the beginning of the year	7,452.88	7,452.88
Add: Movement during the year	-	-
Balance at the end of the year	7,452.88	7,452.88
* Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.		
ii. General reserve *		
Balance at the beginning of the year	9,921.80	9,293.71
Add : Amount transferred from surplus	84.97	628.09
Balance at the end of the year	10,006.77	9,921.80
* The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.		
iii. Retained earnings *		
Balance at the beginning of the year	21,531.29	17,251.81
Add: Profit for the year	849.70	6,300.99
Less: Dividend (including corporate dividend tax)	1,393.42	1,393.42
Less: Transfer to General Reserve	84.97	628.09
Balance at the end of the year	20,902.60	21,531.29
* Retained earnings represent the profits that the Company has earned till date less any transfer to general reserve, less any dividends, or other distributions paid to shareholders.		
iv. Other comprehensive income		
(a) Remeasurement of defined benefit plan (net of tax)*		
Balance at the beginning of the year	53.37	-
Remeasurement of defined benefit plan (net of tax)	56.88	53.37
Balance at the end of the year	110.25	53.37
* Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets (excluding interest income).		
(b) Cash flow hedge reserve (net of tax) *		
Balance at the beginning of the year	(27.65)	-
Net movement of cash flow hedge (net of tax)	(87.16)	(27.65)
Balance at the end of the year	(114.81)	(27.65)
* Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.		

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
V. Summary of components of Other Equity			
Securities premium account	7,452.88	7,452.88	7,452.88
General reserve	10,006.77	9,921.80	9,293.71
Retained earnings	20,902.60	21,531.29	17,251.81
Other comprehensive income			
(a) Remeasurement of defined benefit plan	110.25	53.37	-
(b) Cash flow hedge reserve	(114.81)	(27.65)	-
	<u>38,357.69</u>	<u>38,931.69</u>	<u>33,998.40</u>

NOTE 15

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
BORROWINGS *			
A. Non-current @			
Term Loan - Unsecured **			
— From bank	14,016.50	3,352.58	-
Less: Current maturities of term loan (refer note 16 B)	(2,250.00)	-	-
Long-term maturities of finance lease obligations (Unsecured) #	171.34	219.31	116.94
Less: Current maturities of finance lease obligations (refer note 16 B)	(88.91)	(71.12)	(67.56)
	<u>11,848.93</u>	<u>3,500.77</u>	<u>49.38</u>

Refer to note 33(c) for future minimum lease payments in respect of finance lease obligations.

* The Company's exposure to liquidity and market risks related to financial liabilities are disclosed in note 39.

** Represents term loan in the form of external commercial borrowing ("ECB"), denominated in USD, taken from Bank of Tokyo Mitsubishi UFJ Ltd., Japan. The loan carries floating rate of interest of USD 1M LIBOR + 70 bps and is repayable in 18 quarterly instalments, commencing from 02 July, 2018 and ending on 03 October, 2022. Accordingly, the Company has an outstanding of Rs. 14,016.50 lakhs (USD 215.06 lakhs) as at 31 March 2018 [31 March 2017 Rs. 3,352.58 lakhs (USD 51.70 lakhs), 1 April 2016 Nil].

B. Current

Loans repayable on demand			
Cash credit from banks- secured (i)	-	511.29	-
Other loans from banks - unsecured (ii)	7,000.00	-	5,500.00
	<u>7,000.00</u>	<u>511.29</u>	<u>5,500.00</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

- (i) The cash credit limits sanctioned by the bankers are secured by a first charge by way of hypothecation of the Company's current assets i.e. stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire-purchase/ leasing, book debts and other movables of the Company (both present and future) and also by way of a collateral pari passu second charge on the Company's Property, plant and equipment. These carry an interest rate ranging from 10.00% to 11.00% per annum. The Company has not defaulted on repayment of loan and interest during the year.
- (ii) Other loans from banks – unsecured represents working capital demand loan taken from Mizuho Bank Limited. These carry an interest rate ranging from 7.00% to 8.00% per annum. The Company has not defaulted on repayment of loan and interest during the year.

NOTE 16

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
OTHER FINANCIAL LIABILITIES *			
A. Non-Current			
Security deposit from dealers	1,156.75	1,185.25	1,010.50
Capital creditors	-	3.37	155.56
	<u>1,156.75</u>	<u>1,188.62</u>	<u>1,166.06</u>
B. Current			
Capital creditors	3,199.67	1,194.40	677.17
Unpaid dividends	169.94	158.07	136.35
Interest accrued but not due on borrowings	90.30	23.36	-
Current maturities of term loan [refer to note 15(A)]	2,250.00	-	-
Current maturities of finance lease obligation [refer note 15(A)]	88.91	71.12	67.56
Employee payables	970.10	1,092.52	859.67
Book overdraft	-	-	283.25
Cross currency interest rate swaps used for hedging #	159.77	189.72	-
	<u>6,928.69</u>	<u>2,729.19</u>	<u>2,024.00</u>

This represents fair value of the derivative contracts undertaken to hedge against the foreign exchange exposure arising from repayment of loans and payment of interest. The Company has designated these derivatives as hedge relationships. Any change in the fair value of the derivative contract is recognised in the other comprehensive income.

* The Company's exposure to liquidity and market risks related to financial liabilities are disclosed in note 39.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 17

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
PROVISIONS			
A. Non Current			
Provisions for employee benefits (refer to note 38)			
Gratuity	1,836.31	1,984.11	2,051.00
Compensated absences	2,432.67	2,261.93	1,818.11
	<u>4,268.98</u>	<u>4,246.04</u>	<u>3,869.11</u>
Other provisions			
Provisions for warranties *	293.55	428.85	474.46
	<u>293.55</u>	<u>428.85</u>	<u>474.46</u>
	<u>4,562.53</u>	<u>4,674.89</u>	<u>4,343.57</u>
B. Current			
Provisions for employee benefits (refer to note 38)			
Gratuity	392.19	354.02	304.54
Compensated absences	801.09	720.80	725.74
Superannuation	36.66	41.59	36.11
	<u>1,229.94</u>	<u>1,116.41</u>	<u>1,066.39</u>
Other provisions			
Provisions for warranties *	444.45	488.56	421.08
	<u>444.45</u>	<u>488.56</u>	<u>421.08</u>
	<u>1,674.39</u>	<u>1,604.97</u>	<u>1,487.47</u>

*** Movement of Warranty Provision**

Particulars	Amount
Balance as on 1 April 2016	895.54
Accrued during the year #	473.55
Amount utilized during the year	489.63
Unwinding of discount	37.95
Balance as on 31 March 2017	917.41
Accrued during the year #	366.81
Amount utilized during the year	580.54
Unwinding of discount	34.32
Balance as on 31 March 2018	738.00

net of write back of liability in respect of provision for warranty Rs. 44.15 lakhs (2016-17 Rs. 113.14 lakhs, 2015-16 Rs. 230.93 lakhs)

* The Company is liable towards warranty claims made by end users of its products. The year end provision is based on its estimate of the past experience regarding failure trends of products and costs of rectification or replacement. It is estimated that the provision would be fully utilized over the warranty period i.e. within 3 years.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 18

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
DEFERRED TAX LIABILITIES (NET) *			
Deferred tax liabilities	3,644.36	2,597.47	2,441.60
Deferred tax assets	(3,366.77)	(2,072.90)	(1,859.58)
	<u>277.59</u>	<u>524.57</u>	<u>582.02</u>

* Refer note 40 for details of deferred tax liabilities and assets

NOTE 19

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
OTHER NON-CURRENT LIABILITIES			
Revenue received in advance	245.05	197.85	55.69
	<u>245.05</u>	<u>197.85</u>	<u>55.69</u>

NOTE 20

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
TRADE PAYABLES */**			
Dues of Micro Enterprises and Small Enterprises [refer note below]	28.28	4.88	-
Other trade payables	21,154.02	19,066.26	17,192.57
	<u>21,182.30</u>	<u>19,071.14</u>	<u>17,192.57</u>

*The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Company as under :

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year			
– Principal	28.28	4.88	–
– Interest	–	–	–
(b) The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006	–	–	–
(c) The amounts of the payments made to micro and small suppliers, beyond the appointed day during each accounting year	–	–	–
(d) The amount of interest due and payable for the period (where the principal has been paid but interest under the Micro, Small and Medium Enterprises Development Act, 2006 not paid)	–	–	–
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–	–
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Micro, Small and Medium Enterprises Development Act, 2006	–	–	–

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are Rs. Nil (31 March 2017 Rs. Nil, 1 April 2016 Rs. Nil) as on balance sheet date.

** The Company's exposure to liquidity and market risks related to financial liabilities are disclosed in note 39.

NOTE 21

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
CURRENT TAX LIABILITIES (NET)			
Provisions for income tax (net of advance tax)	335.96	337.62	453.99
	<u>335.96</u>	<u>337.62</u>	<u>453.99</u>

NOTE 22

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
OTHER CURRENT LIABILITIES			
Advance from customers	1,669.76	963.67	1,605.73
Revenue received in advance	411.29	471.14	905.83
Statutory dues	1,567.30	2,379.57	1,986.89
	<u>3,648.35</u>	<u>3,814.38</u>	<u>4,498.45</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 23

	Year ended 31 March 2018	Year ended 31 March 2017
REVENUE FROM OPERATIONS *		
Sale of products		
Finished goods - vehicles	108,033.94	141,411.11
Traded goods - spare parts	7,954.54	8,870.70
	<u>115,988.48</u>	<u>150,281.81</u>
Other operating revenues		
Sale of scrap	437.93	399.41
Rendering of Services	555.41	504.41
Export incentives	44.59	55.24
Dealer support services	51.39	82.58
Royalty	124.96	134.15
Exchange gain on foreign exchange fluctuations (net)	—	36.81
Liabilities no longer required written back	211.23	124.56
	<u>1,425.51</u>	<u>1,337.16</u>
	<u>117,413.99</u>	<u>151,618.97</u>

* Revenue from operations, computed in accordance with Ind AS 18 'Revenue', for the current period is not comparable with previous period since the same is net of Goods and Service Tax (GST) whereas excise duty forms part of expenses in previous year. The comparative revenue from operations of the company is given below:-

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	117,413.99	151,618.97
Less: Excise duty on sales	3,909.20	16,001.72
Revenue from operations (net of excise duty)	<u>113,504.79</u>	<u>135,617.25</u>

NOTE 24

	Year ended 31 March 2018	Year ended 31 March 2017
OTHER INCOME		
Interest income on		
Bank deposits	11.97	206.56
Others	146.87	159.67
Net gain on sale of property, plant and equipment	10.23	0.69
Insurance claim	72.03	—
Miscellaneous	70.37	48.11
	<u>311.47</u>	<u>415.03</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 25

	Year ended 31 March 2018	Year ended 31 March 2017
COST OF MATERIALS CONSUMED		
Inventory of material at the beginning of the year	7,974.06	7,003.71
Add: Purchase of materials	86,729.33	92,911.73
	<u>94,703.39</u>	<u>99,915.44</u>
Inventory of material at the end of the year	9,554.75	7,974.06
	<u>85,148.64</u>	<u>91,941.38</u>

NOTE 26

	Year ended 31 March 2018	Year ended 31 March 2017
CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE		
Opening stock		
– Finished goods (Vehicles)	6,845.03	21,987.28
– Stock-in-trade (Spare parts)	1,021.29	1,045.72
– Work-in-progress	13,519.06	3,702.92
	<u>21,385.38</u>	<u>26,735.92</u>
Less : Closing stock		
– Finished goods (Vehicles)	21,399.05	6,845.03
– Stock-in-trade (Spare parts)	800.63	1,021.29
– Work-in-progress	4,479.95	13,519.06
	<u>26,679.63</u>	<u>21,385.38</u>
Add : Movement in excise duty content in finished goods and stock-in-trade	(1,141.65)	(1,951.23)
	<u>(6,435.90)</u>	<u>3,399.31</u>

NOTE 27

	Year ended 31 March 2018	Year ended 31 March 2017
EMPLOYEE BENEFITS EXPENSES		
Salaries, wages, bonus and compensated absences	12,166.84	11,718.88
Contributions to provident and other funds (refer note 38)	1,275.71	1,210.31
Staff welfare expenses	1,169.53	1,095.73
	<u>14,612.08</u>	<u>14,024.92</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 28

	Year ended 31 March 2018	Year ended 31 March 2017
FINANCE COSTS		
Interest expense on		
Borrowings measured at amortised cost	576.54	223.79
Others	125.44	113.59
Net interest on net defined benefit liability	155.58	169.56
Finance cost on finance lease obligations measured at amortised cost	23.81	10.24
Unwinding of discount on warranty provisions	34.31	37.96
Other borrowing costs *	136.71	62.64
	<u>1,052.39</u>	<u>617.78</u>

* includes Rs. 62 lakhs paid to Industrial Finance Corporation of India "IFCI" to obtain a 'no dues certificate' basis which all erstwhile charges on the Company's movable and immovable properties have now been vacated.

NOTE 29

	Year ended 31 March 2018	Year ended 31 March 2017
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	2,610.14	2,227.66
Amortisation of intangible assets	229.54	154.53
	<u>2,839.68</u>	<u>2,382.19</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

NOTE 30

	Year ended 31 March 2018	Year ended 31 March 2017
OTHER EXPENSES		
Consumption of stores and spares and loose tools	208.34	235.28
Repairs :		
– Plant and Machinery	221.00	185.67
– Buildings	225.37	213.13
– Others	215.11	126.13
Power and fuel	1,156.99	1,138.53
Rent (refer note 33)	406.27	391.07
Rates and taxes	142.14	285.13
Legal and professional	153.85	196.88
Auditor's remuneration:		
Statutory audit	43.00	36.00
Tax audit	5.00	4.00
Limited review of quarterly results	14.40	12.00
Other services	17.34	9.25
Reimbursement of expenses	5.12	4.74
Insurance	155.50	136.72
Printing, stationery and other communication expense	151.66	170.11
Travelling and conveyance	820.98	846.27
Allowance for doubtful trade receivables / advances	82.57	87.30
Packing and freight outward	3,477.68	3,815.65
Warranty costs	366.81	473.55
Marketing, sales promotion and service expense	968.49	876.40
Royalty expense	–	6.29
Testing and other laboratory expense	629.70	480.90
Foreign exchange loss on foreign currency (net)	22.71	–
Property, plant and equipment / Capital work-in-progress written off (net)	61.18	19.55
Trade receivables / advances written off	47.19	49.07
Contribution towards Corporate social responsibility	151.37	102.97
Miscellaneous	577.02	588.25
	10326.79	10,490.84
Detail of corporate social responsibility expenditure		
a. Amount required to be spent by the Company during the year	150.50	102.45
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	–	–
(ii) On purpose other than (i) above	151.37	102.97
	151.37	102.97

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

31 Explanation of transition to Ind AS

As stated in note 2 (a) (i), these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in note 2 have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

A. Optional exemptions available

(i) Property, plant and equipment and intangible assets

As permitted by Ind AS 101 "First time adoption", the Company has elected to continue with its carrying values under previous GAAP for all items of property, plant and equipment. The same selection has been made in respect of intangible assets.

Information relating to Gross carrying amount of assets and accumulated depreciation as on the transition date as per previous GAAP is as follows:

Description	As on 1 April 2016		
	Gross Block	Accumulated Depreciation	Deemed cost
Property, Plant and Equipment (PPE) *			
Freehold Land	48.74	-	48.74
Buildings	9,363.83	2,228.37	7,135.46
Plant and equipment	13,750.50	6,117.30	7,633.20
Furniture and fixtures	508.25	177.40	330.85
Office equipment	401.38	225.43	175.95
Vehicles	1,851.75	1,169.25	682.50
Computers	1,067.86	674.95	392.91
Total	26,992.31	10,592.70	16,399.61
Intangible assets			
Technical know-how	1,297.06	586.56	710.50
Total	1,297.06	586.56	710.50

* Property, plant and equipment does not include Plant and equipment on lease amounting to Rs. 130.80 lakhs which has been recognised as a transition adjustment as per Ind AS 17 "Leases".

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)**(ii) Determining whether an arrangement contains a lease**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail of the above exemption.

B. Mandatory exceptions**(i) Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition or as at the end of the comparative information period presented in the entity's first Ind AS financial statements, shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any difference in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that exist at the transition date or at the end of the comparative period, as the case may be.

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are as follows:

- Determination of discounted value for financial instruments carried at amortised cost.
- Determination of fair value changes of cash flow hedges through other comprehensive income.
- Impairment of financial assets based on expected credit loss model."

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively.

(iii) De-recognition of financial assets and liabilities

"Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transaction to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from the date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financials assets and liabilities derecognised as a result of past transaction was obtained at the time of initially accounting for those transactions. As permitted by Ind AS 101, the Company has adopted to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

Reconciliation of equity

	Note	As at the date of transition 1 April 2016			As at 31 March 2017		
		Previous GAAP*	Ind AS adjustment	Ind AS	Previous GAAP*	Ind AS adjustment	Ind AS
Non-current assets							
Property, plant and equipment	(a)	16,399.61	130.80	16,530.41	20,578.03	271.14	20,849.17
Capital work in progress		4,028.58	-	4,028.58	7,817.01	-	7,817.01
Other intangible assets		710.50	-	710.50	687.20	-	687.20
Financial assets							
Loans		189.07	-	189.07	238.32	-	238.32
Other financial assets		-	-	-	90.92	-	90.92
Income tax assets (net)		406.46	-	406.46	521.44	-	521.44
Other non-current assets		1,653.44	-	1,653.44	3,325.02	-	3,325.02
Total non-current assets		23,387.66	130.80	23,518.46	33,257.94	271.14	33,529.08
Current assets							
Inventories		33,852.94	-	33,852.94	29,458.24	-	29,458.24
Financial assets							
Trade receivables		10,280.39	-	10,280.39	11,475.55	-	11,475.55
Cash and cash equivalents		766.80	-	766.80	538.44	-	538.44
Bank balances other than cash and cash equivalents above		2,846.89	-	2,846.89	225.40	-	225.40
Loans		69.46	-	69.46	69.56	-	69.56
Other financial assets		232.40	-	232.40	61.08	-	61.08
Other current assets		1,232.14	-	1,232.14	3,177.51	-	3,177.51
Total current assets		49,281.02	-	49,281.02	45,005.78	-	45,005.78
Total assets		72,668.68	130.80	72,799.48	78,263.72	271.14	78,534.86
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1,447.88	-	1,447.88	1,447.88	-	1,447.88
Other equity	(k)	32,565.23	1,433.17	33,998.40	38,803.89	127.80	38,931.69
Total equity		34,013.11	1,433.17	35,446.28	40,251.77	127.80	40,379.57

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

	Note	As at the date of transition 1 April 2016			As at 31 March 2017		
		Previous GAAP*	Ind AS adjustment	Ind AS	Previous GAAP*	Ind AS adjustment	Ind AS
Non- current liabilities							
Financial liabilities							
Borrowings	(a)	-	49.38	49.38	3,352.58	148.19	3,500.77
Other financial liabilities		1,166.06	-	1,166.06	1,188.62	-	1,188.62
Provisions	(b)	4,391.37	(47.80)	4,343.57	4,718.10	(43.21)	4,674.89
Deferred tax liability (net)	(h)	560.11	21.91	582.02	557.33	(32.76)	524.57
Other non-current liabilities		55.69	-	55.69	197.85	-	197.85
Total non-current liabilities		6,173.23	23.49	6,196.72	10,014.48	72.22	10,086.70
Current liabilities							
Financial liabilities							
Borrowings		5,500.00	-	5,500.00	511.29	-	511.29
Trade payables		17,192.57	-	17,192.57	19,071.14	-	19,071.14
Other financial liabilities	(a)	1,956.44	67.56	2,024.00	2,658.07	71.12	2,729.19
Provisions	(j)	2,880.89	(1,393.42)	1,487.47	1,604.97	-	1,604.97
Current tax liabilities (net)		453.99	-	453.99	337.62	-	337.62
Other current liabilities		4,498.45	-	4,498.45	3,814.38	-	3,814.38
Total current liabilities		32,482.34	(1,325.86)	31,156.48	27,997.47	71.12	28,068.59
Total equity and liabilities		72,668.68	130.80	72,799.48	78,263.72	271.14	78,534.86

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Note	Year ended 31 March 2017		
		Previous GAAP*	Ind AS adjustment	Ind AS
INCOME				
Revenue from operations	(c), (d), (e)	136,895.99	14,722.98	151,618.97
Other income		415.03	-	415.03
TOTAL REVENUE		137,311.02	14,722.98	152,034.00

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

Particulars	Note	Year ended 31 March 2017		
		Previous GAAP*	Ind AS adjustment	Ind AS
EXPENSES				
Cost of materials consumed	(a)	92,019.17	(77.79)	91,941.38
Purchase of stock-in-trade		4,761.31	-	4,761.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress		3,399.31	-	3,399.31
Excise duty on sales	(e)	-	16,001.72	16,001.72
Employee benefits expense	(f), (g)	14,112.87	(87.95)	14,024.92
Finance costs	(a), (b), (g)	400.02	217.76	617.78
Depreciation and amortization expense	(a)	2,352.60	29.59	2,382.19
Other expenses	(b), (c), (d)	11,802.95	(1,312.11)	10,490.84
TOTAL EXPENSES		128,848.23	14,771.22	143,619.45
Profit before tax and exceptional items		8,462.79	(48.24)	8,414.55
Profit before tax		8,462.79	(48.24)	8,414.55
Tax expense:				
– Current tax		2,184.62	-	2,184.62
– Deferred tax	(h)	(2.78)	(68.28)	(71.06)
Profit for the year		6,280.95	20.04	6,300.99
Other comprehensive income				
A. (i) Items that will not be re-classified to profit or loss				
– Re-measurement gains on defined benefit plans	(f)	-	81.62	81.62
(ii) Income tax related to items that will not be reclassified to profit or loss	(h)	-	(28.25)	(28.25)
Net other comprehensive income not to be reclassified to profit or loss		-	53.37	53.37
B. (i) Items that will be re-classified to profit or loss				
– Effective portion of gain on hedging instruments in cash flow hedges reclassified to profit or loss	(i)	-	(42.29)	(42.29)
(ii) Income tax related to items that will be reclassified to profit or loss	(h)	-	14.64	14.64
Net other comprehensive (loss) to be reclassified subsequently to profit or loss		-	(27.65)	(27.65)
Total comprehensive income for the year		6,280.95	45.76	6,326.71

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

(a) Finance lease arrangements

Under Ind AS, any arrangement (even if not legally structured as lease) which conveys a right to use an asset in return for a payment or series of payments are identified as leases provided certain conditions are met. In case such arrangements are determined to be in nature of leases, such arrangements are required to be classified into finance or operating leases as per the requirement of Ind AS 17 "Leases".

As per Ind AS 17, "Leases", the Company has assessed certain long term arrangements, fulfillment of which is dependent on use of specified assets and where the Company has the right to control the use of such assets for being in the nature of lease. This resulted in certain arrangements being treated as a lease and classified as a finance lease.

The impact arising from the change is as follows:

Statement of Profit and Loss

	Increase / (Decrease) Year ended 31 March 2017
Depreciation and amortisation expense	29.59
Finance costs	10.24
Cost of material consumed	(77.79)
Adjustment before tax - (Profit)	(37.96)

Balance Sheet

	As at 31 March 2017	As at 01 April 2016
Property, plant and equipment (net block)	271.14	130.80
Borrowings		
– Non current portion of finance lease obligation	148.19	49.38
– Current portion of finance lease obligation	71.12	67.56
Adjustment to retained earnings	51.83	13.86

(b) Non current provision of warranty expense

Under Indian GAAP, the Company has accounted for provisions, including long term provisions, at the undiscounted amount. In contrast, Ind AS 37 "Provisions, Contingent liabilities and Contingent assets" requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures required to settle the obligations. Hence, provision for warranty has been valued at present value by discounting it at risk adjusted discount rate. Ind AS 37 also provides that where the discounting is used, the carrying amount of provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

The impact arising from the change as follows:

Statement of Profit and Loss

	Increase / (Decrease) Year ended 31 March 2017
Finance costs	37.95
Other expenses (warranty expense)	(33.36)
Adjustment before tax - Loss	4.59

Balance sheet

	As at 31 March 2017	As at 1 April 2016
Provisions	(43.21)	(47.80)
Adjustment to retained earnings	43.21	47.80

(c) Service charges

Under previous GAAP, service charge utilisation during the period was adjusted from service charge provision. However, under Ind AS, the same has been added to revenue from sale of goods and correspondingly service charge expense for the year has also been increased by the same amount. This has resulted in an increase in the revenue from operations and service charge expenses for the year ended 31 March 2017. Further, the amount of Rs. 185.12 lakhs recognised during the year in service charge expense has been reversed. The total comprehensive income for the year ended and equity as at 31 March 2017 has remain unchanged.

The impact arising from the change in the Statement of Profit and loss is as follows:

	Year ended 31 March 2017
Revenue from operations	504.41
Marketing, sales promotion and service expense	504.41
Adjustment before tax - (Profit) / Loss	-

(d) Discounts , commissions and liquidated damages

Under previous GAAP discounts , commission paid and liquidated damages amounting to Rs. 1,598.03 lakhs were recorded under other expenses. However, under Ind AS they are reclassified from other expenses and netted off from revenue. Hence the revenue has been reduced by Rs.1,598.03 lakhs and correspondingly other expenses has been decreased. The total comprehensive income for the year ended and equity as at 31 March 2017 has remain unchanged.

(e) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented as an expense in profit or loss. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

comprehensive income for the year ended and equity as at 31 March 2017 has remain unchanged.

The impact arising from the change in the Statement of Profit and loss is as follows:

	Year ended 31 March 2017
Revenue from operations	16,001.72
Excise duty	16,001.72
Adjustment before tax - (Profit) / Loss	-

(f) Actuarial gains and losses

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company recognised actuarial gains and losses in profit or loss. Hence actuarial gain amounting to Rs. 81.62 lakhs (gross of tax impact of Rs. 28.25 lakhs) has been recognised in other comprehensive income instead of profit or loss. However, this has no impact on the total comprehensive income and total equity for the year ended 31 March 2017.

(g) Net interest on net defined liability

Under Ind AS, net interest on net defined benefit liability amounting to Rs.169.57 lakhs has been reclassified from employee benefit expense to finance cost. However, this has no impact on the total comprehensive income and total equity for the year ended 31 March 2017.

(h) Deferred taxes

Under Ind AS, deferred taxes are recognised relating to Ind AS adjustments including deferred taxes measured using balance sheet approach. The effect of these are reflected in total equity and total comprehensive income.

The above changes (decreased)/ increased the deferred tax liability as follows :

	Note	As at 31 March 2017	As at 01 April 2016
(i) Derivatives		(65.66)	-
(ii) Lease arrangements	(a)	17.94	4.92
(iii) Non current provision of warranty expense	(b)	14.96	16.99
Adjustment to other equity		(32.76)	21.91

Impact on Profit and loss and Other comprehensive income

	2016-17
Opening Deferred tax liability (net) as per IND AS	582.02
Closing Deferred tax liability (net) as per IND AS	524.57
(Decrease) in deferred tax liability	(57.45)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

Impact already recognised as per previous GAAP	(2.78)
Recognised in Profit and loss	(68.28)
Recognised in Other comprehensive income for items that will not be reclassified to Profit or loss	28.25
Recognised in Other comprehensive income for items that will be reclassified to Profit or loss	(14.64)

Net Impact recognised in Total Comprehensive income	(57.45)
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(i) Derivatives (cross currency interest rate swaps)

Under the previous GAAP, the Company had adopted the hedge accounting principles as provided in Guidance note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India, and accordingly, the net effective portion of hedging instruments was recognised directly in the cash flow hedge reserve. Under Ind AS 109 "Financial instruments", net effective portion of hedging instruments are accounted as a part of the other comprehensive income to the extent considered as effective and are aligned to the hedging strategy. Accordingly total comprehensive income has been increased and this has no impact on the total equity as at 31 March 2017.

(j) Proposed dividend

Under previous GAAP, dividends proposed by the board of directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

Balance sheet

	As at 1 April 2016
Provisions - proposed dividend including dividend distribution tax	(1,393.42)
Adjustment to retained earnings	1,393.42

(k) Other equity

The above changes (increased) / decreased total equity as follows:

	Note	As at 31 March 2017	As at 01 April 2016
Lease arrangements	(a)	(51.83)	(13.86)
Non current provision of warranty expense	(b)	(43.21)	(47.80)
Proposed dividend	(j)	-	(1,393.42)
Tax effects	(h)	(32.76)	21.91
Increase in total equity		(127.80)	(1,433.17)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

- (l) Under previous GAAP, Company had received the grant amounting to Rs. 15 lakhs from the Government for the set up of manufacturing facility and same has been treated as capital reserve. But as per Ind AS grant can be of two types i.e. income related and asset related grant. If the grant is related to asset, then the grant will be set up as deferred income and credited to statement of profit and loss on a systematic basis and rational basis over the useful life of asset. If the grant is related to income, then the grant is recognised in the statement of profit and loss over a period in which the company recognised the expenses for which the grant has been received. Accordingly, on the date of transition amount of Rs.15 lakhs has been transferred from capital reserve to general reserve. This has no impact on total equity as at 1 April 2016 and 31 March 2017.

Cash flow statement

The transition from previous GAAP to Ind AS has affected the cash flow for the year ended 31 March 2017 as follows:

Particulars	Previous GAAP*	Ind AS adjustment	Ind AS
Cash flows from operating activities	11,800.17	261.97	12,062.14
Cash flows (used) in investing activities	(8,746.38)	(169.94)	(8,916.32)
Cash flows (used) in financing activities	(3,282.15)	(92.03)	(3,374.18)
Net increase / (decrease) in cash and cash equivalents	(228.36)	-	(228.36)

32 Contingent liabilities and commitments
(to the extent not provided for)

Contingent liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Claims against the Company not acknowledged as debts:			
Income tax matters	1,538.47	1,279.62	1,111.68
Sales tax matters	553.76	1,023.96	655.21
Excise and service tax matters	69.58	69.58	378.56
Civil matters	162.72	327.92	327.92
	2,324.53	2,701.08	2,473.37

In respect of the matters above, the amount represents the demands received under the respective demand/ show cause notices/ legal claims, wherever applicable.

- (b) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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Capital and other commitments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Capital Commitments (net of advances) not provided for			
- in respect of tangible assets	1652.55	6,139.59	3,948.77
(b) Other commitments			
- Non-cancellable lease commitments	17.08	265.87	74.12

33 Operating leases

Leases as lessee

The Company has taken certain premises under operating lease arrangements. The total lease rental recognized as expense aggregate to Rs. 406.27 lakhs (previous year Rs. 391.07 lakhs).

(a) Amounts recognised in profit or loss:

	Year ended 31 March 2018	Year ended 31 March 2017
Lease expense for the year	406.27	391.07

(b) Future minimum lease payments:

Future minimum lease payments to be made under non-cancellable operating leases are as follows:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Payable in less than one year	27.64	81.84	34.16
Payable between one and five years	75.33	185.59	114.22
Payable after more than five years	-	-	17.96
	102.97	267.43	166.34

(c) Finance lease obligations are payable as follows:

Particulars	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present Value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present Value of minimum lease payments
Not later than one year	102.62	13.71	88.91	94.93	23.81	71.12	77.80	10.24	67.56
Later than one year and not later than five years	89.02	6.59	82.43	171.90	23.71	148.19	53.33	3.95	49.38
Later than five years	-	-	-	-	-	-	-	-	-
	191.64	20.30	171.34	266.83	47.52	219.31	131.13	14.19	116.94

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The Company has assessed certain long term arrangements, fulfillment of which is dependent on use of specified assets and where the Company has the right to control the use of such assets for being in the nature of lease. This resulted in certain arrangements being treated as a lease and classified as a finance lease. Further, these obligations carries effective interest rate of 8% and having a maturity period starting from the year 2016 to 2022.

34 Earnings per share

	As at 31 March 2018	As at 31 March 2017
Basic earnings per share (Rs.)	5.87	43.54
Diluted earnings per share (Rs.)	5.87	43.54
Face value per share (Rs.)	10.00	10.00
Note:		
Profit for the year attributable to equity shareholders	849.70	6,300.99
Weighted average number of equity shares outstanding during the year [excluding 13,300 forfeited equity shares (previous year 13,300)] (in nos.)	14,471,646	14,471,646

35 Segment information

The Company is primarily engaged in the business of manufacturing of commercial vehicles and related components which constitutes a single business segment, accordingly, disclosure requirement of Ind AS 108, "Operating Segments" are not required to be given. As defined in Ind AS 108, the Chief Operating Decision Maker (CODM) i.e. the Board of directors evaluates the performance of the Company, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Geographical information

The "Geographical Segments" comprises of domestic segment which includes sales to customers located in India and the overseas segment includes sales to customers located outside India.

	Domestic	Overseas	Total
Revenue from operations			
2017-18	113,848.91	3,565.08	117,413.99
2016-17	147,350.58	4,268.39	151,618.97
Non-current segment assets			
As at 31 March 2018	40,749.59	-	40,749.59
As at 31 March 2017	31,679.68	-	31,679.68
As at 1 April 2016	21,732.61	-	21,732.61

Notes:

- Overseas segment includes sales and services rendered to customers located outside India
- Domestic segment includes sales and services rendered to customers located in India
- Non-current segment assets includes property, plant and equipment, capital work in progress, intangible assets, intangible assets under development and capital advances.

Major customer

No customer individually accounted for more than 10% of the revenue.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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36 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

37 Related parties

A. Related party and nature of related party relationship where control exists:

(i) Controlling Enterprise: Sumitomo Corporation, Japan

(ii) Key management personnel

Mr. Eiichi Seto - Managing Director & CEO

Mr. Gopal Bansal - Whole-time Director & CFO

Mr. Kei Katayama - Whole-time Director – R&D (upto 7 August 2017)

Mr. T Imai - Whole-time Director – R&D (w.e.f. 26 May 2017)

Mr. Parvesh Madan - Company Secretary

Mr. S.K. Tuteja - Non Executive and Independent Director

Mr. P.K. Nanda - Non Executive and Independent Director

Mr. A.K. Thakur - Non Executive and Independent Director

Dr. (Mrs.) Vasantha S Bharucha - Non Executive and Independent Director

Mr. Sudhir Nayar - Non Executive and Independent Director

B. Transactions with related parties

(i) Controlling Enterprise

	Year ended 31 March 2018	Year ended 31 March 2017
a) Purchase of components and spares	71.94	222.99
b) Purchase of PPE	-	7.74
c) Dividend paid	508.98	508.98

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Advance for supply of goods	5.21	-	-

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

(ii) Key management personnel

	Year ended 31 March 2018	Year ended 31 March 2017
a) Managerial remuneration: *		
Short-term employee benefits		
Mr. Eiichi Seto **	80.43	145.63
Mr. Kei Katayama	9.09	63.23
Mr. T Imai	43.77	-
Mr. Gopal Bansal **	127.24	189.18
Mr. Parvesh Madan	29.96	27.47

* Excludes contribution to the gratuity fund and provision for compensated absences determined on an actuarial basis, as these are determined for the Company as a whole.

** Approval from the Shareholders by way of a special resolution is being sought at the ensuing Annual General Meeting for payment of managerial remuneration as Minimum Remuneration to Managing Director & CEO and Whole-time Director & CFO in view of inadequacy of profits and ratification of payment of excess remuneration aggregating to Rs. 44.18 lakhs paid during the financial year ended 31 March 2018. In terms of the provisions of the Companies Act 2013, the amount will be refunded to the Company by the concerned directors in case it is not approved by the shareholders. Additionally, commission of 1% of the net profits computed in accordance with Section 198 of the Companies Act, 2013, will be paid to the Managing Director & CEO and to the Whole-time Director & CFO upon receipt of the aforesaid shareholder(s) approval.

Sitting Fee and Commission - Independent Directors

Mr. S.K. Tuteja		
– Sitting fee	8.21	9.00
– Commission	3.00	8.00
Mr. P.K. Nanda		
– Sitting fee	5.81	5.40
– Commission	3.00	8.00
Mr. A.K. Thakur		
– Sitting fee	4.61	4.20
– Commission	3.00	8.00
Dr. (Mrs.) Vasantha S Bharucha		
– Sitting fee	3.70	3.00
– Commission	3.00	8.00
Mr. Sudhir Nayar		
– Sitting fee	4.61	4.20
– Commission	3.00	8.00

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
b) Remuneration payable at the year end	-	123.00	123.00

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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38 Employee benefits

(i) Assets and liabilities relating to employee benefits

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current			
Liability for gratuity	1,836.31	1,984.11	2,051.00
Liability for compensated absences	2,432.67	2,261.93	1,818.11
	4,268.98	4,246.04	3,869.11
Current			
Liability for gratuity	392.19	354.02	304.54
Liability for compensated absences	801.09	720.80	725.74
Liability for superannuation	36.66	41.59	36.11
	1,229.94	1,116.41	1,066.39
Total	5,498.92	5,362.45	4,935.50

For details about the related employee benefit expenses, refer to note no. 27.

(ii) Defined benefit plan - Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vest after five years of continuous service. Gratuity benefits valued are in accordance with the payment of Gratuity Act, 1972.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

a) Funding

This is a funded benefit plan for qualifying employees. The Company makes contributions to Life Insurance Corporation of India ("LIC of India"). The assets managed by the fund manager are highly liquid in nature and the Company does not expect any significant liquidity risks.

The Company expects to pay Rs. 475 lakhs in contribution to its defined benefit plans in 2018-19.

b) Reconciliation of the net defined benefit liability

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	3,883.25	3,555.85
Benefits paid	(267.16)	(155.88)
Current service cost	293.68	285.68
Interest cost	277.48	273.01
Actuarial (gains) losses recognised in other comprehensive income	(78.87)	(75.41)
Balance at the end of the year	4,108.38	3,883.25

c) Reconciliation of the present value of plan assets

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	1,545.12	1,200.31
Contributions paid into the plan	471.46	391.03
Benefits paid	(267.16)	(155.88)
Expected return income on plan assets	121.90	103.45
Remeasurement Gain - Return on Plan Assets recognised in Other Comprehensive income	8.56	6.21
Balance at the end of the year	1,879.88	1,545.12

d) Expense recognised in profit or loss

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	293.68	285.68
Interest cost	155.58	169.56
	449.26	455.24

e) Remeasurements recognised in other comprehensive income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial (gain) on defined benefit obligation	(78.87)	(75.41)
Remeasurement Gain - Return on Plan Assets	(8.56)	(6.21)
	(87.43)	(81.62)

f) Plan assets

The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of investments maintained by Life Insurance Corporation are not available with the Company and have not been disclosed.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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g) Actuarial assumptions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate (per annum)	7.70% p.a	7.40% p.a	7.85% p.a
Future salary growth rate (per annum)	9.00% p.a	9.00% p.a	9.00% p.a
Attrition rate	5.00% p.a	5.00% p.a	5.00% p.a
Retirement age	58 years	58 years	58 years

Assumptions regarding future mortality are based on Indian Assured Lives (IAL) 2006-08 Ultimate rates.

h) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would increase / (decrease) defined benefit obligation by the amounts shown below:-

Particulars	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(138.83)	147.84	(134.17)	142.99
Future salary growth rate (1.0% movement)	298.71	(268.68)	288.15	(258.89)
Attrition rate (0.5% movement)	(14.69)	10.48	(16.88)	12.06

"The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years are as follows:

	As at 31 March 2018	As at 31 March 2017
Within 1 year	412.80	366.17
2-5 years	1,617.08	1,484.46
6-10 years	2,188.10	2,154.67
After 10 years	3,925.51	3,546.13

(iii) Defined contribution plans

The Company makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The Company has recognised Rs. 982.02 lakhs (previous year Rs. 924.64 Lakhs) during the year as expense towards contribution to these plans.

Particulars*	Year ended 31 March 2018	Year ended 31 March 2017
Provident fund	790.32	757.35
Superannuation fund	184.41	160.85
Employees' state insurance scheme	7.29	6.44
	982.02	924.64

* Included in contribution to provident and other funds in note 27

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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39 Financial Instruments - Risk Management and Fair Values

(A) Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and has constituted Risk management committee of the Board to monitor suitable mitigating actions taken by the management to minimize potential adverse effects and achieve greater predictability to earnings.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

The Company has exposure to the following risk arising from financial instruments:

- Market risk (refer (I))
- Credit risk (refer (II)) and
- Liquidity risk (refer (III))

(I) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from fluctuations in the pricing of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

i. Foreign currency risk management:

The company is exposed to foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and functional currency of the Company, i.e. INR (Rs.). The currencies in which these transactions are primarily denominated are US dollar, Euro and Yen. The Company uses currency swap contracts to hedge its currency risk as per the approved policy of the Company. The Company's policy is to ensure that its net exposure is kept to an acceptable level which will not have material effect on the profits of the company if there is any fluctuation in the currency rates. However, the Company has designated cross currency interest rate swaps derivatives as hedge relationship.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

As on 31 March 2018:

(in lakhs)

Currency	Liabilities			Assets			Net overall exposure on the foreign currency-net assets/net liabilities)
	Gross Exposure in foreign currency	Exposure hedged using derivatives i.e. cross currency interest rate swaps	Net liability Exposure on the foreign currency	Gross Exposure in foreign currency	Exposure hedged using derivatives	Net Asset Exposure on the foreign currency	
USD	215.50	215.50	-	1.68	-	1.68	1.68
EUR	8.56	-	8.56	-	-	-	(8.56)
YEN	19.40	-	19.40	-	-	-	(19.40)

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As on 31 March 2017:

(in lakhs)

Currency	Liabilities			Assets			Net overall exposure on the foreign currency-net assets/net liabilities)
	Gross Exposure in foreign currency	Exposure hedged using derivatives i.e. cross currency interest rate swaps	Net liability Exposure on the foreign currency	Gross Exposure in foreign currency	Exposure hedged using derivatives	Net Asset Exposure on the foreign currency	
USD	51.70	51.70	-	0.80	-	0.80	0.80
EUR	5.14	-	5.14	-	-	-	(5.14)

As on 1 April 2016:

(in lakhs)

Currency	Liabilities			Assets			Net overall exposure on the foreign currency-net assets/net liabilities)
	Gross Exposure in foreign currency	Exposure hedged using derivatives i.e. cross currency interest rate swaps	Net liability Exposure on the foreign currency	Gross Exposure in foreign currency	Exposure hedged using derivatives	Net Asset Exposure on the foreign currency	
USD	-	-	-	-	-	-	-
EUR	0.34	-	0.34	-	-	-	(0.34)

-Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2018, 31 March 2017 and 1 April 2016 would have impacted the measurement of financial instruments denominated in foreign currency and increased / decreased profit or loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

USD Impact in equivalent INR			
Particulars	31 March 2018	31 March 2017	1 April 2016
Profit or loss	1.08	0.52	-

Euro Impact in equivalent INR			
Particulars	31 March 2018	31 March 2017	1 April 2016
Profit or loss	(7.05)	(3.56)	(0.26)

Yen Impact in equivalent INR			
Particulars	31 March 2018	31 March 2017	1 April 2016
Profit or loss	(0.12)	-	-

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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ii. Interest rate risk management:

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

– Sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A reasonably possible change of 1 % in interest rates at the reporting date would have increased / decreased the profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	31 March 2018	31 March 2017	1 April 2016
Profit or loss	70.00	5.11	55.00

The Company's long term external commercial borrowings carries floating rate of interest and same is hedged by the company using cross currency interest rate swaps. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(II) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company primarily has the exposure from following type of customers :

- Dealers
- Government institutions

To manage trade receivable, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts, aging of such receivables and country in which customers operate.

The Company's exposure to credit risk for trade receivable by the type of customers is as follows:

	31 March 2018	Carrying amount 31 March 2017	1 April 2016
Dealers	8,377.05	9,788.52	7,266.12
Government institutions	3,184.12	1,549.25	2,705.99
Others	166.75	137.78	308.28
	11,727.92	11,475.55	10,280.39

The Company makes an allowance for doubtful debts using the simplified approach for expected credit loss model and on specific identification basis.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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Movement in expected credit loss allowance

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Balance at the beginning of the year	277.12	304.93
Add: Incremental expected credit allowance	82.57	-
Less: Bad debts written off / reversal of provisions	-	27.81
Balance at the end of the year	359.69	277.12

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

(III) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained sufficient working capital limits from various banks to take care of liquidity risks. Furthermore, the Company has access to funds through commercial papers.

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non derivative financial liabilities based on the undiscounted cash flows.

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
31 March 2018				
Trade Payables	21,182.30	-	-	21,182.30
Other financial liabilities (excluding current maturities of borrowings)	4,430.02	-	1,156.75	5,586.77
Borrowings	9,338.91	11,848.93	-	21,187.84
	34,951.23	11,848.93	1,156.75	47,956.91
31 March 2017				
Trade Payables	19,071.14	-	-	19,071.14
Other financial liabilities (excluding current maturities of borrowings)	2,468.35	3.37	1,185.25	3,656.97
Borrowings	582.41	3,500.77	-	4,083.18
	22,121.90	3,504.14	1,185.25	26,811.29
1 April 2016				
Trade Payables	17,192.57	-	-	17,192.57
Other financial liabilities (excluding current maturities of borrowings)	1,956.44	155.56	1,010.50	3,122.50
Borrowings	5,567.56	49.38	-	5,616.94
	24,716.57	204.94	1,010.50	25,932.01

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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The table below indicates the Contractual cash flows in respect of cross currency interest rate swap contracts represents the hedging cost to be paid in subsequent periods. These cash flows have been disclosed under financial liabilities.

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
31 March 2018				
Cross currency interest rate swaps	159.77	-	-	159.77
	159.77	-	-	159.77
31 March 2017				
Cross currency interest rate swaps	189.72	-	-	189.72
	189.72	-	-	189.72
1 April 2016				
Cross currency interest rate swaps	-	-	-	-
	-	-	-	-

39. Financial Instruments - Risk Management and Fair Values

(B) Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets											
Non-current											
Loans	(ii)	3	-	-	326.25	-	-	238.32	-	-	189.07
Other financial assets	(ii)	3	-	-	156.50	-	-	90.92	-	-	-
Current											
Trade receivable	(iv)	3	-	-	11,727.92	-	-	11,475.55	-	-	10,280.39
Cash and cash equivalents	(iv)	3	-	-	1,995.50	-	-	538.44	-	-	766.80
Bank balances other than cash and cash equivalents above	(iv)	3	-	-	200.28	-	-	225.40	-	-	2,846.89
Loans	(i)	3	-	-	105.67	-	-	69.56	-	-	69.46
Other financial assets	(iv)	3	-	-	100.40	-	-	61.08	-	-	232.40
Total financial assets			-	-	14,612.52	-	-	12,699.27	-	-	14,385.01
Financial liabilities											
Non-current											
Borrowings	(iii)	-	-	-	11,848.93	-	-	3,500.77	-	-	49.38
Other financial liabilities	(iv)	-	-	-	1,156.75	-	-	1,188.62	-	-	1,166.06
Current											
Borrowings	(i)	-	-	-	7,000.00	-	-	511.29	-	-	5,500.00
Trade payables	(iv)	3	-	-	21,182.30	-	-	19,071.14	-	-	17,192.57
Other financial liabilities	(iv)	2	-	159.77	6,768.92	-	189.72	2,539.47	-	-	2,024.00
Total financial liabilities			-	159.77	47,956.90	-	189.72	26,811.29	-	-	25,932.01

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

Note:

- (i) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (ii) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (iii) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates
- (iv) Trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

Level 1: The fair value of financial instruments that are quoted in active markets are determined on the basis of quoted price for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques based on observable market data.

Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2018 and 31 March 2017.

Measurement of fair values

Fair value hierarchy

Fair value measurement for the cross currency interest rate swap has been categorised as level 2 fair value based on the inputs to the valuation technique used.

Valuation technique

Cross currency interest rate swaps: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Company and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

40 INCOME TAX

(a) Income tax recognised in profit or loss	Year ended 31 March 2018	Year ended 31 March 2017
Current tax		
In respect of current year	242.19	2,184.62
In respect of previous year	84.62	-
	326.81	2,184.62
Deferred tax		
In respect of current year	(230.71)	(71.06)
	(230.71)	(71.06)
Total income tax expense recognised in profit or loss	96.10	2,113.56

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

(b)	Income tax expense for the year reconciled to the accounting profit:	Year ended 31 March 2018	Year ended 31 March 2017		
	Profit / (loss) before tax	945.80	8,414.55		
	Income tax rate	34.608%	34.608%		
	Income tax expense	327.32	2,912.11		
	Effect of deduction u/s 32 AC	—	(179.75)		
	Effect of Research and development expenses under section 35 (additional deduction)	(354.51)	(625.54)		
	Effect of Non-deductible expenses / income (permanent differences)	52.38	35.64		
	Tax related to prior years	84.62	-		
	Effect of change in tax rate	6.37	(14.05)		
	Others	(20.08)	(14.85)		
	Income tax expense recognised in profit or loss	96.10	2,113.56		
(c)	Income tax recognized in other comprehensive income	Year ended 31 March 2018	Year ended 31 March 2017		
	Deferred tax				
	Arising on income and expenses recognised in other comprehensive income:				
	Remeasurements of defined benefit obligations	(30.55)	(28.25)		
	Effective portion of loss on hedging instruments in cash flow hedge	46.82	14.64		
	Total income tax recognised in other comprehensive income	16.27	(13.61)		
(d)	Analysis of deferred tax assets/ liabilities				
		Ast at 1 April 2016	Recognized in profit or loss	Recognized in other compre- hensive income	As at 31 March 2017
	Deferred tax (liabilities)/ assets in relation to :				
	Property, plant and equipment and intangible assets (net)	(2412.20)	(147.16)	-	(2559.36)
	Research and Development related Capital Work in Progress allowed under Sec 35(2AB) of the Income Tax Act, 1961.	(12.49)	(10.66)	-	(23.15)
	Provisions- Employee benefits	1,636.55	103.20	(28.25)	1,711.50
	Finance lease liabilities	41.55	34.35	-	75.90
	Other items	(15.92)	0.96	-	(14.96)
	Provisions- others	180.49	39.35	-	219.84
	Cash flow hedges	-	51.02	14.64	65.66
	Total	(582.02)	71.06	(13.61)	(524.57)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

	Ast at 1 April 2017	Recognized in profit or loss	Recognized in other compre- hensive income	As at 31 March 2018
Deferred tax (liabilities)/ assets in relation to :				
Property, plant and equipment and intangible assets (net)	(2,559.36)	(1,074.66)	-	(3,634.02)
Research and Development related Capital Work in Progress allowed under Sec 35(2AB) of the Income Tax Act, 1961.	(23.15)	23.15	-	-
Provisions- Employee benefits	1,711.50	74.94	(30.55)	1,755.89
Finance lease liabilities	75.90	(16.03)	-	59.87
Other items	(14.96)	4.62	-	(10.34)
Provisions- others	219.84	(47.24)	-	172.60
Cash flow hedges	65.66	(56.65)	46.82	55.83
Depreciation carry forwards	-	1,080.39	-	1,080.39
Unused tax credit (Mat credit entitlement)	-	242.19	-	242.19
Total	(524.57)	230.71	16.27	(277.59)

41 Dividends

a. Proposed Dividend

The board has proposed a dividend of Rs. 1.50 per equity share of Rs. 10 each fully paid up amounting to Rs. 261.70 lakhs (including dividend distribution tax), subject to approval by the shareholders at the ensuing Annual General Meeting.

b. The following dividends were declared and paid by the Company during the year in foreign currency:

	Year ended 31 March 2018	Year ended 31 March 2017
Number of Non-resident shareholders* (nos.)	1	1
Number of shares held as on record date* (nos.)	2,170,747	2,170,747
Amount remitted during the year*	173.65	173.65
Financial Year to which dividend pertains	2016-2017	2015-2016

* excludes non-resident shareholders to whom dividend is paid in Indian Rupees.

42 CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern, while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company uses the operational cash flows and equity to meet its capital requirements. The funding requirements are met through equity, internal accruals and a combination of both long term and short term borrowings. The Company is not subject to any externally imposed capital requirements.

The management of the Company reviews the capital structure of the Company on regular basis and uses debt equity ratio to monitor the same. As part of this review, the management of the Company considers risks associated with the movement in the working capital and capex needs.

The following table summarises the capital of the Company:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Equity	39,805.57	40,379.57	35,446.28
Debt (long-term and short-term borrowings including current maturities)	21,187.84	4,083.18	5,616.94
Total	60,993.41	44,462.75	41,063.22

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Lakhs except for share data)

43 Research and development costs are as follows:

a. Revenue expenditure	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages, bonus and compensated absences	922.32	927.66
Contribution to provident and other funds	62.95	67.83
Cost of materials consumed	300.09	218.27
Testing and other laboratory expenses	301.59	224.96
Travelling and conveyance	58.78	62.23
Others	171.14	159.62
Total	1,816.87	1,660.57
b. Capital expenditure		
Capitalised	642.25	142.76
Work-in-progress	-	40.50

44 The specified bank notes (SBN) as defined under the notification issued by the Ministry of Finance, Department of Economic dated 08 November, 2016 are no longer in existence. Hence the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2013. The disclosure of SBN made in the financial statements for 31 March 2017 is as follows:

Particulars	Specified Bank Notes*	Other Denomination Notes	Total
Closing Cash in hand as on 08 November 2016	7.21	0.45	7.66
(+) Permitted receipts	-	23.51	23.51
(-) Permitted payments	-	15.85	15.85
(-) Amount deposited in Banks	7.21	-	7.21
Closing Cash in hand as on 30 December 2016	-	8.11	8.11

* For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E) dated 8 November 2016

45 The Supreme Court of India had on 29 March 2017 passed an order which restricted sale and registration of BS-III emission norms compliant ('BS-III') vehicles in India effective 01 April 2017. The Company had taken necessary steps to be in compliance with the aforesaid order. The Company had also decided to take back BS-III vehicles lying with the dealers at the year end and had accounted for such sales returns amounting to Rs. 2,220.02 lakhs in its books of accounts. Further, certain BS-III components lying with the Company (including those forming part of impacted BS-III vehicles) and other related costs needed to be written off as no future benefit is envisaged. Consequently, the total amount of BS-III stock written off (including margin loss on sales returns) during the year ended 31 March 2017 amounted to Rs. 1,009.97 lakhs. The Company took necessary steps to convert the BS-III vehicles in stock to ensure compliance with BS-IV emission norms. Related costs for such conversion, accordingly, has been accounted for as and when incurred. The Company has during the current year additionally, identified certain components aggregating to Rs. 66.04 lakhs which are no longer usable and accordingly value has been written down in the Statement of profit and loss.

As per our report of even date attached

For and on behalf of the Board of Directors of SML ISUZU Limited

For B S R & Associates LLP
Chartered Accountants
Firm Registration Number : 116231W/W-100024

GOPAL BANSAL
Whole Time Director & CFO

S.K. TUTEJA
Chairman

RAJESH ARORA
Partner
Membership Number : 076124
Place : New Delhi
Date : 23 May 2018

PARVESH MADAN
Company Secretary

EIICHI SETO
Managing Director & CEO

Place : New Delhi
Date : 23 May 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SML ISUZU LIMITED

1. Report on the Audit of Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of SML Isuzu Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Ind AS Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 or to cease operations, or has no realistic alternative but to do so.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 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 it 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 with reference to financial statements 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 Auditor's 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 on its financial position in its Ind AS financial statements. Refer Note 32 to the Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 16 B to the Ind AS financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No.: 116231W/W-100024

Rajesh Arora

Partner

Membership No. 076124

Place: New Delhi

Date : 23 May, 2018

Annexure-A to the Auditors' Report

Annexure 'A' referred to in paragraph 5 (i) of the Independent Auditors' Report to the Members of SML ISUZU Limited on the Ind AS Financial Statement for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this 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) The inventory, except materials-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancy noted on verification between physical stock and book records were not material and have been properly dealt with in the books of account. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (iii) According to the information and explanations given to us, there are no companies, firms, limited liability partnerships or other parties covered in the register required to be maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits covered under Section 73 to 76 of the Act or other provisions of the Act and rules framed thereunder.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products manufactured/ Services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-Tax, Goods and Service Tax ('GST'), Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-Tax, GST, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Duty of Customs, Income-Tax, GST, Sales Tax, Service Tax, Duty of Excise and Value Added Tax which have not been deposited by the Company on account of disputes except as mentioned below:

Name of the statute	Nature of dues	Amount disputed Rs. Lakhs	Amount deposited Rs. Lakhs	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	4.25 (includes penalty Rs. 2.12 lakhs)	2.13	Apr 2000 to Mar 2004	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	1.94	Nil	Oct 2004 to Mar 2005	The Supreme Court of India
Finance Act, 1994	Service Tax	5.70 (includes penalty Rs. 2.85 lakhs)	Nil	2005-2006	Commissioner (Appeals)
Finance Act, 1994	Service Tax	5.70 (includes penalty Rs. 2.85 lakhs)	Nil	2005-2006	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	1.89	Nil	Oct 2006 to Jun 2008	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	4.26 (includes penalty Rs. 2.13 lakhs)	Nil	Apr 2006 to Dec. 2008	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	3.36	Nil	Apr 2006 to Dec. 2008	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	3.62 (includes penalty Rs. 1.81 lakhs)	Nil	Apr 2008 to Jun 2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	1.15	Nil	Jun 2009 to Mar 2011	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	25.00	Nil	Dec 2008 to Jul 2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	8.66	Nil	Oct 2009 to Sep. 2010	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	4.05 (includes penalty Rs. 1.83 lakhs)	Nil	Apr. 2010 to Sep 2011	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
	Sub-Total (A)	69.58	2.13		
Central Sales Tax Act, 1956	Sales Tax	218.23	87.30	Apr 2000 to Sep 2000	Sales Tax appellate Tribunal, Chandigarh

Punjab VAT Act, 2005	Valued Added Tax	1.57	0.39	Aug 2007	Deputy Excise and Taxation Commissioner-cum-Joint Director Enforcement, Patiala
U P Trade Tax Act, 1948	Sales Tax	15.94	7.20	1993-1994	Additional Commissioner (Appeals), Lucknow
U P Trade Tax Act, 1948	Sales Tax	5.80	0.87	2005-06	Assistant Commissioner Grade-II
Gujarat Sales Tax Act	Sales Tax	161.68	Nil	2008-09	Joint Commercial Tax Commissioner (Appeals)
The West Bengal Value Added Tax Rules, 2005	Value Added Tax	5.80	Nil	2008-2009	Assistant Officer Sales Tax
The West Bengal Value Added Tax Rules, 2005	Value Added Tax	8.51	Nil	2009-2010	W.B.C.T. Appellate & Revisional Board
The West Bengal Value Added Tax Rules, 2005	Sales Tax	5.70	Nil	2009-2010	W.B.C.T. Appellate & Revisional Board
Kerala Value Added Tax Rules, 2005	Value Added Tax	1.42	0.43	2010-2011	Assistant Commissioner Special Circle-Trivandrum
Kerala Value Added Tax Rules, 2005	Value Added Tax	93.40	28.02	2011-2012	Assistant Commissioner Special Circle-Trivandrum
Kerala Value Added Tax Rules, 2005	Value Added Tax	2.56	0.76	2011-2012	Assistant Commissioner Special Circle-Trivandrum
The West Bengal Value Added Tax Rules, 2005	Entry Tax	1.13	Nil	2012-2013	W.B.C.T. Appellate & Revisional Board, Bench-VI
Central Sales Tax Act, 1956	Sales Tax	3.17	Nil	2012-2013	Sr. JCCT/LTO-W.B.
U P Trade Tax Act, 1948	Sales Tax	6.88	4.98	2016-2017	Assistant Commissioner Ghaziabad
AP VAT Act 2005	Value Added Tax	3.55	0.44	2016-2017	Assistant Officer and Deputy Commercial Tax Officer Vijayawada
AP VAT Act 2005	Value Added Tax	210.25	26.28	2013-2014 to 2015-16	The Appellate Joint Commissioner
	Sub-Total (B)	745.59	156.67		

Income-tax Act, 1961	Income-tax	101.55	88.61	FY 2004-05	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	94.79	94.79	FY 2005-06	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	137.10	137.10	FY 2006-07	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	50.88	50.88	FY 2005-06	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	476.33	476.33	FY 2007-08	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	42.41	Nil	FY 2008-09	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	82.82	82.82	FY 2006-07	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	39.30	Nil	FY 2009-10	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	55.94	Nil	FY 2010-11	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	31.86	15.44	FY 2011-12	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	146.00	Nil	FY 2007-08	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	55.75	Nil	FY 2012-13	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	34.16	Nil	FY 2013-14	Commissioner of Income-Tax (appeals)
Income-tax Act, 1961	Income-tax	189.58	25.00	FY 2014-15	Commissioner of Income-Tax (appeals)
	Sub Total (C)	1,538.47	970.97		
	Total (A+B+C)	2,353.64	1,129.77		

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. Further, the Company did not have any outstanding dues to any financial institutions, government or debenture holders during the year.
- (ix) According to the information and explanations given to us, the term loan taken by the Company has been applied for the purposes for which it was raised. However, pending utilization of term loan, the funds amounting to Rs. 1,135 lakhs were temporarily invested in fixed deposits. Also, refer to note 10 to the financial statements. According to the information and explanation given to us, the Company has not raised any money by way of initial public offer (including debt instruments) or further public offer during the year.

- (x) According to the information and explanations given to us, no significant fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in excess of amounts as laid down under the provisions of Section 197 read with Schedule V to the Act to its Managing Director & CEO and Whole-time Director & CFO. As informed to us, approval from shareholders will be sought in the ensuing Annual General Meeting ('AGM') and if the shareholder approval is not received then the excess amount will be recovered by the Company from such directors, as also confirmed by the respective directors.
- (xii) According to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions 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 and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Rajesh Arora
Partner
Membership No.: 076124

Place: New Delhi
Date : 23 May 2018

Annexure-B to the Auditors' Report

Annexure B referred to in paragraph 5 (ii)(f) of the Independent Auditor's Report of even date to the Members of SML Isuzu Limited being report on the Internal Financial Controls 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 statements with reference to financial statements of SML Isuzu Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the 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 statement 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 were 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial statements with reference to financial statements 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, issued by ICAI and 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 Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 auditor's judgement, including the assessment of the risks of material misstatement of the 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 audit opinion on the Company's internal financial controls system over financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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 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 financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to the Ind AS financial statements and such internal financial controls with reference to the Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements 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 B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Rajesh Arora
Partner
Membership No.: 076124

Place: New Delhi
Date : 23 May 2018

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of SML Isuzu Limited

1. This certificate is issued in accordance with terms of our engagement letter dated 28 October 2017.
2. This certificate contains details of compliance of conditions of corporate governance by SML Isuzu Limited ('the Company') for the year ended 31 March 2018 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2018.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on Use

10. The certificate is addressed to and provided to the Members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration number: 116231W/W-100024

Place: Gurugram
Date: 23 May 2018

Rajesh Arora
Partner
Membership number: 076124

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

We confirm that:

- (A) We have reviewed the Financial Statements and the Cash Flow Statement for the Year ended 31st March, 2018 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 for evaluating 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 made 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 system over financial reporting.

Place : New Delhi

EIICHI SETO

GOPAL BANSAL

Date : 22 May 2018

Managing Director & CEO

Whole-time Director & CFO

DECLARATION BY THE MANAGING DIRECTOR & CEO UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I, Eiichi Seto, Managing Director & CEO of SML ISUZU LIMITED hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Company's Code of Conduct for the Financial Year ended 31st March, 2018 in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Chandigarh

EIICHI SETO

Date : 01 May 2018

Managing Director & CEO

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the Company will be held at its Registered Office & Works at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab-144533 on **9th August, 2018 (Thursday) at 3:00 P.M.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2018 and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Takeru Kikkawa (DIN 03107280), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pankaj Bajaj (DIN 00337925), who retires by rotation and being eligible, offers himself for re-appointment.

5. To fix remuneration of Statutory Auditors, B S R & Associates LLP

To consider and, if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 139, 142 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the approval of the Members at the Thirty-First Annual General Meeting for appointment of B S R & Associates LLP, Chartered Accountants (Registration No. 116231W/W-100024) as statutory auditors of the Company to hold office until the conclusion of the Thirty-Sixth Annual General Meeting of the Company, the Board be and is hereby authorized to fix the remuneration payable to the statutory auditors for the period commencing from the financial year 2018-19 until the conclusion of the Thirty-Sixth Annual General Meeting of the Company."

SPECIAL BUSINESS

6. Appointment of Mr. Gota Iwanami as Director liable to retire by rotation

To consider and, if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Gota Iwanami (DIN 08094102), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23rd March, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. Appointment of Mr. Masaki Morohoshi, as Director liable to retire by rotation

To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Masaki Morohoshi (DIN 07302404), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23rd March, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Continuation of appointment of Mr. P.K. Nanda as an Independent Director

To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof) and pursuant to the Resolution passed by the Members at the Annual General Meeting held on 22nd September, 2014, approval of the Members be and is hereby accorded for continuation of holding of office of Independent Director by Mr. P.K. Nanda (DIN 00751931), who has attained the age of 85 (Eighty-Five) years as on 31st March 2018, upto the expiry of his present term of office (i.e. upto 21st September, 2019), on the existing terms and conditions."

9. Continuation of appointment of Mr. A.K. Thakur as an Independent Director

To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof) and pursuant to the Resolution passed by the Members at the Annual General Meeting held on 22nd September, 2014, approval of the Members be and is hereby accorded for continuation of holding of office of Independent Director by Mr. A.K. Thakur (DIN 00031778), who has attained the age of 76 (Seventy-Six) years as on 31st March, 2018, upto the expiry of his present term of office (i.e. upto 21st September, 2019), on the existing terms and conditions."

10. Approval for payment of minimum remuneration to Mr. Eiichi Seto, Managing Director & CEO, in case of no profits / inadequate profits

To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 197, 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and in pursuance of the Resolution passed by the Members at the Annual General Meeting held on 22nd September, 2014 and subject to the approval of the Central Government, if required, the Members do hereby confirm the following remuneration paid / to be paid as Minimum Remuneration to Mr. Eiichi Seto (DIN 02704734), Managing Director & CEO, in case the Company has no profits or its profits are inadequate, during the period commencing from 1st April, 2017 till the remaining tenure of Mr. Eiichi Seto (i.e. upto 10th August, 2018).

A) SALARY

Rs. 5,25,000/- per month.

Salary to be increased within the range of Rs. 5,25,000/- per month to Rs. 8,00,000/- per month during the period of appointment, in such increments, effective 1st April each year, as may be decided by the Board.

B) COMMISSION

1% of net profits subject to a maximum of 100% of annual salary.

C) PERQUISITES AND ALLOWANCES

- i) Fully furnished accommodation along with reimbursement for Gas, Electricity and Water.
- ii) Medical reimbursement for self and family.
- iii) Provision of a car with driver and telephone at residence.

D) RETIRAL BENEFITS

Contribution to provident fund as applicable to Senior Management of the Company from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. Approval for payment of minimum remuneration to Mr. Gopal Bansal, Whole-time Director & CFO, in case of no profits/ inadequate profits

To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 197, 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and in pursuance of the Resolution passed by the Members at the Annual General Meeting held on 22nd September, 2014 and subject to the approval of the Central Government, if required, the Members do hereby confirm the following remuneration paid / to be paid as Minimum Remuneration to Mr. Gopal Bansal (DIN 06836592), Whole-time Director & CFO, in case the Company has no profits or its profits are inadequate, during the period commencing from 1st April, 2017 till the remaining tenure of Mr. Gopal Bansal (i.e. upto 10th February, 2019).

A) SALARY

Basic : Rs. 5,00,000/- per month.

Salary to be increased within the range of Rs. 5,00,000/- per month to Rs.8,00,000/- per month during the period of appointment, in such increments, effective 1st April each year, as may be decided by the Board.

Special Allowance : Rs.1,50,000/- per month

B) COMMISSION

1% of net profits subject to a maximum of 100% of annual salary.

C) PERQUISITES AND ALLOWANCES

Perquisites such as House Rent Allowance - 40% of Salary, reimbursement of expenditure incurred on gas, electricity, water, upkeep & maintenance of residence including office at residence, etc., health care for self & wife, fees of two clubs, provision of a car with driver, telephone at residence; leave travel assistance for self and wife subject to a ceiling of one month's salary.

D) RETIRAL AND OTHER BENEFITS

Contribution to provident fund, superannuation scheme, gratuity fund and leaves & encashment of un-availed leaves as applicable to Senior Management from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. Appointment of Mr. Yugo Hashimoto as Director

To consider and, if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Yugo Hashimoto (DIN 08165797), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 9th August, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

13. Appointment of Mr. Yugo Hashimoto as Managing Director & Chief Executive Officer

To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the requisite approval of Central Government, if required, approval of the Members be and is hereby accorded for the appointment of Mr. Yugo Hashimoto (DIN 08165797), as Managing Director & Chief Executive Officer of the Company, for a period five (5) years with effect from 10th August, 2018, on the terms & conditions as mentioned below :

A) SALARY

Rs. 5,25,000/- per month.

Salary to be increased within the range of Rs. 5,25,000/- per month to Rs. 8,00,000/- per month during the period of appointment, in such increments, effective 1st April each year, as may be decided by the Board.

B) COMMISSION

1% of net profits subject to a maximum of 100% of annual salary.

C) PERQUISITES AND ALLOWANCES

- i) Fully furnished accommodation along with reimbursement for Gas, Electricity and Water.
- ii) Medical reimbursement for self and family during stay in India.
- iii) Provision of a car with driver and telephone facility.

D) RETIRAL BENEFITS

Contribution to provident fund as per prevailing law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197 of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Yugo Hashimoto, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Yugo Hashimoto, the above remuneration as the minimum remuneration for a period not exceeding three years from the date of appointment by way of salary, perquisites and other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

14. Alteration of Memorandum of Association of the Company

To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 4, 13 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the necessary approval(s) required under other applicable laws and regulations, if any, consent of the Members be and is hereby accorded to alter the Memorandum of Association of the Company to align the same with the provisions of the Companies Act, 2013 and Rules made thereunder.

RESOLVED FURTHER THAT the heading of existing Clause III A, "MAIN OBJECTS OF THE COMPANY TO BE PURSUED ON ITS INCORPORATION: " be and is hereby substituted with the heading "THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:"

RESOLVED FURTHER THAT the heading of existing Clause III B, "OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS: "be and is hereby substituted with the heading "MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III A ARE:"

RESOLVED FURTHER THAT the heading of existing Clause III C "OTHER OBJECTS" of the Memorandum of Association of the Company be and is hereby deleted and further altered by renumbering the existing clause 1 to 16 as 40 to 55 which will be incorporated under Clause III B.

RESOLVED FURTHER THAT the existing Clause IV of the Memorandum of Association of the Company be and is hereby deleted.

RESOLVED FURTHER THAT the existing Clause V of Memorandum of Association of the Company be and is hereby renumbered as Clause IV and substituted with the new Clause to be read as:

"The liability of members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

RESOLVED FURTHER THAT the existing Clause VI and Clause VII of the Memorandum of Association of the Company be and are hereby renumbered as Clause V and Clause VI respectively.

RESOLVED FURTHER THAT the words 'Companies Act, 1956' in the existing Memorandum of Association shall be substituted with the words 'Companies Act, 2013', wherever required and reference to various sections of the Companies Act, 1956 in the existing Memorandum of Association, be replaced with the corresponding sections of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

15. Adoption of new Articles of Association of the Company

To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 5, 14 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the necessary approval(s) required under other applicable laws and regulations, if any, the consent of the Members be and is hereby accorded to approve and adopt the draft regulations contained in the Articles of Association of the Company submitted to this meeting in substitution, and in entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

NOTES:

1. An Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The instrument appointing a Proxy, duly completed and signed, must be deposited with the Company at its Registered Office not later than 48 hours before the scheduled time for holding the Meeting.

Every member entitled to vote at the Meeting or on any resolution to be moved there at shall be entitled during the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided that not less than three days' notice in writing of the intention so to inspect is given to the Company.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.
4. Members/Proxies/Authorised Representatives are requested to produce the Attendance slip duly signed, dated and stamped for admission to the Meeting Hall.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Share Transfer Agent Limited having their office at F-65, Okhla Industrial Area, Phase-1, New Delhi - 110020.
7. The Register of Members and Transfer Books of the Company will be closed from 3rd August, 2018 to 9th August, 2018 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the FY ended 31st March, 2018.
8. The dividend, as recommended by the Board, if approved at the Annual General Meeting, would be paid / dispatched on or before 24th August, 2018, to those shareholders:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 2nd August, 2018 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agents on or before 2nd August, 2018.
9. The Register of Directors & Key Managerial Personnel and Register of contracts or arrangements in which Directors are interested shall be available at the Annual General Meeting and accessible during the continuance of the Meeting to any person having the right to attend the Meeting.
10. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary of the Company at least 5 days before the date of the Meeting so that information required may be compiled and made available at the Meeting.
11. Notice of Annual General Meeting, Audited Financial Statements for the year ended 31st March, 2018 together with Report of Directors and Auditors' Report are also available on the website of the Company www.smlisuzu.com.
12. Transfer of unpaid dividend and shares to Investor Education and Protection Fund (IEPF)
 - (a) The Company has transferred unclaimed dividends for and upto the financial year ended 31st March, 2010 to the Investor Education and Protection Fund (IEPF). Members who have not encashed the dividend warrant(s) from financial year 2010-11 onwards, are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the Company in respect thereof. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 22nd September, 2017 (date of last Annual General Meeting) on the website of the Company (www.smlisuzu.com).
 - (b) Pursuant to Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with Section 124 of the Companies Act, 2013, all the shares in respect of which dividend has not been claimed by the shareholder for a period of seven (7) consecutive years or more, shall be transferred to Investor Education and Protection Fund (IEPF). Upon transfer of such shares, all corporate benefits accruing on such shares shall also be credited to the IEPF and the Voting Rights on such shares shall remain frozen till the rightful owner claims the shares.

The Company, after giving required Notice(s), has transferred all shares in respect of which dividend for the financial years 2008-09 and 2009-10 has remained unclaimed/unpaid for seven (7) consecutive years or more, to the IEPF Authority. Details of shares transferred to IEPF are available on the Company's website (www.smlisuzu.com).

Further, the Company has also initiated necessary action for transfer of shares in respect of which dividend declared for the financial year 2010-11 has not been claimed by the members for seven (7) consecutive years or more. Intimations have been sent to the concerned shareholders through individual notices and also advertised in the Newspapers requesting them to en-cash their unclaimed dividends (by 12th September, 2018) failing which the corresponding shares shall be transferred to IEPF without further notice. The list of concerned Shareholders and the corresponding shares are available on the Company's website www.smlisuzu.com.

However, Members can claim unpaid dividend as well as shares from IEPF Authority by making an application in Form IEPF-5 online on www.iepf.gov.in and sending the physical copy of the same duly signed (as per registered specimen signature) along with requisite documents, enumerated in the said Form IEPF-5, to the Company or to M/s MCS Share Transfer Agent Limited, Registrar and Transfer Agents of the Company for verification of claim. Member can file only one consolidated claim in a financial year as per the IEPF Rules.

- 13. SEBI, vide its notification dated 8th June, 2018, has prescribed that securities of listed companies can be transferred only in dematerialized form. Accordingly, Members holding shares in physical form are requested to convert their holding(s) in dematerialized form.**
14. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited, in the prescribed Form SH-13, which is available on the website of the Company (www.smlisuzu.com). Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form should submit their PAN to the Company / Registrar.
16. Members are requested to:
 - i. Intimate their latest bank account details viz. name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC code, type of account and account number, to the respective depository participant in case shares are held in demat mode and to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited, in case shares are held in physical mode for payment of dividend through ECS / to incorporate this information on the dividend warrants and thus prevent fraudulent encashment of the warrants.
 - ii. Intimate changes, if any, pertaining to their registered addresses, e-mail address, telephone/mobile numbers, nomination, power of attorney etc. to their respective depository participant in case shares are held in demat mode and to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited, in case shares are held in physical mode.
 - iii. Quote their folio numbers/Client ID/ DP ID in all correspondence.
 - iv. Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
17. For receiving all shareholder communications faster in future, including annual reports, the shareholders are requested to kindly register / update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, shares are held in physical form, shareholders are advised to register their e-mail address with Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited or the same may be registered at the Company's website www.smlisuzu.com.

18. Voting through electronic means :

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of The Companies (Management and Administration) Rules, 2014, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to its Members to exercise their right to vote by electronic means (remote e-voting) in respect of the resolutions contained in this Notice. For this, the Company has engaged the services of National Securities Depository Limited (NSDL) as the Authorized Agency to provide e-voting facilities.

"Remote e-voting" means the facility of casting votes by a Member using an electronic voting system from a place other than venue of general meeting.

The "cut-off" date for determining the eligibility for voting either through electronic voting system or ballot paper is fixed as 2nd August, 2018.

The instructions for e-voting are as under:

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, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - i) 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.
 - ii) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - iii) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
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?

1. 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.
2. 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.
3. Select "EVEN" (E-Voting Event Number - 108484) of SML Isuzu Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution(s), you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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 kanwalcs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. 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 to reset the password.
- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of NSDL's E-Voting website www.evoting.nsdl.com. You can also send your queries / grievances relating to e-voting to:-
 - a. Name and Designation: Ms. Pallavi Mhatre, Assistant Manager
 - b. Address: Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
 - c. Email Id : pallavid@nsdl.co.in
 - d. Phone Number(s) : +91 22 24994545
 - e. Toll free No: 1800-222-990
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on **5th August, 2018 (9:00 AM) and ends on 8th August, 2018 (5:00 PM)**. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 2nd August, 2018, may cast their vote electronically.
The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast the vote again.
- V. The facility for voting through ballot paper will also be made available at the Meeting and shareholders attending the Meeting who have not already cast their vote by remote e-voting will be able to exercise their right at the Meeting.
- VI. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote at the Meeting.
- VII. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, 2nd August, 2018.
- VIII. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- IX. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 2nd August, 2018, may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or RTA at helpdeskdelhi@mcsregistrars.com.
If the shareholder is already registered with NSDL for e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.
- X. Mr. Kanwaljit Singh Thanewal, a practicing Company Secretary (Membership No. F-5901) has been appointed by the Board of Directors of the Company as the Scrutinizer to scrutinize the remote e-voting process and voting at Annual General Meeting in a fair and transparent manner.

- XI. The Scrutinizer shall immediately after the conclusion of 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 the Board who shall countersign the same.
- XII. The voting results shall be forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall also be placed on the Company's website www.smlisuzu.com and on the website of NSDL.
- XIII. The resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. 9th August, 2018 subject to receipt of the requisite number of votes in favour of the resolutions.
19. The requirement to place the matter relating to appointment of Auditor for ratification by members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Statutory Auditors. However, approval of the Members is being sought to authorize Board of Directors to fix the remuneration payable to the statutory auditors for the remaining tenure.
20. Additional information, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment / re-appointment, is annexed as **Annexure A**.
21. The route map of the venue of the Meeting is attached to this Notice. The prominent landmark for the venue is that it is opposite to Gurudwara Tibbi Sahib (approx. 2 km from Ropar New Bus Stand).

Regd. Office & Works :

Village Asron,
Distt. Shahid Bhagat Singh Nagar
(Nawanshahr), Punjab-144 533
Email: investors@smlisuzu.com
CIN : L50101PB1983PLC005516
Website : www.smlisuzu.com

By Order of the Board
for SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary
ACS-31266

Dated: 30th June, 2018

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 6

Mr. Gota Iwanami was appointed by the Board, on the recommendation of its Nomination & Remuneration Committee, as an Additional Director with effect from 23rd March, 2018. He holds office upto the date of the ensuing Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Iwanami is a Graduate from Keio University, Japan. He joined Sumitomo Corporation, Japan in April 1988 and is currently General Manager, Automotive Sales & Marketing Business Division. He has over 30 years of rich global experience in the Automotive Business.

The Company has received a Notice in writing from a Member in the prescribed manner, under Section 160 of the Act, as amended, proposing the candidature of Mr. Gota Iwanami for the office of Director of the Company, liable to retire by rotation.

Mr. Iwanami is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent in writing to act as a Director of the Company.

Disclosure under applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings has been annexed hereto and marked as **Annexure A**.

It is the considered view of the Board that Mr. Iwanami's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for the approval of the Members.

Except for Mr. Iwanami, none of the other 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. 6.

The relevant documents related to this item are available for inspection on all working days from 11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

Item No. 7

Mr. Masaki Morohoshi was appointed by the Board, on the recommendation of its Nomination & Remuneration Committee, as an Additional Director with effect from 23rd March, 2018. He holds office upto the date of the ensuing Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Morohoshi is a graduate from Waseda University, Japan. He joined Sumitomo Corporation, Japan in April 1987 and his last position in Sumitomo was General Manager, Automotive Steel Sheet Products Business Department 1. Currently he is Chairman & Managing Director of Sumitomo Corporation India Pvt. Ltd. He has over 30 years of rich global experience in the Automotive Business.

The Company has received a Notice in writing from a Member in the prescribed manner, under Section 160 of the Act, as amended, proposing the candidature of Mr. Masaki Morohoshi for the office of Director of the Company, liable to retire by rotation.

Mr. Morohoshi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent in writing to act as a Director of the Company.

Disclosure under applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings has been annexed hereto and marked as **Annexure A**.

It is the considered view of the Board that Mr. Morohoshi's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for the approval of the Members.

Except for Mr. Morohoshi, none of the other 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. 7.

The relevant documents related to this item are available for inspection on all working days from 11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

Item No. 8 & 9

Members of the Company, at the Annual General Meeting, held on 22nd September, 2014, had approved the appointment of Mr. P.K. Nanda and Mr. A.K. Thakur as Independent Directors, for a period of five years with effect from 22nd September, 2014.

The Securities and Exchange Board of India ('SEBI') has amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which mandates that, effective 1st April, 2019, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless approval of Members has been obtained through a special resolution. Presently, Company's two Non-Executive Directors namely - Mr. P.K. Nanda & Mr. A.K. Thakur, have already attained age of 75 years. Accordingly, approval of Members, by way of special resolutions, is being sought to continue them as Directors on the Board of the Company.

Keeping in view the vast experience & knowledge of Mr. P.K. Nanda and Mr. A.K. Thakur and their continued ability to make valuable contributions to the growth of the Company, the Board strongly feels that their continued association would be of immense benefit to the Company and recommends the Special Resolutions set out at Item No. 8 & 9 of the Notice for the approval of the Members.

Disclosure under applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings has been annexed hereto and marked as **Annexure A**.

Except for Mr. Nanda and Mr. Thakur, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions set out at Item No. 8 & 9.

The relevant documents related to this item are available for inspection on all working days from 11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

Item No. 10 & 11

Members of the Company, at the Annual General Meeting, held on 22nd September, 2014, had approved the appointment of Mr. Eiichi Seto as Managing Director & CEO and Mr. Gopal Bansal as Whole-time Director & CFO, for a period of five years effective 26th December, 2013 and 11th February, 2014 respectively, including remuneration payable to them. Members had also approved payment of Minimum Remuneration to Mr. Seto and Mr. Bansal, in case there are no profits or profits are inadequate, in terms of the provisions of the Companies Act 2013, for a period of three years from the date of appointment. It is pertinent to mention here that period of three years approved for payment of minimum remuneration was in terms of the applicable provisions of the Companies Act. Accordingly, the resolutions set out at Item No 10 & 11 of the Notice are proposed to cover the remaining tenure of Mr. Seto and Mr. Bansal for payment of Minimum Remuneration in case there are no profits or profits are inadequate.

Members may kindly note that for FY 2017-18, the Company has inadequate profits to cover the managerial remuneration. Reasons for inadequate profits have been explained in Statement as required under Schedule V (Annexure B), which forms part of the Notice.

Schedule V of the Companies Act, 2013, permits payment of Minimum Remuneration, upto the ceiling limits specified in the said Schedule, to a managerial person during a financial year, in case of no profits / inadequate profits with approval of the Members of the Company.

Considering the valuable contributions made by Mr. Eiichi Seto and Mr. Gopal Bansal, over the past years for the growth of the Company, the Board on the recommendation of its Nomination and Remuneration Committee, has unanimously approved the payment of Minimum Remuneration (as specified in the respective resolutions) for Mr. Eiichi Seto and Mr. Gopal Bansal in case there are no profits or profits are inadequate during the period commencing from 1st April, 2017 till their remaining tenure.

The Board of Directors strongly recommends the Special Resolutions set out at Item No. 10 & 11 of the Notice for the approval of the Members.

Disclosure under applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings has been annexed hereto and marked as **Annexure A**.

Statement as required under Schedule V of the Companies Act, 2013 with reference to Resolution at Item No. 10 & 11 has been annexed hereto and marked as **Annexure B**.

Except for Mr. Eiichi Seto and Mr. Gopal Bansal, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions as set out at Item No. 10 & 11 respectively.

Item No. 12 & 13

Mr. Yugo Hashimoto was appointed by the Board, on the recommendation of its Nomination & Remuneration Committee, as an Additional Director with effect from 9th August, 2018. He holds office upto the date of the ensuing Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Yugo Hashimoto is a graduate from Waseda University, Japan. He joined Sumitomo Corporation, Japan in April, 1984 and since then has held several positions in various departments including Motor Vehicles Dept. Before moving to India, he was President of Sumitomo Corporation de Mexico S.A. de C.V. and President of Japanese Chamber of Commerce in Mexico. He has 34 years of rich global experience in the Automotive Business.

The Company has received a Notice in writing from a Member in the prescribed manner, under Section 160 of the Act, as amended, proposing the candidature of Mr. Yugo Hashimoto for the office of Director of the Company, not liable to retire by rotation.

Mr. Hashimoto is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent in writing to act as a Director of the Company.

Further, on the recommendation of its Nomination & Remuneration Committee, the Board appointed Mr. Yugo Hashimoto as Managing Director & CEO of the Company for a period of five (5) years with effect from 10th August, 2018 subject to approval of the Members in the Annual General Meeting.

The Notice read with Explanatory Statement should be considered as written Memorandum setting out the terms of appointment of Mr. Yugo Hashimoto as required under Section 190 of the Companies Act, 2013.

Disclosure under applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings has been annexed hereto and marked as **Annexure A**.

Statement as required under Schedule V of the Companies Act, 2013 with reference to Resolution at Item No. 13 has been annexed hereto and marked as **Annexure B**.

It is the considered view of the Board that Mr. Hashimoto's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Resolutions at Item No. 12 of the Notice as an Ordinary Resolution and at Item No. 13 of the Notice as a Special Resolution.

Except for Mr. Yugo Hashimoto, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions set out at Item No. 12 & 13.

The relevant documents related to these items are available for inspection on all working days from 11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

Item No. 14

Memorandum of Association (MOA) of the Company, as currently in force, was originally adopted when the Company was incorporated under the Companies Act, 1956 (the old Act). With the enactment of new Companies Act 2013 (the new Act), as amended from time to time, it is proposed to alter/amend the existing MOA to be in accordance with the requirements of the new Act.

In terms of Section 4(1)(c) of the Act, the MOA is to state the objects for which the Company is proposed to be incorporated and any matter considered necessary in furtherance thereof. To align with this provision, it is proposed to replace the existing headlines of Clause III A & III B respectively and delete Clause III C and renumbering of the clauses accordingly.

Further, it is proposed to delete the existing Clause IV of the Memorandum of Association of the Company as it is no more required and renumber the existing Clause V, Clause VI and Clause VII accordingly.

In terms of Section 4(1)(d) of the Act, the MOA is to state, in the case of a Company limited by shares, that liability of Members is limited to the amount unpaid, if any, on the shares held by them. Accordingly it is proposed to amend the existing Clause V (renumbered as Clause IV) of MOA so as to comply with the provisions of the new Act.

Pursuant to the provisions of Section 13 of the Companies Act, 2013, read with the rules framed there under, alteration of MOA requires approval of shareholders by way of a Special Resolution. Accordingly, the Board recommends the Special Resolution as set out at Item No. 14 of the Notice for the approval of the Members.

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. 14.

The proposed new draft MOA is being uploaded on the Company's website (www.smlisuzu.com) for perusal by the Members.

The relevant documents related to this item including proposed draft MOA of the Company are available for inspection on all working days from 11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

Item No. 15

Existing Articles of Association (AOA) of the Company is in accordance with the Companies Act, 1956 (the old Act) and as such several regulations contain references to the specific sections of the old Act. Moreover, some regulations are no longer in conformity with the Companies Act, 2013 (the new Act).

In order to bring the existing AOA of the Company in line with the provisions of the new Act, the Company will have to make numerous changes in the existing AOA. It is therefore considered appropriate to adopt a comprehensive new set of Articles of Association of the Company in substitution of and in entire exclusion of the regulations contained in the existing AOA.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, read with the rules framed there under, amendment of AOA requires approval of shareholders by way of a Special Resolution. Accordingly, the Board recommends the Special Resolution as set out at Item No. 15 of the Notice for the approval of the Members.

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. 15.

The proposed new draft AOA is being uploaded on the Company's website (www.smlisuzu.com) for perusal by the Members.

The relevant documents related to this item including proposed draft AOA of the Company are available for inspection on all working days from 11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

Annexure A

Additional Information required to be given as per SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is given below :

Name of the Director	Takeru Kikkawa	Pankaj Bajaj	Gota Iwanami	Masaki Morohoshi	P K Nanda
Date of Birth (Age)	28.10.1960 (57 years)	07.12.1971 (46 years)	31.07.1964 (53 yrs)	06.04.1963 (55 yrs)	28.09.1932 (85 yrs)
DIN No.	03107280	00337925	08094102	07302404	00751931
Original Date of Appointment	10.05.2016	29.07.2006	23.03.2018	23.03.2018	29.07.2006
Qualification(s)	Graduate from Keio University, Japan	LLB, Executive Management Program, FCA, ACS, ACMA	Graduate from Keio University, Japan	Graduate from Waseda University, Japan	B.Com, FCA, FCS
Experience (including expertise in specific functional area)	Mr. Kikkawa is a Non-executive Director on SML Board. He joined Sumitomo Corporation, Japan in April, 1983 and since then has held several positions in various departments including Motor Vehicles Department and Automotive Manufacturing Business Department and is currently General Manager, Automotive Manufacturing Business Department 1. Mr. Kikkawa has around 35 years of rich global experience in the automotive business.	Mr. Bajaj is a Non-executive Director on SML Board. He started his career in 1995 with Deloitte Haskins & Sells. He joined Sumitomo Corporation India Private Limited in 1997 as Company Secretary. He currently holds the post of Director and Company Secretary. He handles Risk Management, Legal & Regulatory, Taxation and other diversified corporate department responsibilities for the Company which operates across a spectrum of sectors including Automobiles, Infrastructure, Chemicals and Metals. Mr. Bajaj has around 23 years of rich experience in areas such as corporate planning, investment, legal and secretarial matters, corporate finance, risk management, taxation and internal controls.	Mr. Iwanami was appointed as an Additional Director on 23rd March, 2018 on SML Board. He joined Sumitomo Corporation, Japan in April 1988 and since then has held several positions (in different countries) in various departments including Motor Vehicles Department and Sales & Marketing Department. He is currently General Manager, Automotive Sales & Marketing Business Division. Mr. Iwanami has over 30 years of rich global experience in the automotive business.	Mr. Morohoshi was appointed as an Additional Director on 23rd March, 2018 on SML Board. Mr. Morohoshi joined Sumitomo Corporation, Japan in April 1987 and since then has held several positions (in different countries) in various departments including Motor Vehicles and Steel Sheet Department. Before moving to India, he was General Manager, Automotive Steel Sheet Products Business Department 1. Currently, he is the Chairman & Managing Director of Sumitomo Corporation India Pvt. Limited. Mr. Morohoshi has over 30 years of rich global experience in the automotive business.	Mr. Nanda has held several top managerial positions with companies both in India and abroad: executive positions in Remington Rand, Philips India, ITC, and then at Metal Box India, where he was appointed Chairman and Managing Director. He was then transferred to UK as a Director of the Group Board and Chairman of its International Operations. He was non-executive Chairman of Bata India Limited and then on the Board of Bata International Organisation. He was the 'founder president' of Confederation of Indian Industry (CII) and has also served as a member of Government appointed committees, RBI working groups and of Confederation of British Industry, etc. He has been a guest lecturer at the International Management Institute, Geneva, Wellington Staff College. He has been a consultant to several major multinational companies in Europe and USA and continues as a business consultant. Mr. Nanda has around 57 years of rich experience in the areas such as finance, corporate affairs, international trade and commerce, business strategy, etc
Terms and Conditions of appointment/re-appointment including detail of remuneration sought to be paid	All four appointments/ re-appointments are on rotation basis and no remuneration (including sitting fee) is payable.				Terms and conditions of the appointment and detail of remuneration sought to be paid is indicated in Resolution No. 8.
Details of remuneration last drawn (FY 2017-18)*	Nil	Nil	Nil	Nil	Rs. 8.0 lacs

*The remuneration of Independent Directors excludes sitting fees and reimbursement of expenses incurred for attending Board/Committee meetings.

Annexure A

Additional Information required to be given as per SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is given below :

Name of the Director	Takeru Kikkawa	Pankaj Bajaj	Gota Iwanami	Masaki Morohoshi	P K Nanda
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2018	1. Chongqing Sumisho Yunxin Logistics Co. Ltd, China 2. Fujiwa Machinery Industry (Hubei) Co. Ltd, China 3. Fujiwa Machinery Industry (Kunshan) Co. Ltd, China 4. SC Machinery & Service Co. Ltd, Japan 5. Kiri Corporation, Japan	1. Sumitomo Corporation India Pvt. Limited	1. Toyota Nigeria Limited 2. Hino Motors Sales Vietnam, Ltd. 3. SC Abeam Automotive Consulting, Japan 4. Toyota Libya F.ZC.	1. Sumitomo Corporation India Pvt. Limited 2. J Impex (Delhi) Private Limited	1. JMG Corporation Limited
Chairman [C]/Member[M] of the Committee of the Board of Directors of the companies in which he/she is a director as on March 31, 2018**	Nil	SML Isuzu Limited • Risk Management Committee [M] Sumitomo Corporation India Pvt Limited • CSR Committee [M]	SML Isuzu Limited • Nomination & Remuneration Committee [M]	Sumitomo Corporation India Pvt Limited • CSR Committee [C]	SML Isuzu Limited • Audit Committee [C] • Risk Management Committee [C] • Nomination & Remuneration Committee [C] JMG Corporation Limited • Audit Committee [M]
No. of Board Meetings attended during FY 2017-18	4	5	N.A. (appointed w.e.f. 23.03.2018)	N.A. (appointed w.e.f. 23.03.2018)	5
No. of shares held in the Company as on March 31, 2018	Nil	Nil	Nil	Nil	Nil
Relationship with other Directors and KMPs	None of the Directors of the Company are inter-se related to each other or with the Key Managerial Personnel of the Company				

** This include Committees of the Board of the Companies incorporated in India.

Annexure A

Additional Information required to be given as per SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is given below :

Name of the Director	A K Thakur	Eiichi Seto	Gopal Bansal	Yugo Hashimoto
Date of Birth (Age)	01.06.1941 (76 yrs)	04.01.1959 (59 yrs)	02.02.1956 (62 yrs)	12.09.1960 (57 yrs)
DIN No.	00031778	02704734	06836592	08165797
Original Date of Appointment	31.01.2006	28.05.2010	11.02.2014	To be appointed w.e.f. 9th August, 2018
Qualification(s)	B.Com, FCA	Bachelor's degree in Law, Waseda University, Japan	B.Com, FCA, ACS	Graduate from Waseda University, Japan
Experience (including expertise in specific functional area)	<p>Mr Thakur served in Finance & Audit Division of a leading commercial organisation in Kolkata for about 11 years till May 1978. He joined Unit Trust of India in May 1978 and retired as an Executive Director in May 2001 after 23 years of service.</p> <p>On retirement from Unit Trust of India he joined a reputed Chartered Accountants Firm as a Partner and continued there till August 2010.</p> <p>Mr Thakur has around 52 years of rich experience in area such as accounts, audit, finance, investment and corporate affairs and has experience of more than 32 years of being a Board Member in large number of reputed commercial organisations either as a nominee of Unit Trust of India or in his independent capacity.</p>	<p>Mr. Seto was appointed as a Non-Executive Director of the Company on 28th May, 2010 and on 26th December, 2013 he became Managing Director & CEO. He has around 36 years of rich global experience in the automobile industry.</p> <p>Mr. Seto joined Sumitomo Corporation in 1982 and has several years of experience in the motor vehicles department. In 1993, he was appointed as General Manager, Automotive Department in Sumitomo Corporation de Mexico and in 2004, he was also appointed as Vice President and General Manager, Detroit Office, Sumitomo Corporation of America. In 2007, he was appointed as Director and General Manager, Melbourne Office, Sumitomo Australia Private Limited. Further in 2009, he was also appointed as General Manager, Automotive Manufacturing Business Department, Sumitomo Corporation.</p>	<p>Mr. Bansal was appointed as Whole-time Director & CFO with effect from 11th February, 2014. He started his career in 1980 with Punjab Tractors Limited - PTL (Swaraj Group) as Management Trainee and got associated with SML Isuzu on secondment from PTL, the erstwhile promoter of the Company. In 2004, he rose to the position of Vice President - Finance and Company Secretary in the Company and in 2010 as Executive Director - Finance and Company Secretary.</p> <p>Mr. Bansal has over 34 years of experience in areas such as corporate affairs, finance & accounts, risk management, secretarial & taxation, investor relations, etc</p>	<p>Mr. Yugo Hashimoto has been appointed as an Additional Director of the Company w.e.f. 9th August, 2018 and as Managing Director & CEO w.e.f. 10th August, 2018.</p> <p>Mr. Hashimoto joined Sumitomo Corporation, Japan in April, 1984 and since then has held several positions (in different countries) in various departments including Automotive Business & Motor Vehicles Dept. Before moving to India, he was President of Sumitomo Corporation de Mexico S.A. de C.V. and President of Japanese Chamber of Commerce in Mexico.</p> <p>Mr. Hashimoto has 34 years of rich global experience in the automotive business.</p>
Terms and Conditions of appointment/re-appointment including detail of remuneration sought to be paid	Terms and conditions of the appointment and detail of remuneration sought to be paid is indicated in Resolution No. 9.	Terms and conditions of the appointment and detail of remuneration sought to be paid is indicated in Resolution No. 10.	Terms and conditions of the appointment and detail of remuneration sought to be paid is indicated in Resolution No. 11.	Terms and conditions of the appointment and detail of remuneration sought to be paid is indicated in Resolution No. 12 & 13.
Details of remuneration last drawn (FY 2017-18)*	Rs. 8.0 lacs	Rs. 143.4 lacs	Rs. 187.2 lacs	N.A.

*The remuneration of Independent Directors excludes sitting fees and reimbursement of expenses incurred for attending Board/Committee meetings.

Annexure A

Additional Information required to be given as per SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is given below :

Name of the Director	A K Thakur	Eiichi Seto	Gopal Bansal	Yugo Hashimoto
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2018	1. Peerless Securities Limited 2. Rama Phosphate Limited 3. Rama Industries Limited	Nil	Nil	1. Sumitomo Corporation de Mexico S.A. de C.V. 2. Hirotec Mexico S.A. de C.V. 3. Hal Aluminum Mexico S.A. de C.V.
Chairman [C]/Member[M] of the Committee of the Board of Directors of the companies in which he/she is a director as on March 31, 2018**	SML ISUZU Limited • Audit Committee [M] • Risk Management Committee [M] Rama Industries Limited • Audit Committee [M] • Nomination & Remuneration Committee [M] • CSR Committee [M] Rama Phosphate Ltd. • Audit Committee [M] Peerless Securities Ltd. • Audit Committee [C] • Nomination & Remuneration Committee [M]	SML Isuzu Limited • Stakeholders Relationship Committee [M] • Corporate Social Responsibility Committee [M]	SML Isuzu Limited • Audit Committee [M] • Risk Management Committee [M] • Stakeholders Relationship Committee [M] • Corporate Social Responsibility Committee [M]	Nil
No. of Board Meetings attended during FY 2017-18	5	5	5	N.A. (to be appointed w.e.f. 9th August, 2018)
No. of shares held in the Company as on March 31, 2018	Nil	Nil	Nil	Nil
Relationship with other Directors and KMPs	None of the Directors of the Company are inter-se related to each other or with the Key Managerial Personnel of the Company			

** This include Committees of the Board of the Companies incorporated in India.

Annexure B

Statement as required under Schedule V of the Companies Act, 2013

(with reference to Resolution at Item No. 10, 11 & 13)

I. General Information:

(i) Nature of Industry:

The Company is in the business of manufacture of Commercial vehicles.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 26th July 1983 and commenced its commercial operations in the year 1986.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

(iv) Financial performance based on given indicators - as per audited financial statements for the year ended 31st March, 2018:

(Rs. crores)

Particulars	FY 2017-18	FY 2016-17
Net Revenue (net of excise)	1138.2	1360.3
Net Profit in accordance with Section 197 of the Companies Act, 2013	16.3	93.1
Profit/ (Loss) Before Tax	9.5	84.1
Profit/ (Loss) After Tax	8.5	63.0
Net Worth	398.1	403.8

(v) Foreign investments or collaborators, if any:

Sumitomo Corporation, Japan, the Promoters, holds 43.96% shareholding of the Company. Isuzu Motors Limited, Japan, with whom the Company has technical assistance agreements, holds 15% shareholding of the Company. The Company has not made any foreign investments.

II. Information about the appointee:

(i) Background details:

(a) Mr. Eiichi Seto

Mr. Seto was appointed as a Non-executive Director of the Company on 28th May, 2010 and on 26th December, 2013, he became Managing Director & CEO. He has around 36 years of rich global experience in the automobile industry. Mr. Seto joined Sumitomo Corporation in 1982 and has several years of experience in the motor vehicles department. In 1993, he was appointed as General Manager, Automotive Department in Sumitomo Corporation de Mexico and in 2004, he was appointed as Vice President and General Manager, Detroit Office, Sumitomo Corporation of America. In 2007, he was appointed as Director and General Manager, Melbourne Office, Sumitomo Australia Private Limited. Further in 2009, he was also appointed as General Manager, Automotive Manufacturing Business Department, Sumitomo Corporation.

(b) Mr. Gopal Bansal

Mr. Bansal was appointed as Whole-time Director & CFO of the company with effect from 11th February, 2014. He started his career in 1980 with Punjab Tractors Limited - PTL (Swaraj Group) as Management Trainee and got associated with SML Isuzu on secondment from PTL, the erstwhile promoter of the Company. In 2004, he rose to the position of Vice President - Finance and Company Secretary in the Company and in 2010 as Executive Director -Finance and Company Secretary. Mr. Bansal has over 34 years of experience in areas such as corporate affairs, finance & accounts, risk management, secretarial & taxation, investor relations, etc.

(c) Mr. Yugo Hashimoto

Mr. Yugo Hashimoto has been appointed as Managing Director & CEO of the company with effect from 10th August, 2018. He joined Sumitomo Corporation, Japan in April, 1984 and since then has held several positions in various departments including Automotive Business & Motor Vehicles Dept. Before moving to India, he was President of Sumitomo Corporation de Mexico S.A. de C.V. and President of Japanese Chamber of Commerce in Mexico. Mr. Hashimoto has 34 years of rich global experience in Automotive Business.

(ii) Past remuneration during the financial year ended 31st March, 2018 :

Name of the Director	Amount (Rs. in lakhs)
Mr. Eiichi Seto, Managing Director & CEO	143.4
Mr. Gopal Bansal, Whole-time Director & CFO	187.2
Mr. Yugo Hashimoto, Managing Director & CEO (to be appointed w.e.f 10th August, 2018)	N.A.

(iii) Recognition or awards: Nil

(iv) Job Profile and suitability:

i. Mr. Eiichi Seto

Mr. Eiichi Seto, Managing Director & CEO, is overall in-charge of running the affairs of the Company under the supervision and control of the Board of Directors. He is also a member of Board sub-committees such as Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

Taking into consideration his rich experience in the automobile industry, the Board of Directors has bestowed the above responsibilities to Mr. Seto.

ii. Mr. Gopal Bansal

Mr Gopal Bansal being the Whole-time Director & Chief Financial Officer of the Company is responsible for finance & accounts, risk management, corporate affairs & taxation. He is also a member of Board sub-committees such as Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. As a member of the Senior Management Group, he participates in the strategic financial planning and establishment & monitoring of internal control processes.

Taking into consideration his rich experience in the automobile industry, the Board of Directors has bestowed the above responsibilities to Mr. Bansal.

iii. Mr. Yugo Hashimoto

Mr. Yugo Hashimoto, as Managing Director & CEO, will be overall in-charge of running the affairs of the Company under the supervision and control of the Board of Directors.

Taking into consideration his rich experience in the automobile industry, the Board of Directors has bestowed the above responsibilities to Mr. Hashimoto, effective from 10th August, 2018.

(v) Remuneration proposed, Notice period and Severance fees, etc.:

As per the details given in the Resolution No. 10, 11 & 13 of the Notice.

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of Mr. Eiichi Seto, Mr. Gopal Bansal and Mr. Yugo Hashimoto, the responsibilities shouldered/to be shouldered by them and the industry benchmarks, the remuneration proposed to be paid to them is commensurate with the remuneration package(s) paid to similar senior level counterpart(s) in other companies.

(vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed to be paid to them, Mr. Eiichi Seto, Mr. Gopal Bansal and Mr. Yugo Hashimoto does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) Reasons of loss or inadequate profits:

During Financial Year 2017-18, the sales volume of the Company reached 11355 vehicles only against 14909 sold in the previous year due to shortage of vehicles, firstly, caused by the unexpected and sudden order of the Supreme Court of India, on 29th March 2017, banning sale of BS III compliant vehicles effective 1st April 2017. The order rendered the entire inventory of BS III vehicles, built up for the ensuing school bus season (April-July 2017), non-saleable. Thereafter, supply of vehicles was impacted due to shortage of some critical components.

Due to drop in sales volume, turnover (net of excise) for the year was considerable lower at Rs. 1120.8 crores against Rs. 1342.8 crores in the previous year. Additionally, substantial investments in Plant & Machinery and other facilities during the year, as a part of Company's ongoing capex project (covered in the Report of Directors), resulted in higher depreciation and interest costs, which further impacted the profitability of the Company.

As a result, for the financial year ended 31st March, 2018, the Company made lower profit (before tax) of Rs. 9.5 crores against Rs. 84.1 crores earned during the previous year.

(ii) Steps taken or proposed to be taken for improvement

The Company has taken various initiatives towards improvement in sales and reduction in costs as summarized below :

- a) Introduction of new products / models, in particular the Global Series trucks with new improved cabin having features for more comfort & safety, Ecomax LR in the bus segment, new range of CNG vehicles with Turbo CNG Engine and higher power Engine for tippers.
- b) Introduction of the next generation Telematics solution named 'SML SAARTHI' for advanced transportation management and on-road 24x7 service support which will help customers, especially fleet owners, to manage their vehicles more efficiently and on real-time basis.
- c) With installation of automatic PTCED Plant, the Company has introduced latest best in class paint technology for truck cabins to improve quality and durability.
- d) Sales promotion & brand building initiatives - incentive schemes for dealers & their salesmen to push more field work; mobile applications for handling customers queries & tracking progress of salesmen, Corporate Identity Program (CIP) for dealers, tie-up with ecommerce websites for improvement in brand visibility & to generate more queries etc.

- e) New dealerships being established in the potential areas not covered so far.
- f) Appropriate steps have been taken to ensure availability of vehicles with adequate and timely procurement of components.
- g) Cost Reduction exercises being undertaken aggressively at all levels and in all Functions / Departments of the Company.

(iii) Expected increase in productivity and profits in measurable terms:

The aforesaid steps taken by the Company are expected to improve the Company's sales and profitability in near future.

IV. Disclosures:

The information and disclosures of the remuneration package of all the Directors has been provided in the Corporate Governance Report, forming part of the Annual Report, under the heading "Remuneration to Directors" for the year ended 31st March, 2018.

Regd. Office & Works :

Village Asron,
Distt. Shahid Bhagat Singh Nagar
(Nawanshahr), Punjab-144 533
Email:investors@smlisuzu.com
CIN : L50101PB1983PLC005516
Website : www.smlisuzu.com

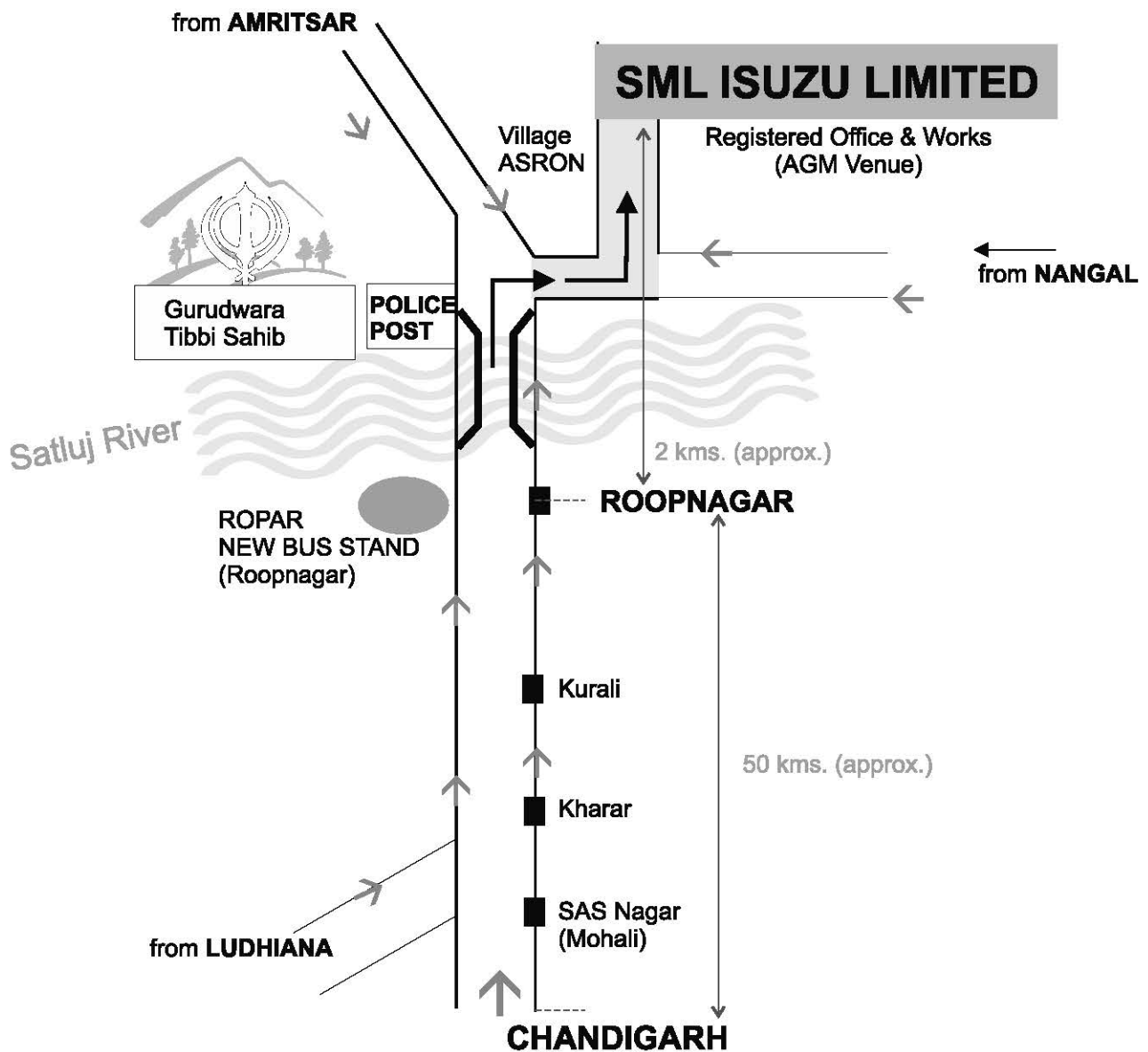
By Order of the Board
for SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary
ACS-31266

Dated: 30th June, 2018

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small margins at the top and bottom. There are no vertical margin lines, and the paper is otherwise completely blank.

ROUTE MAP FOR AGM VENUE



CHANDIGARH to SML ISUZU LTD., VILLAGE ASRON : 52 kms. (approx.)

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014]

SML ISUZU LIMITED

(CIN: L50101PB1983PLC005516)

Registered Office & Works: Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144 533

Tel. 01881-270255 **Fax :** (91) 1881-270223

Email: investors@smlisuzu.com **Website:** www.smlisuzu.com

Name of the Member (s):

Registered Address:

Email id:

Folio / DP ID-Client ID No.*:

** applicable for investors holding shares in electronic form*

I/We, being the member(s) holding _____ equity shares of the above named Company hereby appoint:

- (1) Name _____ Address _____
E-mail id _____ Signature _____ or failing him/her;
- (2) Name _____ Address _____
E-mail id _____ Signature _____ or failing him/her;
- (3) Name _____ Address _____
E-mail id _____ Signature _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on Thursday, 9th August, 2018 at 3.00 P.M. at the Registered office at Village Asron, Distt. Shahid Bhagat Singh Nagar, Nawanshahr, Punjab - 144533 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions		Optional**	
Ordinary Business		For	Against
1	Adoption of Financial Statements, the reports of the Board of Directors and Auditors for the year ended 31st March, 2018		
2	Declaration of Dividend on Equity Shares		
3	Re-appointment of Mr. Takeru Kikkawa (DIN 03107280) as Director, who retires by rotation		
4	Re-appointment of Mr. Pankaj Bajaj (DIN 00337925) as Director, who retires by rotation		
5	Fix remuneration of the Statutory Auditors, B S R & Associates LLP		
Special Business			
6	Appointment of Mr. Gota Iwanami (DIN 08094102) as Director liable to retire by rotation- as an Ordinary Resolution		
7	Appointment of Mr. Masaki Morohoshi (DIN 07302404), as Director liable to retire by rotation- as an Ordinary Resolution		
8	Continuation of appointment of Mr. P.K. Nanda (DIN 00751931) as an Independent Director - as a Special Resolution		
9	Continuation of appointment of Mr. A.K. Thakur (DIN 00031778) as an Independent Director - as a Special Resolution		
10	Approval for payment of minimum remuneration to Mr. Eiichi Seto (DIN 02704734), Managing Director & CEO, in case of no profits / inadequate profits - as a Special Resolution		
11	Approval for payment of minimum remuneration to Mr. Gopal Bansal (DIN 06836592), Whole-time Director & CFO, in case of no profits / inadequate profits - as a Special Resolution		
12	Appointment of Mr. Yugo Hashimoto (DIN 08165797) as Director - as an Ordinary Resolution		
13	Appointment of Mr. Yugo Hashimoto (DIN 08165797) as Managing Director & Chief Executive Officer - as a Special Resolution		
14	Alteration of Memorandum of Association of the Company - as a Special Resolution		
15	Adoption of new Articles of Association of the Company - as a Special Resolution		

Signed this _____ day of _____ 2018

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- For the Resolutions, Notes and Explanatory Statement, please refer to the Notice of the 34th Annual General Meeting.
- **It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in the above box before submission.

ATTENDANCE SLIP

SML ISUZU LIMITED

(CIN: L50101PB1983PLC005516)

Registered Office & Works: Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144 533

Tel . 01881-270255 **Fax :** (91) 1881-270223

Email: investors@smlisuzu.com **Website:** www.smlisuzu.com

34th Annual General Meeting - 9th August, 2018 (Thursday)

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Name of the Shareholder/ Proxy _____

Address _____

Folio No. _____

DP ID* _____

Client ID* _____

No. of Shares held _____

I/We hereby record my/our presence at the 34TH ANNUAL GENERAL MEETING of the Company on 9th August, 2018 (Thursday) at 3:00 P.M. at its Registered Office at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144 533.

 *To be used for shares held in electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY