

SML/SEC/EXCH
4th September, 2019

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 2019 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, 2019 including Notice of Annual General Meeting (AGM).

As informed earlier vide our communication dated 14th August, 2019, AGM is scheduled on Monday, 30th September, 2019 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
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Regd. Office & Works:

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Trucks & Buses

ANNUAL REPORT 2019



SML ISUZU LIMITED

CSR INITIATIVES 2018-2019...



Education - School infrastructure up-gradation Projects :
Chairs, Green Boards, LED TVs, Athletic Track, Maths Park and Toilets in village Schools



Healthcare - Ambulance and Medical Infrastructure in Government Hospitals

CSR INITIATIVES 2018-2019



Preventive Healthcare & Sanitation :
Health Camps and Hook Loader (Garbage Placer) & Dustbins 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
- E. SETO
- K. GODA
- M. MOROHOSHI
- PANKAJ BAJAJ
- Y. HASHIMOTO - Managing Director & CEO
- GOPAL BANSAL - Whole-time Director & CFO
- T. YAMAMOTO - Director-Quality Assurance

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. HDFC BANK
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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35TH ANNUAL GENERAL MEETING

on Monday, 30th September, 2019
at 1:00 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-Fifth Annual Report together with audited financial statements for the financial year ended 31st March 2019.

PERFORMANCE REVIEW

The fiscal 2018-19 turned out to be yet another challenging year for the Indian economy with GDP growth for the year coming down to 6.8 percent from 7.2 percent achieved in fiscal 2017-18. Rate of growth was impacted due to factors such as – slowdown in agriculture and mining activities, decline in Government consumption, tightened financial environment, sharp fluctuations in the Rupee etc.

Domestic Commercial Vehicle Industry (CVI) started fiscal 2018-19 on a strong note, which continued through the first half of the fiscal - registering a growth of 37.8 percent. However, the growth fell to 3.3 percent in the second-half of the year, due to several adverse factors such as - implementation of the regulatory changes in axle norms, sudden deterioration in availability of credit triggered by the crisis in the non banking financial sector, fleet operators viability concerns on account of factors such as subdued economic growth, freight availability and freight rates etc. As a result, for the year as a whole, the domestic CVI registered growth of 17.6 percent with volume of 10,07,300 vehicles. Light vehicles (LCVs) grew 19.5 percent to reach 6,16,600 and Medium & Heavy vehicles (M&HCVs) grew 14.7 percent to reach 3,90,800.

In fiscal 2018-19, Your Company was able to achieve higher sales, at 13,602 against 11,355 in the previous year – up 19.8 percent, helped by higher demand of Passenger category vehicles and the launch of the new truck range “Global Series” with best-in-class fuel efficiency, enhanced driver comfort and super drivability.

The financial performance of the Company, for the year ended 31st March, 2019 is summarized below:

(Rs. in Crores)

Year ended 31st March	2019	2018
Sales volume (No. of vehicles)	13602	11355
Total Income	1413.71	1177.25
Less : Excise duty	-	39.09
Net Income	1413.71	1138.16
Less : Material cost & other expenses	1334.84	1089.78
Operating profit	78.87	48.38
Finance Costs	16.10	10.52
Depreciation and amortization expense	38.44	28.40
Profit before tax	24.33	9.46
Profit after tax	19.57	8.50

DIVIDEND

The Directors recommend payment of dividend of Rs. 3.0 per equity share of face value of Rs. 10/- each for the year ended 31st March, 2019 (previous year – Rs. 1.5 per equity share). The cash outflow on that account will be Rs. 5.23 crores (previous year –Rs. 2.62 crores), including dividend distribution tax of Rs. 0.89 crores (previous year – Rs. 0.45 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 Auditor's Certificate confirming compliance with corporate governance norms as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) 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.

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 ensures safety and audits its facilities in accordance with statutory and regulatory requirements. The Directors review these areas periodically 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 check-ups and eco-friendly activities are conducted periodically. 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 continues to maintain and uphold ISO 9001:2015 (Quality Management System), the BS OHSAS 18001:2007 (Occupational Health & Safety Assessment Series) and ISO 14001:2015 (Environmental Management System) certifications. Further, the Company is also certified as IATF 16949: 2016 in respect of automobile sector management system and ISO 27001:2013 in respect of Information Security Management System.

CURRENT BUSINESS ENVIRONMENT

The slowdown in the Commercial Vehicle industry, which started in the second-half of previous fiscal, further intensified during the first four months (April-July) of current fiscal with domestic CV volumes contracting 13.6 percent- M&HCVs down 21.6 percent and LCVs 8.6 percent. The reasons for such slowdown and the prevailing scenario are discussed in detail in the Management Discussion and Analysis, which forms part of this Report.

The Company sold 5,195 vehicles during four months April-July, 2019 period against 5,284 in the corresponding period of the previous year - a drop of 1.7 percent.

Amidst prevailing competitive environment and frequently changing regulatory requirements, the Company will continue its focus on customer reach, product development, innovative and cost effective technology solutions and improving production efficiency.

Company's capex project with an estimated outlay of Rs. 220 crores for technological advancement, product development and up-gradation, updating of plant infrastructure to improve manufacturing efficiency has been fully implemented with total spending of Rs. 195.7 crores. This capex was funded through external commercial borrowings (ECB) of Rs. 140.0 crores designated in US Dollars (fully hedged) and the balance from internal accruals.

DIRECTORS

Mr. Takeru Kikkawa and Mr. Takahiro Imai tendered their resignation as Directors of the Company with effect from 14th November, 2018. The Board, in its Meeting held on 14th November, 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. Tadanao Yamamoto as an Additional Director and Whole-time Director of the Company designated as Director-Quality Assurance on 14th November, 2018 (effective 30th November, 2018) for two years, subject to approval of the Shareholders of the Company in the ensuing Annual General Meeting.

The Board, on the recommendation of its Nomination and Remuneration Committee, re-appointed Mr. Gopal Bansal as Whole-time Director & Chief Financial Officer of the Company for a further period of two years with effect from 11th February, 2019, subject to approval of the Shareholders of the Company in the ensuing Annual General Meeting.

The Board, on the recommendation of its Nomination and Remuneration Committee, has proposed the re-appointment of Mr. S.K. Tuteja and Mr. Sudhir Nayar as Independent Directors of the Company for a second term of five consecutive years commencing from 22nd September, 2019 and Dr. (Mrs.) Vasantha S. Bharucha as Independent Director of the Company for a second term of three consecutive years commencing from 22nd September, 2019.

Mr. P.K. Nanda and Mr. A.K. Thakur, Independent Directors of the Company, whose current term completes on 21st September, 2019, do not wish to seek re-appointment for a second term due to personal reasons. Accordingly, their tenure as Director of the Company shall come to an end on 21st September, 2019. The Board, in its meeting held on 14th August, 2019, recorded its deep sense of appreciation for the valuable contributions made by Mr Nanda and Mr Thakur during their long association with the Company.

The Board, on the recommendation of its Nomination and Remuneration Committee, has appointed Mr. Chandra Shekhar Verma as an Additional Director (Non-Executive Independent Director) of the Company with effect from 22nd September, 2019 for five years, subject to approval of the Shareholders of the Company in the ensuing Annual General Meeting.

At the last Annual General Meeting held in August 2018, the Members had approved the appointment of Mr. Gota Iwanami and Mr. Masaki Morohoshi as Non-Executive Directors.

Mr. Gota Iwanami retires by rotation and being eligible, offers himself for re-appointment.

Mr. Kazuo Goda retires by rotation and being eligible, offers himself for re-appointment.

The details of the Directors being recommended for appointment / re-appointment are contained in the Notice of the ensuing 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. Yugo Hashimoto, Managing Director & CEO, Mr. Gopal Bansal, Whole-time Director & CFO and Mr. Parvesh Madan, Company Secretary, are the Key Managerial Personnel of the Company.

At the last Annual General Meeting held in August 2018, Mr. Yugo Hashimoto was appointed as Managing Director & CEO of the Company w.e.f. 10th August, 2018. The Board has re-appointed Mr. Gopal Bansal as Whole-time Director & CFO of the Company for a further period of two years effective from 11th February, 2019.

NOMINATION AND REMUNERATION POLICY

During the year under review, the Company has amended the Nomination and Remuneration Policy (effective 1st April, 2019), in accordance with the amendments to Listing Regulations. The key amendment in the Policy being the change in the definition of Senior Management in line with the amendments to Listing Regulations. The Policy is attached as **Annexure A**.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were at 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.

During the year, the Board has amended the Policy on Related Party Transactions to bring it in line with the amendments to Listing Regulations. The amended Policy is available 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 36 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 available on the website of the Company at weblink http://smlisuzu.com/Upload/AgmNotice/42b9dd40_Final%20MGT-9.pdf and is also 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. Consequent upon the changes in the holding of office by certain Independent Directors w.e.f 22nd September, 2019, the Board has reconstituted the Audit Committee by inducting Mr. S.K. Tuteja as Chairman and Mr. Chandra Shekhar Verma as Member of the Committee in place of Mr P.K. Nanda and Mr. A.K. Thakur.

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. That annexure is not being sent to the Members and others entitled to this Report and the financial statements, as provided in Section 136 (1) of the Companies Act, 2013. However, the 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. 1.96 crores to General Reserve for the financial year 2018-19 (Previous year - Rs. 0.85 cores).

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes have occurred or commitments made after 31st March, 2019, 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), commodity price risks, foreign exchange fluctuation risks, legislative and regulatory risks, environmental risks (including natural disasters), operational risks (markets, production, technology, etc.), IT & Cyber Security risks, 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. The Directors also bring to the notice of, and caution, the Committee of a risk perceived by them.

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 Whole-time Directors - Mr. Yugo Hashimoto, the Managing Director & CEO (appointed w.e.f 10th August, 2018) and Mr. Gopal Bansal, Whole-time Director & CFO. On the recommendations 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/technical education etc.

Annual Report on CSR activities for the year ended 31st March 2019 is attached as **Annexure D**.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, performance evaluation of the Directors, the Board 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.

During the year, the Board has amended the said Policy (effective from 1st April, 2019) in accordance with the amendments to SEBI (Prohibition of Insider Trading Regulations), 2015 enabling employees to report instances of leak of Unpublished Price Sensitive Information.

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

SECRETARIAL STANDARDS

The Company has duly complied with the applicable Secretarial Standards 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, 2019, 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, 2019 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.

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 web link: <http://smlisuzu.com/Financials/FamiliarisationProgramme.aspx>

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, were appointed as the Secretarial Auditors of the Company to carry out the Secretarial Audit of the Company for fiscal 2018-19.

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 Auditor's Report on the Audited Financial Statements of the Company, for the year under review, does not contain any qualification.

The remarks of Statutory Auditor on the Internal Financial Controls is provided hereunder :

"According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2019:

The Company did not have an appropriate internal control system to ensure that the purchases were recorded in accordance with the approved purchase orders, which could potentially result in over/ understatement of purchases and may result in unauthorized payments to vendors. Additionally, as described in note 44 of the financial statements, there is an ongoing investigation being carried out by an external firm in relation to allegations received by the Company with regard to certain operational and financial matters. Pending the final outcome of this investigation, completeness of identification of deficiencies cannot be ascertained.

In our opinion, except for the effects/ possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls 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 (the "Guidance Note").

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2019 financial statements of the Company, and the material weakness does not affect our opinion on the financial statements of the Company."

The Management's response on the above remarks of Statutory Auditor :

The observations of the Auditors pertained to some control deficiencies that existed during the implementation phase of new ERP system (SAP) recently adopted by the Company and the Management has already taken appropriate corrective actions. No financial loss has been incurred by the Company on account of this. The other observation of the Auditors is self-explanatory.

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 (except as mentioned above) in the design or operation were observed.

During the year, the Company had received allegations in respect of certain operational and financial matters from President – Worker Union and a former employee. The Company investigated these allegations internally. While the work performed internally did not indicate any material financial impropriety, the Company considered it appropriate to engage an external independent firm which possesses the necessary skills to carry out such work, including evaluation of the appropriateness of certain transactions. As on date, this investigation is ongoing and the Company expects it to be completed by 30th September 2019.

Based on an assessment of the findings that have resulted from the investigation so far performed by the said external firm, the Company is of the view that while there may have been some control deficiencies, there is no evidence that indicates the likelihood of any material adjustment to the Company's financials.

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**.

COST RECORDS

There are no cost records which are prescribed under Section 148(1) of the Companies Act for any of the products manufactured / services rendered by the Company.

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 appreciation for the committed services of the employees of the Company at all levels.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dated: 14th August, 2019

S.K. TUTEJA
Chairman

YUGO HASHIMOTO
Managing Director & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY REVIEW

A strong start by the Commercial Vehicle Industry (CVI) for fiscal 2018-19, which continued through the first half of the financial year, was dampened by a severe reversal in demand in the second half of the year caused by several adverse factors, including among others, implementation of the regulatory changes in axle norms, which in turn raised the load carrying capacity of trucks resulting in lower demand, sudden deterioration in availability of credit triggered by the crisis in the non banking financial sector, fleet operators viability concerns on account of factors such as subdued economic growth, freight availability and freight rates. During the second half of fiscal 2018-19, the domestic industry growth fell to 3.3 percent against 37.8 percent in first half.

For the full year 2018-19, the domestic CVI grew by 17.6 percent over the preceding year driven by strong demand in light commercial vehicle (LCV Truck) segment which grew by 20.8 percent aided by discretionary consumption, demand from e-commerce sector and last mile connectivity in both urban and rural markets and also the medium and heavy truck (M&HCV) segment which achieved a growth of 15.3 percent supported largely by healthy demand from the construction sector. The Bus segment registered a growth of 7.8 percent aided by higher order inflows from state road transport undertakings and stable demand from schools & colleges.

Segment	Domestic			Exports		
M&HCVs	2017-18	2018-19	% Change	2017-18	2018-19	% Change
Trucks	3,04,664	3,51,128	15.3%	31,915	40,388	26.5%
Buses	36,117	39,612	9.7%	12,178	8,286	-32.0%
Total M&HCVs-A	3,40,781	3,90,740	14.7%	44,093	48,674	10.4%
LCVs						
Trucks	4,67,133	5,64,409	20.8%	48,622	47,163	-3.0%
Buses	49,002	52,170	6.5%	4,150	4,094	-1.3%
Total LCVs-B	5,16,135	6,16,579	19.5%	52,772	51,257	-2.9%
Total (A+B)	8,56,916	10,07,319	17.6%	96,865	99,931	3.2%

Source: SIAM Flash Report March 2019

2. INDUSTRY OUTLOOK

Presently, domestic CVI market continues to reel under the impact of multiple factors, as explained above, with demand contracting for both M&HCVs and LCVs. During April-July, 2019 period, domestic CVI volumes contracted by 13.6 percent to reach 2,65,200 against 3,06,800 achieved during the corresponding period of the previous year. The Company has sold 5,195 vehicles during four months April-July, 2019 period against 5,284 in the corresponding period of the previous year - a drop of 1.7 percent.

The Industry's low sales during the first four months of the current year are reflective of this continuing downturn. The outlook for CVI is far from rosy: all indications are that demand for all the segments of the industry will remain under pressure due, in principle, to the uncertainty created by regulatory changes in engine and fuel usage, both leading to increased costs, inventory being carried by dealers of the pre-regulatory changes and most importantly the continuing lack of finances available to the trade.

The possible redeeming factors are that demand in LCV segment may improve with recovery in consumption-driven sectors and investments in e-commerce space. Also, the Bus segment may grow with replacement-led demand from state road transport undertakings and continuation of improvement in public transport segment across various cities. Potential pre-buying of BSIV compliant vehicles ahead of implementation date of BSIV norms may also aid to some extent. These factors give some hope for rest of the year.

The Company is fully geared to take advantage of the expected improvement in demand. With launch of new Global Series truck range and addition of new bus models in Company's existing product portfolio such as wider BH series bus range, Executive LX 5100 and upgraded Global Series Bus range, the Company is well placed to face competition in all its segments of vehicles.

3. COMPANY PERFORMANCE

The Company has sold 13,602 vehicles in 2018-19 against 11,355 in the previous year. Break up of sales is given hereunder:

(Nos.)

	2018-19	2017-18
Passenger vehicle (buses)	8,021	6,097
Cargo vehicles	5,581	5,258
Total	13,602	11,355

Total Income for 2018-19, is Rs. 1,413.7 crores against Rs. 1,177.3 crores in the preceding year, as detailed below:

(Rs. in Crores)

	2018-19	2017-18
Sale of Vehicles	1,299.5	1,080.3
Sale of Spare Parts	92.0	79.6
Other operating income	17.7	14.3
Other income	4.5	3.1
Total Income*	1,413.7	1,177.3

* Total Income for the year 2018-19 is net of Goods and Services Tax (GST), whereas excise duty forms part of Total Income for year 2017-18

Material cost at 75.1% (74.7%) of total income was higher on account of increase in commodity prices.

Employee costs at Rs. 166.7 crores (Rs. 146.1 crores) were 11.8% (12.4%) of total income.

Marketing costs (including allowance for doubtful trade receivables, packing & freight, warranty, sales promotion and royalty expense) at Rs. 55.4 crores were 3.9% (4.2%) of total income.

Other operating & administrative expenses at Rs. 51.4 crores made up 3.6% (4.6%) of total income.

Depreciation charge at Rs. 38.4 crores (Rs. 28.4 crores), was higher due to additions made to plant & machinery and other facilities.

Higher sales volume has resulted in rise in operating profit to Rs. 78.9 crores (5.6% of total income) against Rs. 48.4 crores (4.1% of total income) earned in the fiscal 2017-18.

Finance costs increased to Rs. 16.1 crores (Rs. 10.5 crores), again because of the aforementioned investments in plant and other facilities.

Profit before tax increased to Rs. 24.3 crores (1.7% of total income) against previous year's Rs. 9.5 crores (0.8% of total income). Profit after tax was Rs. 19.6 crores (Rs. 8.5 crores), which translates to an earnings per share of Rs. 13.5 (Rs. 5.9).

Net worth of the Company as on 31st March, 2019 was Rs. 413.6 crores against Rs. 398.1 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. 399.1 crores (Rs. 383.6 crores).

Year-end short term and long term borrowings (Term Loan and ECB loan including current maturities) from banks stood at Rs. 110.1 crores (Rs. 70.0 crores) and Rs. 134.8 crores (Rs. 140.2 crores).

Property, Plant & Equipment including Capital Work in progress, and Intangible assets stood at Rs. 407.0 crores (Rs. 399.9 crores).

Inventories at the year-end at Rs. 423.8 crores increased from last year's level of Rs 363.8 crores 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. 148.7 crores (Rs. 117.3 crores) and trade payables were Rs. 272.3 crores (Rs. 211.8 crores).

Cash & Bank Balances (including Fixed Deposits with Banks) were Rs. 30.2 crores (Rs. 22.0 crores).

KEY FINANCIAL RATIOS

Particulars	Year ended		% change
	31 March 2019	31 March 2018	
(i) Debtors Turnover	10.63	10.15	4.8%
(ii) Inventory Turnover	2.70	2.67	0.9%
(iii) Interest Coverage Ratio	2.51	1.90	32.3%
(iv) Current Ratio	1.27	1.36	-7.3%
(v) Debt Equity Ratio	0.60	0.53	11.9%
(vi) Operating Profit Margin (%)	5.58%	4.11%	35.8%
(vii) Net Profit Margin (%)	1.38%	0.72%	91.8%
(viii) Return on net worth (%)	4.47%	2.04%	118.8%

Interest Coverage Ratio for the year ended 31st March, 2019 has improved on account of higher profit before interest and tax.

Operating profit margin for FY 2018-19 is higher due to increase in sales volume from 11,355 in 2017-18 to 13,602 in 2018-19.

Net Profit Margin and Return on Net Worth for FY 2018-19 is also higher on account of increase in quantum of profit after tax and total comprehensive income.

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.

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 commitment 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 workforce through various forums. Employees' strength as on 31st March, 2019 was 1059 (1060).

6. OPPORTUNITIES AND THREATS

Long term outlook for commercial vehicle industry remains positive, backed by expected improvement in industrial activity going forward, increasing Government focus on infrastructure development, agriculture and rural economy and rising consumption expenditure. Additionally, Government's thrust on improvement in mobility solutions and other initiatives such as Smart City Program and demand from inter-city transport system are expected to drive growth in the bus segment.

The key challenges during fiscal 2019-20 and going forward for the Company would be preparing itself to comply with series of new regulations announced / to be announced by the Government. The Company has taken appropriate steps to meet the prescribed timelines on the notified BS-VI emission norms.

All above 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 economic conditions, including, among other things, rate of economic growth, availability of finance and its cost, environmental and tax policies, freight rates, fuel and commodity prices. Unfavorable trends in any of these factors pose the risk of demand contraction for commercial vehicles.

Transformation from BSIV(4) to BSVI(6) and other regulatory changes 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 distribution of the Company's products and, therefore, will raise prices of vehicles.

To meet the above challenges, the Company is continuing its focus on - product development, innovative and cost effective technology solutions, cost cutting, improvements in after sale service for enhanced customers satisfaction, brand promotion activities, upgrading distribution network and empowering dealers' 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, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

CORPORATE GOVERNANCE REPORT

The Company follows principles of good corporate governance, disclosure and transparency giving due attention 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 commitment 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; three whole-time Directors and five non-executive Directors. Out of total five non-executive Directors, four are from the Promoter group, Sumitomo Corporation, Japan and one is 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 Board of Directors, based on the declarations received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions specified in Listing Regulations and are independent of the management of the Company.

The Managing Director & CEO, and the Whole-time Director & CFO and Director-Quality Assurance are all professionals. The Managing Director & CEO has been an employee of the Company's Promoter group - Sumitomo Corporation, and Director-Quality Assurance, an employee of Isuzu Motors.

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, 5 Board Meetings were held on 23rd May 2018, 9th August 2018, 14th November 2018, 8th February 2019 and 25th March, 2019. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

- a) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies as on March 31, 2019 are given below :

Name of Director (DIN No.)	Category	Board Meetings during 2018-19		Attendance at the AGM held on 09.08.2018	Directorships in other Companies* (as on 31.03.2019)		No. of Committee Positions in Companies# including SML ISUZU LIMITED (as on 31.03.2019)	
		Meetings Held	Board Meetings Attended		Public	Private	Chairman	Member
Mr. Surender Kumar Tuteja Chairman (00594076)	Independent Non-Executive	5	5	Yes	8	6	5	5
Mr. Pramod Kumar Nanda (00213613)	Independent Non-Executive	5	5	Yes	1	-	1	1
Mr. Ashish Kumar Thakur (00031778)	Independent Non-Executive	5	5	Yes	2	-	1	2
Mr. Sudhir Nayar (00200415)	Independent Non-Executive	5	5	Yes	-	-	-	1
Dr. (Mrs.) Vasantha S. Bharucha (02163753)	Independent Non-Executive	5	5	Yes	1	-	-	1
Mr. Gota Iwanami (08094102)	Non-Executive	5	5	Yes	-	-	-	-
Mr. Kazuo Goda (07572151)	Non-Executive	5	3	Yes	-	-	-	-
Mr. Masaki Morohoshi (07302404)	Non-Executive	5	5	Yes	-	3	-	-
Mr. Pankaj Bajaj (00337925)	Non-Executive	5	5	Yes	-	1	-	-
Mr. Eiichi Seto (02704734) (Resigned from the post of Managing Director & CEO w.e.f 10.08.2018)	Non-Executive	5	5	Yes	-	-	-	-
Mr. Tadanao Yamamoto (08291307) Director- Quality Assurance (appointed w.e.f 30.11.2018)	Executive	2	2	NA	-	-	-	-
Mr. Gopal Bansal (06836592) Whole time Director & CFO	Executive	5	5	Yes	-	-	-	2
Mr. Yugo Hashimoto (08165797) Managing Director & CEO (appointed w.e.f. 10.08.2018)	Executive	4	4	Yes	-	-	-	1
Mr. Takeru Kikkawa (03107280) (ceased w.e.f 14.11.2018)	Non-Executive	2	2	Yes	NA	NA	NA	NA
Mr. Takahiro Imai (07796387) (ceased w.e.f 14.11.2018)	Non-Executive	2	1	No	NA	NA	NA	NA

Note: * 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.

- 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.
- 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.
- As on March 31, 2019, 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.
- None of the independent Directors is an independent Director in more than 7 listed companies and whole-time Director in any listed Company

b) Details of Directors holding Directorship in Listed Entities including SML Isuzu Limited and the category of their Directorship:

Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. Surender Kumar Tuteja Chairman (00594076)	SML Isuzu Limited A2Z Infra Engineering Limited Shree Renuka Sugars Limited Havells India Limited	Independent Director Independent Director Independent Director Independent Director
Mr. Pramod Kumar Nanda (00213613)	SML Isuzu Limited JMG Corporation Limited	Independent Director Non-Executive Director
Mr. Ashish Kumar Thakur (00031778)	SML ISUZU Limited Rama Phosphate Limited	Independent Director Independent Director
Mr. Sudhir Nayar (00200415)	SML Isuzu Limited	Independent Director
Dr. (Mrs.) Vasantha S. Bharucha (02163753)	SML Isuzu Limited Triveni Turbines Limited	Independent Director Independent Director
Mr. Gota Iwanami (08094102)	SML Isuzu Limited	Non-Executive Director
Mr. Kazuo Goda (07572151)	SML Isuzu Limited	Non-Executive Director
Mr. Masaki Morohoshi (07302404)	SML Isuzu Limited	Non-Executive Director
Mr. Pankaj Bajaj (00337925)	SML Isuzu Limited	Non-Executive Director
Mr. Eiichi Seto (02704734)	SML Isuzu Limited	Non-Executive Director
Mr. Tadanao Yamamoto Director-Quality Assurance (08291307)	SML Isuzu Limited	Whole-time Director
Mr. Gopal Bansal Whole-time Director & CFO (06836592)	SML Isuzu Limited	Whole-time Director
Mr. Yugo Hashimoto Managing Director & CEO (08165797)	SML Isuzu Limited	Whole-time Director

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, 2019. A copy of the certificate was placed before the Board of Directors at their meeting held on 28th May, 2019 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 familiarization programme for Independent Directors can be accessed from the website of the Company at the web link <http://smlisuzu.com/Financials/FamiliarisationProgramme.aspx>

SKILLS / EXPERTISE / COMPETENCIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company brings a vast range of skills and experience from various field, functions and sectors, which enhance the governance framework of the Company and the Board's decision making process. The Board has identified strategic planning, knowledge with regard to Company's business / activities, understanding of industry, sales & marketing, risk management, accounting & financial expertise as the key skills/expertise/competencies for the effective functioning of the Company and the same are currently available with the Board.

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

The Company currently has six Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Executive Committee.

During the year, the Board has revised the terms & reference of Stakeholders Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee in line with the amendments to the Listing Regulations, effective from 1st April, 2019.

Audit Committee

The members of Audit Committee possess vast experience in and knowledge of corporate affairs and finance. During the financial year under review, five meetings of Audit Committee were held on 22nd May 2018, 8th August 2018, 13th November 2018, 7th February 2019 and 25th March, 2019. During the year, the Audit Committee also passed two resolutions by circulation dated 26th April, 2018 and 26th June, 2018 with the consent of all the Members. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 9th August, 2018. The Committee also met on 27th May 2019, prior to the finalization of the Accounts for fiscal 2018-19.

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 2018-19
Mr. P. K. Nanda, Chairman	Independent, Non-Executive	5
Mr. A. K. Thakur	Independent, Non-Executive	5
Mr. Sudhir Nayar	Independent, Non-Executive	5
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	5

Note: The tenure of Mr. P.K.Nanda & Mr. A.K.Thakur shall come to an end on 21st September, 2019. The Board has appointed Mr. S.K. Tuteja (Non-Executive Independent Director) as Chairman in place of Mr. P.K. Nanda and Mr. Chandra Shekhar Verma (Non-Executive Independent Director) as Member in place of Mr. A.K.Thakur w.e.f. 22nd September, 2019.

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 the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports /statutory notices by the shareholders of the company.
- Transfer / transmission of shares, de-materialization / re-materialization of shares, issue of duplicate share certificates and such other functions as may be stipulated under the Companies Act, 2013 / SEBI Regulations.

During the financial year ended 31st March, 2019, 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 2018-19
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	11
Mr. Eiichi Seto*	Executive (Managing Director & CEO)	4
Mr. Yugo Hashimoto**	Executive (Managing Director & CEO)	6
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	11

*Ceased as Member w.e.f. 10.08.2018

** Appointed as Member w.e.f. 10.08.2018

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

The Company received 1475 queries / requests from the shareholders which, inter-alia, included queries/ requests related to dematerialization / re-materializaion of shares, updation of PAN & Bank mandate, 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 2019.

Total of 11 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, 2019, 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 are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- Formulation of criteria for evaluation of director's performance including independent directors and the Board.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Consider extension or continuation of the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors.

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 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 2018-19
Mr. P.K. Nanda, Chairman	Independent, Non-Executive	4
Mr. S.K. Tuteja	Independent, Non-Executive	4
Mr. Gota Iwanami	Non-Executive	4
Mr. Eiichi Seto (Appointed w.e.f. 10.08.2018)	Non-Executive	3

Note: The tenure of Mr. P.K. Nanda shall come to an end on 21st September, 2019. The Board has appointed Mr. Sudhir Nayar (Non-Executive Independent Director) as Chairman in place of Mr. P.K. Nanda w.e.f. 22nd September, 2019.

During the year, four meetings of the Committee were held on 23rd May, 2018, 14th November, 2018, 8th February, 2019 and 25th March, 2019.

Nomination and Remuneration Policy:

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

During the year, the Company has amended the Policy (effective 1st April, 2019), in accordance with the amendments to Listing Regulations. The amended Policy is available on the Company's website at web-link: <http://smlisuzu.com/Financials/NRCPolicy.pdf>

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 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 2018-19.

Whole-time Directors

(Amount in Rs.)

Name of Director	Salary (Basic & DA & Special Allowance)	Allowances (including HRA, Leave Travel)	Commission for the FY 2017-18	Contribution to Provident and other Funds	Other Perquisites	Stock Option	Total	Service Contract (Tenure)
Eiichi Seto Managing Director & CEO	22,69,355	-	16,34,000	-	5,95,016	-	44,98,371	Ceased w.e.f. 10.08.2018 (Refer Note a)
Yugo Hashimoto Managing Director & CEO (joined w.e.f. 10th August 2018)	40,47,581	-	-	-	10,12,941	-	50,60,522	Upto 09.08.2023 (Refer Note b)
Gopal Bansal Whole-time Director & CFO	78,00,000	57,66,667 (Refer Note c)	16,34,000	18,36,000	2,43,439	-	1,72,80,106	Upto 10.02.2021
Tadanao Yamamoto Director-Quality Assurance (joined w.e.f. 30th November 2018)	15,32,667	-	-	-	4,21,133	-	19,53,800	Upto 29.11.2020
Takahiro Imai Director - R&D (Isuzu Products & Projects)	3,54,667	-	-	-	75,696	-	4,30,363	Ceased w.e.f. 28.04.2018 (Refer Note d)

Note:

- Resigned from the post of MD & CEO w.e.f. 10.08.2018. However, he is continuing as a Non-Executive Director.
- Appointed as MD & CEO w.e.f. 10.08.2018.
- Includes Encashment of Earned leaves Rs. 28,66,667/-
- Resigned from the post of Director - R&D w.e.f. 28.04.2018.
- No notice period and severance fee is payable to any Director.

Name of the Member	Sitting Fees	Commission [^]
Mr. S.K. Tuteja	9,40,000	3,00,000
Mr. P.K. Nanda	6,10,000	3,00,000
Mr. A.K. Thakur	4,90,000	3,00,000
Mr. Sudhir Nayar	4,90,000	3,00,000
Dr. (Mrs.) Vasantha S. Bharucha	3,40,000	3,00,000

Note: [^]Related to financial year 2017-18 and paid in financial year 2018-19.

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 2018-19, 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 2018-19
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	2
Dr. (Mrs.) Vasantha S. Bharucha	Independent, Non-Executive	2
Mr. Eiichi Seto*	Non-Executive	1
Mr. Yugo Hashimoto**	Executive (Managing Director & CEO)	1
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	2

*Ceased as Member w.e.f. 10.08.2018

** Appointed as Member w.e.f. 10.08.2018

During the year two meetings were held on 23rd May 2018 and 25th March 2019.

Risk Management Committee

The Risk Management Committee is entrusted with the functions of overseeing the efficacy of the risk management framework of the Company, specifically covering cyber security risks, including the mitigation measures taken by the management and appropriately report to the Board about the same.

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 2018-19
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

Note: The tenure of Mr. P.K.Nanda & Mr. A.K.Thakur shall come to an end on 21st September, 2019. The Board has appointed Mr. S.K. Tuteja (Non-Executive Independent Director) as Chairman in place of Mr. P.K. Nanda and Mr. Chandra Shekhar Verma (Non-Executive Independent Director) as Member in place of Mr. A.K.Thakur w.e.f. 22nd September, 2019.

During the year, two meetings were held on 8th August 2018 and 6th February, 2019.

Executive Committee

During the year, the Executive Committee was set up by the Board on 9th August, 2018 to periodically monitor the transition of new CEO, Capex and performance of Company and matters connected with Divisional heads.

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 2018-19
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	5
Mr. Yugo Hashimoto	Executive (Managing Director & CEO)	5
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	5

During the year five meetings were held on 24th September, 2018, 22nd October, 2018, 15th December, 2018, 28th January, 2019 and 7th March, 2019.

DISCLOSURES

1. Details of General Meetings

(i) Annual General Meetings:-

Financial Year	Date	Time	Venue	Special Resolutions passed
2015-16	05.08.2016	03:30 PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Nil
2016-17	22.09.2017	01:00 PM	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)
2017-18	09.08.2018	03:00 PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr) Punjab	<ol style="list-style-type: none"> Continuation of appointment of Mr. P.K. Nanda as an Independent Director Continuation of appointment of Mr. A.K. Thakur as an Independent Director Approval of payment of minimum remuneration to Mr. Eiichi Seto, Managing Director & CEO, in case of no profits/inadequate profits. Approval for payment of minimum remuneration to Mr. Gopal Bansal, Whole-time Director & CFO, in case of no profits/inadequate profits. Appointment of Mr. Yugo Hashimoto as Managing Director & Chief Executive Officer. Alteration of Memorandum of Association of the Company. Adoption of new Articles of Association of the Company

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 2018-19.

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 36 to the Financial Statements.

During the year, the Board has amended the Policy on Related Party Transactions in accordance with the amendments to Listing Regulations. The amended Policy is available on the Company's website at 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 accordingly provides for direct access to the Chairman of the Audit Committee.

During the year, the Board has modified the said policy (effective from 1st April, 2019) in accordance with the amendments to SEBI (Prohibition of Insider Regulations) 2015, enabling employees to report instances of leak of Unpublished Price Sensitive Information.

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

The Company has instituted a comprehensive Code of Conduct for prevention of insider trading in compliance with SEBI (Prohibition of Insider Regulations) 2015. 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.

During the year, the Board has modified the said Code (effective from 1st April, 2019) in accordance with the amendments to SEBI (Prohibition of Insider Regulations) 2015. This modified Code of Conduct is applicable to Promoters, Directors, KMPs, Designated Employees and such other persons as may be determined by the Compliance Officer.

Further, in accordance with the said amendment, the Board has also modified the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" and has formulated the "Policy for determination of legitimate purposes" and "Policy and Procedure and inquiry in case of leak/suspected leak of unpublished price sensitive information", effective from 1st April, 2019.

6. Total fees for all services paid by the Company to the statutory Auditors

Total fees of Rs. 72.63 lacs (including out of pocket expenses) for financial year 2018-19, for all services, was paid by the Company, on a consolidated basis, to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part.

7. Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Number of complaints filed during the financial year 2018-19	Nil
Number of complaints disposed off during the financial year 2018-19	Nil
Number of complaints pending as on end of the financial year 2018-19	Nil

8. Secretarial Compliance Report

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The Company has engaged the services of M/s A. Arora & Co., a firm of Company Secretaries in practice, for providing this certification.

The said Secretarial Compliance Report, has been submitted to the Stock Exchange(s) within stipulated time.

9. Certificate from Practicing Company Secretary

All the Directors of the Company have submitted a declaration stating that they are not debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Directors of Companies. M/s A. Arora & Co., a firm of Company Secretaries in practice, has submitted a certificate to this effect.

10. 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 2019.

11. 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).

12. Management Discussion and Analysis Report

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

13. 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.

14. 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

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.

15. Policy on determining Material Subsidiary

The Company has no subsidiary.

SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Date	:	30th September, 2019 (Monday)
Time	:	1:00 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 30th June, 2019	:	14th August, 2019
Quarter ending 30th Sept., 2019	:	1st/2nd week of November, 2019
Quarter ending 31st Dec., 2019	:	1st/2nd week of February, 2020
Year ending 31st March 2020	:	May, 2020

3. Book Closure : 21st September, 2019 to 30th September, 2019 (both days inclusive)

4. Dividend Payment date : within 30 days from date of Annual General Meeting

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 2019-20 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, 2019, 98.11% 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.

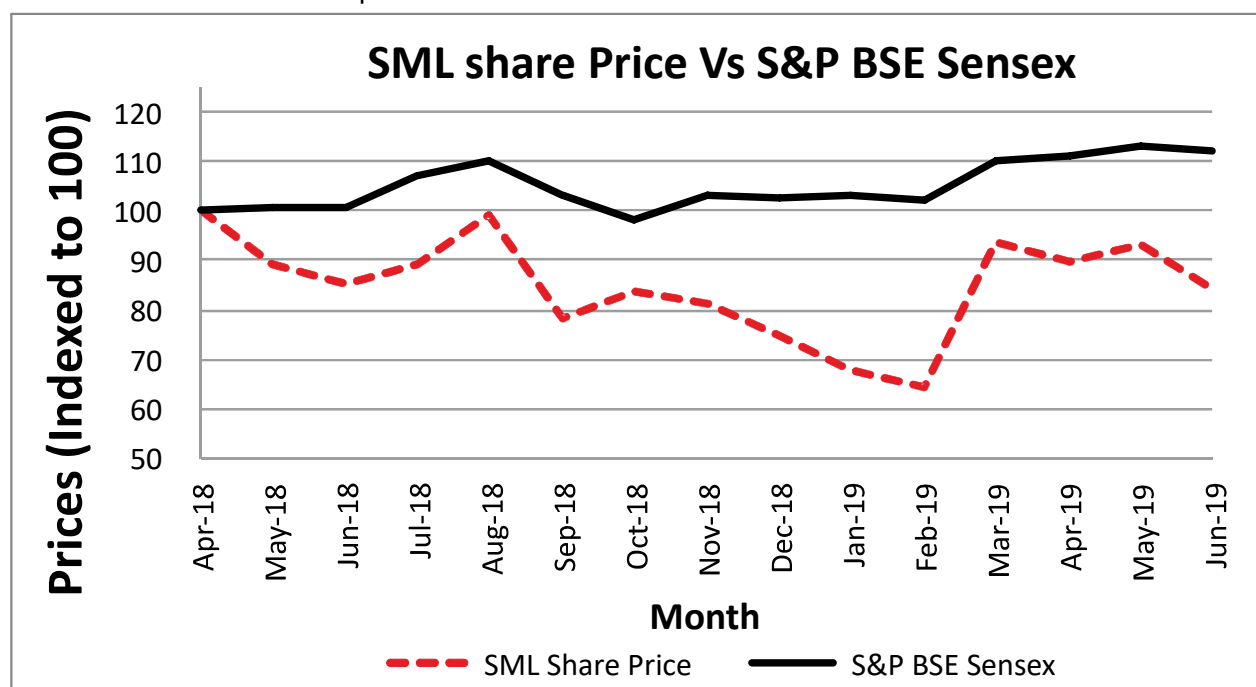
9. Stock Market Data

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

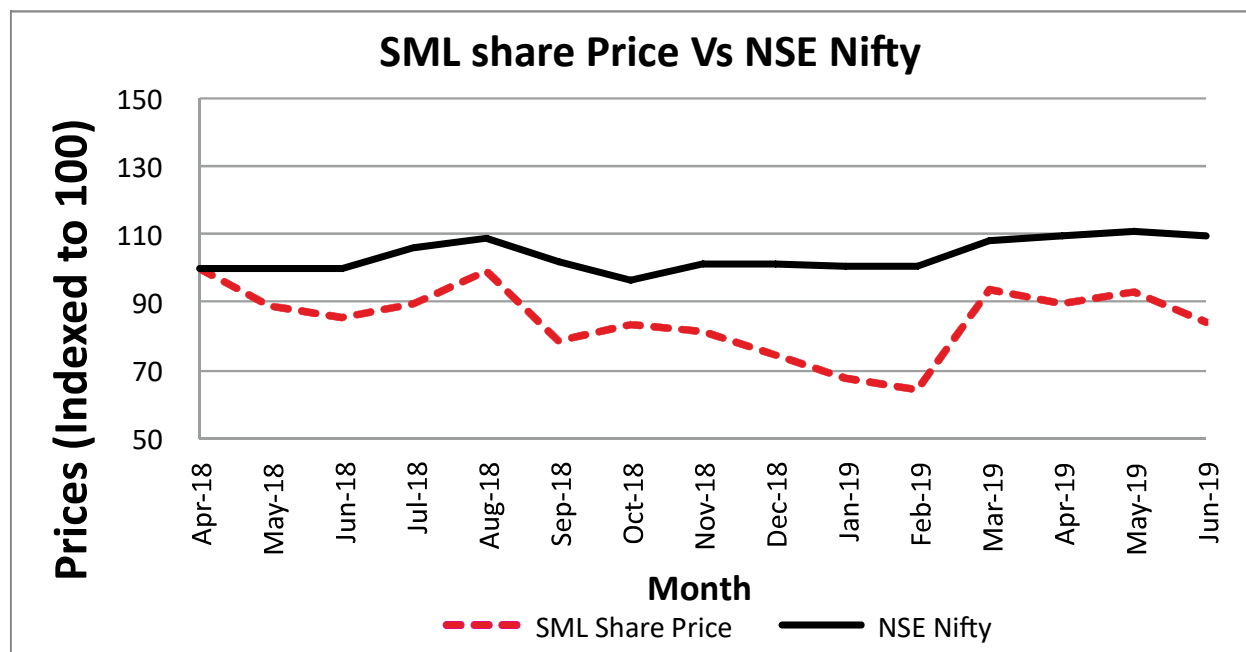
Month	BSE Limited (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2018				
April	905	760	903	755
May	929	743	930	742
June	835	735	838	735
July	822	720	823	718
August	910	793	910	790
September	900	681	899	678
October	754	610	757	612
November	762	665	765	666
December	720	648	730	651
2019				
January	679	582	683	580
February	605	520	610	518
March	875	565	876	570
April	900	780	902	783
May	863	720	866	721
June	877	721	878	722

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 2018-19 was 3,710 (Previous Year 5,069)

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 2011 to IEPF. Further, amount of Unclaimed Dividend for financial year 2011-12 is due for deposit to the Investors Education and Protection Fund on 24th August, 2019. 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 to Investor Education and Protection Fund (IEPF) relating to dividend which have remained unclaimed for seven consecutive years

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 2018-19, the Company had transferred 29,314 equity shares in respect of FY 2010-11 to the IEPF Account after following the prescribed procedure.

Members who have not encashed their Dividends in respect of financial year 2011-12 to 2017-18 are requested to lodge their claims with the Company. 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. Ajay Dalal

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. Company 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').

16. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.**17. Commodity Price Risks**

The Company being a user of wide variety of commodities (directly or indirectly) is exposed to commodity price risk. The commodities such as steel & its derivatives - castings & forgings; rubber, plastics, etc. are either purchased directly or components are purchased from suppliers, who procure and process these commodities. The Company procures most of its commodities indirectly and accordingly, the direct purchase value of commodities by the Company is low. However, any changes in prices of commodities impact procurement cost of components.

The Company has a risk management framework for identifying, monitoring and mitigating such risks.

Total Exposure of the Company to various commodities (Purchased Directly):

Commodity Name	Exposure in INR towards the particular commodity	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Steel (Sheet Metal)	Rs. 4,298 lacs	7300 ton	Nil	Nil	Nil	Nil	Nil
Castings (Steel)	Rs. 5,278 lacs	6736 ton	Nil	Nil	Nil	Nil	Nil

Presently, the Commodity Price Risks are managed without any hedging.

18. Foreign exchange risk

Risk associated with foreign exchange transactions for the Company is not material. Particulars of the foreign currency exposures have been covered in Note 38 to Financial Statements.

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

As on 31st March 2019, no shares were lying under the Demat Suspense Account/Unclaimed Suspense Account.

20. Shareholding Pattern as on 30th June 2019

Category	No. of Shareholders	Voting Strength %	No. of Shares held
Promoters	1	43.96	6,36,2306
Foreign Body Corporate	1	15.00	2,170,747
Mutual Funds & UTI	1	1.00	144,887
FII/Banks	3	0.09	13,021
Foreign Portfolio Investors	18	5.24	758,406
Alternate Investment Fund	2	0.42	60,959
NBFCs registered with RBI	6	0.04	4,969
Other Bodies Corporate	419	3.47	502,650
Trust	5	0.06	7,740
NRI	941	2.78	402,737
IEPF Authority MCA	1	1.31	189,378
Individuals	28849	26.63	3,853,846
TOTAL	30247	100.00	14,471,646

21. Distribution of Shareholding as on 30th June 2019

No. of Equity Shares held	No. of Shareholders	No. of Shares	%age of Shareholding
1-500	29326	1,875,697	12.96
501-1,000	502	385,549	2.66
1,001-2,000	226	332,131	2.30
2,001-3,000	73	183,136	1.26
3,001-4,000	27	92,346	0.64
4,001-5,000	15	69,125	0.48
5,001-10,000	36	257,261	1.78
10,001-50,000	28	565,576	3.91
50,001-100,000	3	180,929	1.25
100,000 above	11	10,529,896	72.76
TOTAL	30247	14,471,646	100.00

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

23 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

24. 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 Management – Executives of the Company who are members of its core management team and one level below the Chief Executive Officer/ Managing Director/ Whole-time Director.

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, 2019
[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	32%
2	Bus	29109	60%

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, 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 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% 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)	NRIs-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	375204	1100	376304	2.60	200833		200833	1.39	-1.21
(b)	Banks/FI	6433	850	7283	0.05	12356	850	13206	0.09	0.04
(c)	Central Govt.	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	17000	-	17000	0.12	-	-	-	-	-0.12
(g)	FIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Foreign Portfolio Investors	837800	-	837800	5.79	764903	-	764903	5.29	-0.50
	Sub-Total (B)(1)	1236437	1950	1238387	8.56	978092	850	978942	6.77	-1.79

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% 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	750829	1101	751930	5.20	717068	300	717368	4.96	-0.24
(ii)	Overseas	2170747	-	2170747	15.00	2170747		2170747	15.00	-
(b)	Individuals									
(i)	Individual Shareholders holding nominal share capital upto Rs.1 lakh	2730695	272368	3003063	20.75	2592242	221730	2813972	19.45	-1.30
(ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	495196	-	495196	3.42	921492	-	921492	6.37	2.95
(c)	Any Other									
(i)	NBFCs Registered with RBI	253	-	253	-	253	-	253	-	-
(ii)	Trust & Foundation	2090	-	2090	0.01	8240	-	8240	0.06	0.05
(iii)	Cooperative Societies	-	-	-	-	-	-	-	-	-
(iv)	Non Resident Individual	229760	57650	287410	1.99	257748	51000	308748	2.13	0.14
(v)	IEPF MCA	160264		160264	1.11	189578		189578	1.31	0.20
	Sub-Total (B)(2)	6539834	331119	6870953	47.48	6857368	273030	7130398	49.27	1.79
	Total Public Shareholding (B)=(B)(1)+(B)(2)	7776271	333069	8109340	56.04	7835460	273880	8109340	56.04	-
(C)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL(A+B+C)	14138577	333069	14471646	100.00	14197766	273880	14471646	100.00	-

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			% 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 Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year (as on 01.04.2018)		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 Shareholding 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 01.04.2018)		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%	31.03.2019	At the end of year			2170747	15.00%
2	NATIONAL WESTMINSTER BANK PLC AS THE TRUSTEE OF THE JUPITER INDIA FUND	475218	3.28%						
				06.04.2018	Purchase of shares	5421	0.04%	480639	3.32%
				21.09.2018	Sale of shares	1506	0.01%	479133	3.31%
				29.09.2018	Sale of shares	16760	0.11%	462373	3.20%
				05.10.2018	Sale of shares	7257	0.06%	455116	3.14%
				31.03.2019	At the end of year			455116	3.14%
3	SACHIN BANSAL	229999	1.59%						
				06.04.2018	Purchase of shares	80896	0.56%	310895	2.15%
				27.04.2018	Purchase of shares	26610	0.18%	337505	2.33%
				04.05.2018	Sale of shares	79055	0.54%	258450	1.79%
				11.05.2018	Sale of shares	3450	0.03%	255000	1.76%
				18.05.2018	Sale of shares	1831	0.01%	253169	1.75%
				25.05.2018	Sale of shares	4670	0.03%	248499	1.72%
				01.06.2018	Sale of shares	43505	0.30%	204994	1.42%

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2018)		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
				08.06.2018	Sale of shares	4994	0.04%	200000	1.38%
				06.07.2018	Sale of shares	417	0.00%	199583	1.38%
				13.07.2018	Purchase of shares	342	0.00%	199925	1.38%
				20.07.2018	Purchase of shares	75	0.00%	200000	1.38%
				24.08.2018	Purchase of shares	50644	0.35%	250644	1.73%
				31.08.2018	Purchase of shares	9356	0.07%	260000	1.80%
				07.09.2018	Sale of shares	20000	0.14%	240000	1.66%
				14.09.2018	Sale of shares	2455	0.02%	237545	1.64%
				29.09.2018	Purchase of shares	2455	0.02%	240000	1.66%
				12.10.2018	Purchase of shares	21637	0.15%	261637	1.81%
				19.10.2018	Purchase of shares	18363	0.12%	280000	1.93%
				02.11.2018	Purchase of shares	16288	0.12%	296288	2.05%
				09.11.2018	Purchase of shares	3712	0.02%	300000	2.07%
				22.02.2019	Purchase of shares	10743	0.08%	310473	2.15%
				01.03.2019	Purchase of shares	19257	0.13%	330000	2.28%
				08.03.2019	Purchase of shares	70000	0.48%	400000	2.76%
				29.03.2019	Purchase of shares	49988	0.35%	449988	3.11%
				31.03.2019	At the end of Year			449988	3.11%
4	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LTD A/C ADITYA BIRLA SUN LIFE MNC FUND	144887	1.00%	31.03.2019	At the end of Year			144887	1.00%
5	SAPNA BANSAL	30000	0.21%						
				30.11.2018	Purchase of shares	29980	0.20%	59980	0.41%
				07.12.2018	Purchase of shares	10020	0.07%	70000	0.48%
				14.12.2018	Purchase of shares	16934	0.12%	86934	0.60%
				21.12.2018	Purchase of shares	13066	0.09%	100000	0.69%
				08.02.2019	Purchase of shares	2155	0.02%	102155	0.71%
				15.02.2019	Purchase of shares	26057	0.18%	128212	0.89%
				22.02.2019	Purchase of shares	6788	0.04%	135000	0.93%
				31.03.2019	At the end of Year			135000	0.93%

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2018)		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
6	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND	122758	0.85%						
				06.04.2018	Sale of shares	4535	0.03%	118223	0.82%
				22.02.2019	Sale of shares	8675	0.06%	109548	0.76%
				01.03.2019	Sale of shares	4177	0.03%	105371	0.73%
				15.03.2019	Sale of shares	1570	0.01%	103801	0.72%
				31.03.2019	At the end of Year			103801	0.72%
7	STOCK HOME INDIA LIMITED	-	-						
				09.11.2018	Purchase of shares	20000	0.14%	20000	0.14%
				22.02.2019	Purchase of shares	30000	0.21%	50000	0.35%
				29.03.2019	Purchase of shares	50000	0.34%	100000	0.69%
				31.03.2019	At the end of Year			100000	0.69%
8	SACHIN BANSAL	50000	0.35 %						
				09.11.2018	Purchase of shares	5000	0.03%	55000	0.38%
				16.11.2018	Purchase of shares	10000	0.07%	65000	0.45%
				23.11.2018	Purchase of shares	7947	0.05%	72947	0.50%
				30.11.2018	Purchase of shares	7053	0.05%	80000	0.55%
				22.02.2019	Sale of shares	30000	0.20%	50000	0.35%
				08.03.2019	Purchase of shares	36711	0.25%	86711	0.60%
				15.03.2019	Purchase of shares	20161	0.14%	106872	0.74%
				22.03.2019	Purchase of shares	18915	0.13%	125787	0.87%
				29.03.2019	Sale of shares	28836	0.20%	96951	0.67%
				31.03.2019	At the end of Year			96951	0.67%

Sr. No.	Name of Shareholder's	Shareholding at the beginning of the year (as on 01.04.2018)		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
9	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC(DFAIDG)	60112	0.41%						
				04.05.2018	Purchase of shares	1215	0.01%	61327	0.42%
				11.05.2018	Purchase of shares	2475	0.02%	63802	0.44%
				18.05.2018	Purchase of shares	1089	0.01%	64891	0.45%
				22.06.2018	Purchase of shares	1044	0.01%	65935	0.46%
				20.07.2018	Purchase of shares	2924	0.02%	68859	0.48%
				09.11.2018	Sale of shares	1139	0.01%	67720	0.47%
				30.11.2018	Sale of shares	1132	0.01%	66588	0.46%
				14.12.2018	Sale of shares	2680	0.02%	63908	0.44%
				31.03.2019	At the end of Year			63908	0.44%
10	OPG SECURITIES PRIVATE LIMITED	-	-						
				29.03.2019	Purchase of shares	62372	0.43%	62372	0.43%
				31.03.2019	At the end of Year			62372	0.43%

(v) Shareholding of Directors and Key managerial Personnel

Sr. No.		Shareholding at the beginning of the year (as on 01.04.2018)		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	Mr. S.K.Tuteja holds 1400 shares in the Company			
2	Date wise Increase/Decrease in Shareholding during the year	No Increase/decrease during the year			
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 01.04.2018)				
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
Change in Indebtedness during the financial year				
- Addition	606.85	27,100.00	Nil	27,706.85
- Reduction	Nil	24,234.28*	Nil	24,234.28
Net Change	606.85	2,865.72	Nil	3,472.57
Indebtedness at the end of the financial year (as on 31.03.2019)				
i) Principal Amount	606.85	23,882.22	Nil	24,489.07
iii) Interest accrued but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	606.85	23,882.22	Nil	24,489.07

* Includes repayment of ECB Loan of Rs. 1534.28 lacs (net off foreign exchange fluctuation loss amounting to Rs. 715.72 lacs)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (for FY 2018-19)

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

(Rs. In lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD					Total Amount
		Eiichi Seto Managing Director & CEO\$	Yugo Hashimoto Managing Director & CEO*	Gopal Bansal Whole-time Director & CFO	Tadanao Yamamoto Director-(Quality Assurance)^	T. Imai Director R & D (Isuzu Products & Projects)#	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.69	40.48	135.67	15.33	3.54	217.71
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.95	10.13	9.93	4.21	0.76	30.98
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-

Sl. No.	Particulars of Remuneration	Name of MD / WTD					Total
		Eiichi Seto Managing Director & CEO\$	Yugo Hashimoto Managing Director & CEO*	Gopal Bansal Whole-time Director & CFO	Tadanao Yamamoto Director-(Quality Assurance)^	T. Imai Director R & D (Isuzu Products & Projects)#	
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	- as % of profit	12.09	21.43				33.52
	- others, specify	-	-	-	-	-	-
5	Others (Employer Contribution to PF and Superannuation Fund)	-	-	10.86	-	-	10.86
	Total (A)	40.73	72.04	156.46	19.54	4.30	293.07
	Ceiling as per the Act	Rs.334.3 lacs (being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)					

\$ Resigned from the post of Managing Director & CEO w.e.f 10th August, 2018. However, he is continuing as Non-Executive Director of the Company

* Appointed as Managing Director & CEO of the Company w.e.f. 10th August, 2018.

^ appointed as Director of the Company with effect from 30th November, 2018

ceased to be Director of the Company with effect from 28th April, 2018

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	9.4	4.9	6.1	4.9	3.4	28.7
	● Commission	6.0	6.0	6.0	6.0	6.0	30.0
	● Others	-	-	-	-	-	-
2	Total (1)	15.4	10.9	12.1	10.9	9.4	58.7
	Other Non-Executive Directors	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
3	Total (B)=(1+2)	15.4	10.9	12.1	10.9	9.4	58.7
	Ceiling as per the Act (for Commission)	Rs. 33.4 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. 323.1 lakhs (excluding sitting fee of Rs. 28.7 lakhs)					
	Overall Ceiling as per the Act	Rs.367.8 lakhs (being 11% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)					

C. Remuneration to Key Managerial Personnel other than MD /Manager /WTD
(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	26.44	26.44
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.66	2.66
	(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	-	-
5	Others (Employer Contribution to PF and Superannuation Fund)	3.47	3.47
	Total	32.57	32.57

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the year ended 31st March, 2019.

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. Yugo Hashimoto, Managing Director & CEO to the median remuneration of the employees- 12:1 - 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 –17:1 - Ratio of the remuneration of Mr. Tadanao Yamamoto, Director Quality Assurance to the median remuneration of the employees- 6:1 - Ratio of the remuneration of Mr. Takahiro Imai, Director - R&D (Isuzu Products & Projects) to the median remuneration of the employees - 6:1
(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. Yugo Hashimoto, Managing Director & CEO - NIL - Mr. Eiichi Seto, Managing Director & CEO - NIL - Mr. Gopal Bansal, Whole-time Director & CFO - NIL - Mr. Tadanao Yamamoto, Director- Quality Assurance - NIL - Mr. Takahiro Imai, Director – R&D (Isuzu Products & Projects) - NIL - Mr. Parvesh Madan, Company Secretary - 8.3%
(iii)	Percentage increase in the median remuneration of employees in the financial year	21.5%
(iv)	Number of permanent employees on the rolls of the company	1059
(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 – 2.08% - Average increase in remuneration of employees other than the Managerial Personnel - 21.5%
(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

Notes :

- Mr. Yugo Hashimoto was appointed as Managing Director & CEO of the Company w.e.f 10th August, 2018.
- Mr. Eiichi Seto had resigned from the Post of Managing Director & CEO w.e.f 10th August, 2018. However he will continue as Non-Executive Director of the Company.
- Mr. Tadanao Yamamoto was appointed as Whole-time Director, designated as Director - Quality Assurance w.e.f. 30th November, 2018.
- Mr. Takahiro Imai, Director - R&D (Isuzu Products & Projects) ceased to be the Director of the Company w.e.f. 14th November, 2018.
- New wage settlement agreement, which was executed with the worker union during the year, has resulted in increase in the remuneration in financial year 2018-19.

ANNEXURE D TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19

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 / technical education etc.

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

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

As at 31st March 2019, 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. Yugo Hashimoto, Managing Director & CEO
- iv) Mr. Gopal Bansal, Whole-time Director & CFO

3. Average net profit of the Company for last three financial years Rs. 6,173.3 lakhs

4. Prescribed CSR expenditure Rs.123.5 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. 125.0 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 2018-19	Amount spent: Direct or through implementing Agency
					Direct expenditure	Overheads		
1.	Education – Amenities for Students Provided chairs, green board, LED TVs and constructed Athletic track, Math Park & Toilets.	Education	1. Local 2. a) Punjab District - Fatehgarh Sahib b) Punjab District - Rupnagar c) Chandigarh (UT)	50.0	49.2	0.4	49.6	Direct
2.	Girls Education Support provided to under privileged girls students in terms of School Fees, Uniforms and Books	Education	1. Local 2. Chandigarh (UT)	13.0	13.2	0.1	13.3	Direct
3.	Vocational Education Setting up / Upgradation of vocational training centres for enhancing computer skills, cooking skills and tailoring skills of girls/women	Vocational Education	1. Local 2. a) District SBS Nagar b) Chandigarh (UT)	8.0	7.3	0.6	7.9	Direct
4.	Preventive Healthcare / Sanitation Provided sanitary napkins dispensing machines to Government Schools and Sanitation Vehicle (Hook Loader - Garbage Placer) & Dustbins to Municipal Corporation.	Preventive Healthcare & Sanitation	1. Local 2. a) Punjab District - Rupnagar b) Punjab District - SBS Nagar	20.0	19.60	-	19.60	Direct
5.	Health Camps Medical check-up and free medicine	Preventive Healthcare	1. Local 2. a) Punjab District - Rupnagar	4.0	3.2	0.2	3.4	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)	3.0	3.0	-	3.0	Direct
7.	Medical Infrastructure Ambulance and Medical Infrastructure provided to hospitals catering mainly to under-privileged section of society.	Healthcare	1. Local 2. a) Punjab District - SAS Nagar b) Punjab District - SBS Nagar c) Chandigarh (UT)	27.0	28.0	0.2	28.2	Direct
Total				125.0	123.5	1.5	125.0	

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

Yugo Hashimoto
Managing Director & CEO

Dated : 28th May, 2019

ANNEXURE E TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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, 2019 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, 2019 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 thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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 thereunder (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 audit period:

1. The company has altered its Memorandum of Association and has adopted a new set of Articles of Association as per the provisions of Companies Act, 2013, with the approval of the members through special resolutions passed at the 34th Annual General Meeting held on 09.08.2018.
2. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred 29,314 equity shares to the Investor Education and Protection Fund.
3. The company appointed Mr. Yugo Hashimoto, a Non-resident individual as the Managing Director and Chief Executive Officer w.e.f. 10.08.2018 for a term of 5 years, with the approval of the Central Government in terms of Schedule V of the Companies Act, 2013.

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 : 30.05.2019 .

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 lights and fans at New Body Shop and Axle Shop.
- Installation of new energy efficient air cooled air drier for removal of moisture from compressed air.

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

- The Company is planning to install Solar PV plant of 40kWp at canteen to harness alternate energy sources.

3. Capital investment on energy conservation equipments

Capital Investment: Rs 5.44 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 – Engines (Diesel & CNG) are being developed to meet BS-VI emission norms. Development of transmission with higher number of transmission speeds.
- Commissioning of new Conveyors for assembly of Cabin, Chassis, Axles and Heavy Duty Transmission with testing facilities.
- Commissioning of Roller Brake Testing (RBT) Equipment.
- Outsourcing of Chassis Frame & Cargo Box manufacturing with improved infrastructure/process.

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

- Development of BS VI engines / vehicles having reduced emissions and also meeting the latest emission norms, being implemented w.e.f. April 2020 & increased number of transmission speeds will improve the performance of vehicles in the field.
- Capacity enhancement with better material flow, improved ergonomics and assured quality through quality gates.
- RBT ensures easy monitoring of Critical Quality parameters.
- Enhanced paint life and protection against rusting by outsourcing Chassis frame and Cargo Box manufacturing.

(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	600.39
(b) Recurring	1,805.05
(c) Total	2,405.44
(d) R&D expenditure as a %age of total income	1.70%

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	1,726.51
Payment in foreign currency	2,647.73

BALANCE SHEET AS AT 31 MARCH 2019 (All amounts in Rs. Lakhs unless stated otherwise)

	Note No.	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	3	36,869.04	35,286.00
Capital work-in-progress	3	716.66	2,705.05
Other intangible assets	3	1,117.82	1,217.04
Intangible assets under development	3	1,996.32	781.40
Financial assets			
- Loans	4A	369.83	326.25
- Other financial assets	5A	466.52	156.50
Income tax assets (net)	6	464.85	756.03
Other non-current assets	7	1,826.10	1,811.00
Total non-current assets		43,827.14	43,039.27
Current assets			
Inventories	8	42,375.27	36,378.21
Financial assets			
- Trade receivables	9	14,865.49	11,727.92
- Cash and cash equivalents	10	2,745.25	1,995.50
- Bank balances other than Cash and cash equivalents above	11	272.14	200.28
- Loans	4B	107.70	105.67
- Other financial assets	5B	357.95	100.40
Other current assets	12	4,952.53	5,118.86
Total current assets		65,676.33	55,626.84
Total assets		109,503.47	98,666.11
Equity and liabilities			
Equity			
Equity share capital	13	1,447.88	1,447.88
Other equity	14	39,911.04	38,357.69
Total equity		41,358.92	39,805.57
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	15A	10,423.70	11,848.93
- Other financial liabilities	16A	1,204.75	1,156.75
Provisions	17A	4,394.32	4,562.53
Deferred tax liabilities (net)	18	138.83	277.59
Other non-current liabilities	19	73.41	245.05
Total non-current liabilities		16,235.01	18,090.85
Current liabilities			
Financial liabilities			
- Borrowings	15B	11,006.85	7,000.00
- Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		425.75	28.28
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		26,804.63	21,154.02
- Other financial liabilities	16B	5,746.87	6,928.69
Provisions	17B	3,009.50	1,674.39
Current tax liabilities (net)	21	335.96	335.96
Other current liabilities	22	4,579.98	3,648.35
Total current liabilities		51,909.54	40,769.69
Total liabilities		68,144.55	58,860.54
Total equity and liabilities		109,503.47	98,666.11
Significant accounting policies	2		
Notes to the Ind AS financial statements	1-44		

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
ICAI Firm registration number: 116231W/W-100024

Ashwin Bakshi
Partner
Membership Number: 506777

Place : Gurugram
Date: 28 May 2019

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

Gopal Bansal
Whole Time Director & CFO
DIN: 06836592

Parvesh Madan
Company Secretary
ACS. 31266

S.K. Tuteja
Chairman
DIN: 00594076

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797

Place: New Delhi
Date: 28 May 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

	Note No.	Year Ended 31 March 2019	Year ended 31 March 2018
Income:			
Revenue from operations	23	140,921.68	117,413.99
Other income	24	449.31	311.47
Total income		141,370.99	117,725.46
Expenses:			
Cost of materials consumed	25	105,821.79	85,148.64
Purchase of stock-in-trade		6,600.62	5,326.78
Changes in inventories of finished goods, work in progress and stock-in-trade	26	(6,287.61)	(6,435.90)
Excise duty	23	-	3,909.20
Employee benefits expense	27	16,670.16	14,612.08
Finance costs	28	1,609.94	1,052.39
Depreciation and amortisation expense	29	3,843.90	2,839.68
Other expenses	30	10,679.18	10,326.79
Total expenses		138,937.98	116,779.66
Profit before tax		2,433.01	945.80
Tax expense:	39		
Current tax		537.94	242.19
Tax adjustment related to prior years		-	84.62
Deferred tax credit		(62.30)	(230.71)
Income tax expense		475.64	96.10
Profit for the year		1,957.37	849.70
Other comprehensive income	14		
A. (i) Items that will not be reclassified to profit or loss			
- Re-measurement (losses) / gains on defined benefit plans		(263.97)	87.43
(ii) Income tax related to items that will not be reclassified to profit or loss		92.25	(30.55)
Net other comprehensive (loss) / income not to be reclassified to profit or loss		(171.72)	56.88
B. (i) Items that will be reclassified to profit or loss			
- Effective portion of gains / (losses) on hedging instruments in cash flow hedges reclassified to profit or loss		45.19	(133.98)
(ii) Income tax related to items that will be reclassified to profit or loss		(15.79)	46.82
Net other comprehensive income / (loss) to be reclassified to profit or loss		29.40	(87.16)
Total comprehensive income for the year		1,815.05	819.42
Basic and diluted earnings per share in Rupees	33	13.53	5.87
(Face value of ₹ 10 per share)			
Significant accounting policies	2		
Notes to the Ind AS financial statements	1-44		

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
ICAI Firm registration number: 116231W/W-100024

Ashwin Bakshi
Partner
Membership Number: 506777

Place : Gurugram
Date: 28 May 2019

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

Gopal Bansal
Whole Time Director & CFO
DIN: 06836592

Parvesh Madan
Company Secretary
ACS. 31266

S.K. Tuteja
Chairman
DIN: 00594076

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797

Place: New Delhi
Date: 28 May 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

	Year ended 31 March 2019	Year ended 31 March 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,433.01	945.80
Adjustments for :		
Depreciation and amortization expense	3,843.90	2,839.68
Unrealised (gain) / loss on foreign exchange fluctuation	(6.93)	8.36
Finance costs	1,609.94	1,052.39
Interest income	(357.36)	(158.84)
Property, plant and equipment written off (net)	62.39	61.18
Net gain on sale of property, plant and equipment	(14.82)	(10.23)
Allowance for doubtful trade receivables / advances	284.47	82.57
Provision for inventories write down / (write back)	339.39	(192.85)
Trade receivables / advances written off	3.14	47.19
Liabilities no longer required written back	(186.07)	(211.23)
Operating profit before working capital changes	8,011.06	4,464.02
Adjustments for :		
(Increase) in other non-current and current financial assets	(92.46)	(42.21)
(Increase) in other non-current and current loans	(45.61)	(124.05)
(Increase) in other non-current and current assets	(203.85)	(2,006.87)
(Increase) in inventories	(6,336.45)	(6,727.12)
(Increase) in trade receivables	(3,369.98)	(363.23)
Increase / (decrease) in other non-current and current financial liabilities	266.84	(150.13)
Increase in non-current and current provisions	733.96	44.47
Increase in trade payables	6,135.83	2,254.13
Increase / (decrease) in other non-current and current liabilities	819.62	(64.76)
CASH PROVIDED / (USED) BY OPERATIONS	5,918.96	(2,715.75)
Less: Direct tax paid, net of refunds	397.92	563.06
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	5,521.04	(3,278.81)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Payment for property, plant and equipment, intangible assets, capital work in progress and intangible assets under development	(6,156.85)	(9,968.87)
Proceeds from sale of property, plant and equipment	21.06	10.23
Maturity / (investment) in bank deposits [having original maturity of more than three months]	30.23	(23.02)
Realisation of margin money	1.00	1.39
Interest income	307.15	154.26
NET CASH (USED) BY INVESTING ACTIVITIES	(5,797.41)	(9,826.01)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

	Year ended 31 March 2019	Year ended 31 March 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long-term borrowings taken during the year (excluding finance lease obligations)	1,000.00	10,500.00
Long-term borrowings repaid during the year (excluding finance lease obligations)	(2,250.00)	-
Repayment of finance lease obligations	(15.37)	(47.97)
Short-term borrowings taken during the year (net)	4,006.85	6,488.71
Dividend paid	(244.56)	(1,145.86)
Tax paid on dividends	(44.62)	(235.69)
Withdrawal from / (addition to) unpaid dividend accounts	27.49	(11.87)
Finance costs paid	(1,453.67)	(985.44)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,026.12	14,561.88
Net increase in cash and cash equivalents	749.75	1,457.06
Cash and cash equivalents at the beginning of the year	1,995.50	538.44
Cash and cash equivalents at the end of the year	2,745.25	1,995.50
Notes to the Cash Flow Statement :-		
1. Components of cash and cash equivalents		
Cash in hand	1.69	1.85
Balances with banks		
- Bank deposits (original maturity of 3 months or less)	-	1,135.00
- Current accounts	2,743.56	858.65
	2,745.25	1,995.50
2. The above "Cash flow statement" has been prepared as per the Indirect method as set out in Indian Accounting Standard-7, "Statement of Cash Flows".		
3. Reconciliation of movements of liabilities (including cross currency interest rate swap) to cash flows arising from financing activities :-		
At the beginning of the year (current and non-current)	21,347.61	4,272.90
Net cash inflows	2,741.48	16,940.74
Change in fair value	(45.19)	133.97
At the end of the year (current and non-current)	24,043.90	21,347.61

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/W-100024

Ashwin Bakshi
Partner
Membership Number: 506777

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

Gopal Bansal
Whole Time Director & CFO
DIN: 06836592

Parvesh Madan
Company Secretary
ACS. 31266

S.K. Tuteja
Chairman
DIN: 00594076

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797

Place : Gurugram
Date: 28 May 2019

Place: New Delhi
Date: 28 May 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

A. Equity share capital	Note	Year ended 31 March 2019	Year ended 31 March 2018
Balance at the beginning of the year		1,447.88	1,447.88
Changes during the year		-	-
Balance at the end of the year	13	1,447.88	1,447.88

B. Other equity

Particulars	Reserves and surplus			Other comprehensive income	Total other equity
	Securities premium (Refer note 14)	General reserve (Refer note 14)	Retained earnings (Refer note 14)	Cash flow hedge reserve (Refer note 14)	
Balance as at 1 April 2017	7,452.88	9,921.80	21,584.66	(27.65)	38,931.69
Profit for the year	-	-	849.70	-	849.70
Other comprehensive income / (loss), net of tax	-	-	56.88	(87.16)	(30.28)
Total comprehensive income / (loss) for the year	-	-	906.58	(87.16)	819.42
Transfer to general reserve	-	84.97	(84.97)	-	-
Dividend (including dividend distribution tax)	-	-	(1,393.42)	-	(1,393.42)
Balance as at 31 March 2018	7,452.88	10,006.77	21,012.85	(114.81)	38,357.69
Balance as at 1 April 2018	7,452.88	10,006.77	21,012.85	(114.81)	38,357.69
Profit for the year	-	-	1,957.37	-	1,957.37
Other comprehensive income / (loss), net of tax	-	-	(171.72)	29.40	(142.32)
Total comprehensive income / (loss) for the year	-	-	1,785.65	29.40	1,815.05
Transfer to general reserve	-	195.74	(195.74)	-	-
Dividend (including corporate dividend tax)	-	-	(261.70)	-	(261.70)
Balance as at 31 March 2019	7,452.88	10,202.51	22,341.06	(85.41)	39,911.04

Notes:

- Securities premium 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.
- Profits from retained earnings are transferred to General Reserve from time to time 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.
- Retained earnings represents the profits that the Company has earned till date less any transfer to general reserve, less any dividends or other distributions paid to shareholders.
- Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instrument 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.

Significant accounting policies 2
Notes to the Ind AS financial statements 1-44

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
ICAI Firm registration No.: 116231W/W-100024

Ashwin Bakshi
Partner
Membership Number: 506777

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

Gopal Bansal
Whole Time Director & CFO
DIN: 06836592

Parvesh Madan
Company Secretary
ACS. 31266

S.K. Tuteja
Chairman
DIN: 00594076

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797

Place : Gurugram
Date: 28 May 2019

Place: New Delhi
Date: 28 May 2019

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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 2019 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 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 (Indian Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 28 May 2019.

Effective 1 April 2016, the Company had transitioned to Ind AS while the financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected certain exemptions which are listed as below:

- a. The Company had opted to continue with the carrying value for all of its property, plant and equipment, intangible assets and investment property as recognized in the financial statements prepared under previous GAAP and use the same as deemed cost in the financial statement as at the transition date.
- b. The Company had opted 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).

(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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

(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 benefit (asset) / liability	Fair Value of the plan assets less present value of defined benefits obligations
Certain financial assets and liabilities (Including derivative instruments)	Fair value

(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 2 (b) and 3 – Assessment of useful life and residual value of Property, plant and equipment
- Note 2 (c) and 3 – Assessment of useful life of Intangible assets
- Note 2 (d) and 8 – Inventory valuation
- Note 2 (f), 2 (g), 17 A, 17 B and 31 – Provisions and contingent liabilities
- Note 2 (i) and 23 – Revenue recognition
- Note 2 (l) and 39 – Income taxes
- Note 2 (m), 15(A), 16(B) and 32(c) Lease classification including determining whether an arrangement contains a lease

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 37 – measurement of defined benefit obligations: key actuarial assumptions

Note 17(A), 17(B) and 31 – 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 38(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

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019

(All amounts in Rs. Lakhs unless stated otherwise)

(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)

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 while measuring fair values is included in note 38 – financial instruments.

(vi) *New Accounting Standard adopted by the Company*

The Company has initially applied Ind AS 115 from 1 April 2018. A number of other new standards and amendments are also effective from 1 April 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying the above standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

There is no significant impact of transition from Ind AS 18 to Ind AS 115 as regards recognition of revenue by the Company.

(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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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 as capital advances under other non-current assets.

Any gain or loss on disposal of item of PPE is recognised in the Statement of Profit and Loss.

ii. 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.

iii. Depreciation

Depreciation is calculated on cost of items of PPE 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.

Depreciation on items 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) - Roads	3-60 10	3-60 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).

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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 the Statement of Profit and 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 the Statement of Profit and 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 the Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and/ or any accumulated impairment losses.

(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 the Statement of Profit and Loss as incurred.

(iv) 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 the 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.

(v) Derecognition

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

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019**(All amounts in Rs. Lakhs unless stated otherwise)****(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.

*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 the Statement of Profit and 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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

Remeasurement 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 Retained Earnings. 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 the Statement of Profit and 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 the Statement of Profit and 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 the Statement of Profit and 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 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

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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019**(All amounts in Rs. Lakhs unless stated otherwise)****(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**(a) Revenue from contract with customers**

Revenue recognition under Ind AS 18 (applicable prior to 1 April 2018)

Sale of products

Revenue is recognised when 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 usually 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 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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.

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

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

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Sale of goods and rendering of services

The Company has initially applied Ind AS 115 'Revenue from contracts with customers' with effect from 1 April 2018.

Under Ind AS 115, the Company recognized revenue when (or as) a performance obligation was satisfied by transferring a promised good or service to a customer.

Further, revenue is recognized based on a 5-Step Methodology which is as follows:

- 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

The Company disaggregates revenue from contracts with customers by geography.

Use of significant judgements in revenue recognition:

- i. The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- ii. Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

- iii. The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- iv. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

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.

The effect of initially applying Ind AS 115 is described in Note 2(a)(vi).

(b) Other operating revenue - Export incentives

Export incentives are accounted for on an accrual basis.

(c) 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 the Statement of Profit and 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 the Statement of Profit and 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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

(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.

(l) Income-tax

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and 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 carryforward 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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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.

(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 the Statement of Profit and 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 originate. 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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

ii) Classification and subsequent measurement

Financial assets

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

- a. Amortised cost; or
- b. 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.

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, unless they are designated as hedging instruments, for which hedge accounting is applied. 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: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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 profit or 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 profit or 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.

(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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

(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 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 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. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(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.

Write-off

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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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 profit or 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 the Statement of Profit and Loss. Exchange differences related to qualifying cash flow hedges are recognised in other comprehensive income to the extent that hedges are effective.

(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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

(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 recognised in the Statement of Profit and Loss 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 labour 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 116, Leases

Ind AS 116, Leases will replace the existing leases standard, Ind AS 17, Leases. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use (ROU) asset representing its right to use the underlying asset on lease and a lease liability representing its obligation to make lease payments. The standard is applicable from 1 April 2019 (transition date).

Notes forming part of the Ind AS financial statements for the year ended 31 March 2019
(All amounts in Rs. Lakhs unless stated otherwise)

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments using the lessee's incremental borrowing rate as at 1 April 2019 and a corresponding Right of Use ('ROU') asset of equal value adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 April 2019. Therefore, there will be no effect of adopting Ind AS on retained earnings as at 1 April 2019, with no restatement of comparative information.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present. The Company will use the following practical expedients:

- Contracts with the remaining term of less than 12 months on transition date will be accounted for as short term leases, i.e. the lease payments associated with those leases will be recognised as an expense on either a straight-line basis over the lease term or another systematic basis.
- The Company will apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.
- The Company will use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Presently the Company recognises operating lease expense on a straight-line basis over the term of the lease, and recognises assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under Ind AS 116, the Company will recognise new assets and liabilities. The expenses which are presently, under Ind AS 17, classified as rent under other expenses will now be classified as below under Ind AS 116

- Amortization charge for the ROU asset
- Finance cost from interest accrued on lease liability

There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. Lakhs unless stated otherwise)

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 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
Additions during the year ** #	-	1,287.24	3,410.86	-	259.25	15.40	29.64	141.55	5,143.94	2,709.71
Disposals / Adjustments	-	-	98.85	-	0.09	0.32	28.57	0.31	128.14	4,698.10
Balance as at 31 March 2019	283.92	12,754.50	28,428.19	323.89	1,221.57	311.83	893.24	870.37	45,087.51	716.66
ACCUMULATED DEPRECIATION										
Balance as at 1 April 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	-
Charge during the year	-	564.58	2,293.99	51.57	185.60	65.23	168.83	162.49	3,492.29	-
Disposals / Adjustments	-	-	38.43	-	0.07	0.32	20.40	0.31	59.53	-
Balance as at 31 March 2019	-	1,399.87	5,030.90	132.27	383.14	195.48	543.96	532.85	8,218.47	-
NET BLOCK										
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
Balance as at 31 March 2019	283.92	11,354.63	23,397.29	191.62	838.43	116.35	349.28	337.52	36,869.04	716.66

Other intangible assets

	Software	Technical know-how	Total	Intangible assets under development ^
GROSS BLOCK - Acquired				
Balance as at 1 April 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
Additions during the year #	249.46	2.93	252.39	1,467.31
Disposals / Adjustments	-	-	-	252.39
Balance as at 31 March 2019	873.80	979.70	1,853.50	1,996.32

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. Lakhs unless stated otherwise)

ACCUMULATED AMORTISATION

Balance as at 1 April 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	-
Charge during the year	121.71	229.90	351.61	-
Disposals / Adjustments	-	-	-	-
Balance as at 31 March 2019	201.68	534.00	735.68	-

NET BLOCK

Balance as at 31 March 2018	544.37	672.67	1,217.04	781.40
Balance as at 31 March 2019	672.12	445.70	1,117.82	1,996.32

Notes:

- * Refer note 15 for information with regard to PPE pledged as security by the Company.
- ** Additions to PPE and Other intangible assets include Rs. 829.05 lakhs (previous year Rs. 650.43 lakhs) towards assets located at the research and development facilities, out of which deduction under Income-tax Act, 1961 has been claimed for Rs. 600.39 lakhs (previous year Rs. 642.25 lakhs) (refer to note 42)
- # Additions during the year includes capitalised borrowing costs of Rs. 17.54 lakhs (previous year Rs. 410.83) in capital work-in progress and Rs. 38.19 lakhs (previous year Rs. 33.09 lakhs) in intangible assets under development, with a capitalisation rate of 8.05% p.a. (previous year 7.43% p.a.).
- @ The related finance lease obligations in respect of PPE acquired under finance lease arrangements have been disclosed in note no. 15A & 16.
- ^ Disposals / adjustments included in Capital work-in-progress / Intangible assets under development represents assets capitalised during the year.

Note 4

	As at 31 March 2019	As at 31 March 2018
LOANS *		
A. Non-current		
Loan to employees considered good - secured	-	-
Loan to employees considered good - unsecured	227.55	173.16
Loan to employees which have significant increase in credit risk	-	-
Loan to employees - credit impaired	-	-
Security deposits	142.28	153.09
	369.83	326.25
B. Current		
Loan and advances to employees considered good - secured	-	-
Loan and advances to employees considered good - unsecured	99.46	93.70
Loan and advances to employees which have significant increase in credit risk	-	-
Loan and advances to employees - credit impaired	-	-
Security deposits	8.24	11.97
	107.70	105.67
	477.53	431.92

* The Company's exposure to credit and market risks related to financial assets are disclosed in note 38.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 5

	As at 31 March 2019	As at 31 March 2018
OTHER FINANCIAL ASSETS *		
A. Non-current		
Other bank balances:		
- Bank deposits (due to mature after twelve months from the reporting date) **	18.00	148.58
Interest accrued but not due on bank deposits	0.86	7.92
Cross currency interest rate swaps used for hedging #	447.66	-
	466.52	156.50
B. Current		
Interest accrued but not due on deposits	20.22	8.62
Royalty income receivable	8.76	8.90
Export incentive receivable	13.75	10.85
Insurance claim receivable	-	72.03
Cross currency interest rate swaps used for hedging #	153.48	-
Other receivables	161.74	-
	357.95	100.40
	824.47	256.90

* The Company's exposure to credit and market risks related to financial assets are disclosed in note 38.

** Deposits include restricted bank deposits amounting to Rs. 18.00 lakhs (previous year Rs. 148.58 lakhs) on account of deposits held as margin money against bank guarantees.

Represents fair value of the derivative contracts undertaken to hedge the variability in cash flows related to external commercial borrowings arising from changes in foreign exchange rates and interest rates. 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.

Note 6

	As at 31 March 2019	As at 31 March 2018
INCOME TAX ASSETS (NET)		
Advance income-tax and tax deducted at source (net of provision for income tax)	464.85	756.03
	464.85	756.03

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 7

	As at 31 March 2019	As at 31 March 2018
OTHER NON-CURRENT ASSETS		
<i>(Unsecured considered good unless stated otherwise)</i>		
Balance with government authorities	346.60	-
Capital advances		
Considered good	219.04	760.10
Considered doubtful	7.70	-
Less: Allowance for doubtful advances	7.70	-
	219.04	760.10
Prepaid expenses and other advances		
Considered good	22.81	17.29
Considered doubtful	50.00	50.00
Less: Allowance for doubtful advances	50.00	50.00
	22.81	17.29
Amount paid under protest to government authorities		
- Income tax	1,167.78	970.97
- Sales tax		
Considered good	69.87	62.64
Considered doubtful	87.30	87.30
Less: Allowance for doubtful advances	87.30	87.30
	69.87	62.64
	1,826.10	1,811.00

Note 8

	As at 31 March 2019	As at 31 March 2018
INVENTORIES		
(valued at cost or net realisable value, whichever is lower)		
Raw materials*	9,235.72	9,554.75
Work-in-progress	4,196.92	4,479.95
Finished goods (vehicles) *	27,811.36	21,399.05
Stock-in-trade (spare parts)*	958.96	800.63
Stores and spares*	166.44	125.20
Loose tools *	5.87	18.63
	42,375.27	36,378.21
* Includes goods / stock-in-transit:		
- Raw materials	917.70	657.95
- Finished goods (vehicles)	3,374.51	2,370.87
- Stock-in-trade (spare parts)	43.67	7.45
- Stores and spares	0.33	0.55
- Loose tools	-	6.52

Note: The net inventory written down during the year amounted to Rs. 339.39 lakhs (previous year reversal of write down Rs. 192.85 lakhs)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 9

	As at 31 March 2019	As at 31 March 2018
TRADE RECEIVABLES *		
Trade receivables considered good - secured	533.63	505.16
Trade receivables considered good - unsecured	14,608.63	11,222.76
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	359.69	359.69
	<u>15,501.95</u>	<u>12,087.61</u>
Less: Allowance for bad and doubtful receivables	636.46	359.69
	<u>14,865.49</u>	<u>11,727.92</u>

* The Company's exposure to credit and market risks related to financial assets are disclosed in note 38.

Note 10

	As at 31 March 2019	As at 31 March 2018
CASH AND CASH EQUIVALENTS *		
Balances with banks		
- in deposit accounts (original maturity of 3 months or less)	-	1,135.00
- in current accounts	2,743.56	858.65
Cash on hand	1.69	1.85
	<u>2,745.25</u>	<u>1,995.50</u>

* The Company's exposure to credit and market risks related to financial assets are disclosed in note 38.

Note 11

	As at 31 March 2019	As at 31 March 2018
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE *		
Bank deposits (with original maturity of more than three months and due to mature within twelve months from the reporting date) **	110.96	11.60
Unpaid dividend accounts	142.45	169.94
Margin money (against bank guarantees)	-	1.00
Earmarked balances #	18.73	17.74
	<u>272.14</u>	<u>200.28</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

- * The Company's exposure to credit and market risks related to financial assets are disclosed in note 38.
- ** Includes restricted bank deposits amounting to Rs. 89.96 lakhs (previous year Rs. 11.60 lakhs) on account of deposits held as margin money against bank guarantees.
- # These balances are earmarked to meet certain employee related contingencies and not freely usable.

Note 12

	As at 31 March 2019	As at 31 March 2018
OTHER CURRENT ASSETS		
<i>(Unsecured considered good unless stated otherwise)</i>		
Balance with government authorities	4,572.63	3,188.66
Advances for supply of goods	136.23	1,649.07
Prepaid expenses and other advances	243.53	280.99
Others	0.14	0.14
	4,952.53	5,118.86

Note 13

	As at 31 March 2019		As at 31 March 2018	
EQUITY SHARE CAPITAL				
1. Details of Share Capital	No. of shares	Amount	No. of shares	Amount
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
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
Forfeited equity shares of Rs.10 each	13,300	0.71	13,300	0.71
	14,484,946	1,447.88	14,484,946	1,447.88

- * Includes 100 (previous year 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, if any, in proportion to the number of equity shares held.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning and at the end of the year	14,471,646	1,447.17	14,471,646	1,447.17

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

Name of shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of shares	% of equity shares held	No. of shares	% of equity shares held
Sumitomo Corporation, Japan	6,362,306	43.96%	6,362,306	43.96%
Isuzu Motors Limited	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.

Note 14

	As at 31 March 2019	As at 31 March 2018
OTHER EQUITY		
i. Securities premium		
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
ii. General reserve		
Balance at the beginning of the year	10,006.77	9,921.80
Add : Amount transferred from surplus	195.74	84.97
Balance at the end of the year	10,202.51	10,006.77
iii. Retained earnings		
Balance at the beginning of the year	21,012.85	21,584.66
Add: Profit for the year	1,957.37	849.70
Add: Other comprehensive income / (loss), net of tax	(171.72)	56.88
Less: Dividend (including corporate dividend tax)	261.70	1,393.42
Less: Transfer to General Reserve	195.74	84.97
Balance at the end of the year	22,341.06	21,012.85

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
iv. Other comprehensive income		
Cash flow hedge reserve (net of tax)		
Balance at the beginning of the year	(114.81)	(27.65)
Net movement of cash flow hedge (net of tax)	29.40	(87.16)
Balance at the end of the year	(85.41)	(114.81)
v. Summary of components of Other Equity		
Securities premium account	7,452.88	7,452.88
General reserve	10,202.51	10,006.77
Retained earnings	22,341.06	21,012.85
Other comprehensive income - Cash flow hedge reserve	(85.41)	(114.81)
	39,911.04	38,357.69

Note 15

	As at 31 March 2019	As at 31 March 2018
BORROWINGS *		
A. Non-current		
Term loan - unsecured **		
- From bank	13,482.22	14,016.50
Less: Current maturities of term loan (refer note 16 B)	(3,186.95)	(2,250.00)
Finance lease obligations (Unsecured) #	155.97	171.34
Less: Current maturities of finance lease obligations (refer note 16 B)	(27.54)	(88.91)
	10,423.70	11,848.93

* The Company's exposure to liquidity and market risks related to financial liabilities are disclosed in note 38.

** includes (i) 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 1 month LIBOR + 0.70% and is repayable in 18 quarterly instalments, commencing from 2 July 2018 and ending on 3 October 2022. The Company has an outstanding balance of Rs. 12,482.22 lakhs (USD 180.50 lakhs) as at 31 March 2019 [previous year Rs.14,016.50 lakhs (USD 215.06 lakhs)]. (ii) outstanding term loan amounting to Rs. 1,000.00 lakhs (previous year Rs. Nil) from HDFC Bank carrying interest rate of 8.45% p.a, repayable in monthly instalments commencing from 1 April 2020 and ending on 1 July 2023.

Refer to note 32 (c) for future minimum lease payments in respect of finance lease obligations.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
B. Current		
Loans repayable on demand		
Cash credit from banks- secured (i)	606.85	-
Other loans from banks - unsecured (ii)	10,400.00	7,000.00
	<u>11,006.85</u>	<u>7,000.00</u>

- (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 10.20% per annum.
- (ii) Other loans from banks – unsecured represents working capital demand loan taken from Mizuho Bank Limited. These carry an interest rate ranging from 7.40% to 10.75% per annum.

Note 16

	As at 31 March 2019	As at 31 March 2018
OTHER FINANCIAL LIABILITIES *		
A. Non-current		
Security deposits from dealers	1,204.75	1,156.75
	<u>1,204.75</u>	<u>1,156.75</u>
B. Current		
Capital creditors^	1,124.62	3,199.67
Unpaid dividends	142.45	169.94
Interest accrued but not due on borrowings	77.61	90.30
Current maturities of term loan [refer to note 15(A)]	3,186.95	2,250.00
Current maturities of finance lease obligation [refer note 15(A)]	27.54	88.91
Payable to employees	1,085.74	955.10
Payable to non-executive directors	30.00	15.00
Security deposit from others	71.96	-
Cross currency interest rate swaps used for hedging #	-	159.77
	<u>5,746.87</u>	<u>6,928.69</u>

* The Company's exposure to liquidity and market risks related to financial liabilities are disclosed in note 38.

^ For disclosures relating to Micro Enterprises and Small Enterprises, refer to note 20

Represents fair value of the derivative contracts undertaken to hedge the variability in cash flows related to ECBs arising from changes in foreign exchange rates and interest rates. 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.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 17

	As at 31 March 2019	As at 31 March 2018
PROVISIONS		
A. Non-current		
Provisions for employee benefits (refer to note 37)		
Gratuity	1,540.20	1,836.31
Compensated absences	2,621.13	2,432.67
	<u>4,161.33</u>	<u>4,268.98</u>
Other provisions		
Provision for warranties*	232.99	293.55
	<u>4,394.32</u>	<u>4,562.53</u>
B. Current		
Provisions for employee benefits (refer to note 37)		
Gratuity	750.00	392.19
Compensated absences	1,000.81	801.09
Superannuation	41.15	36.66
	<u>1,791.96</u>	<u>1,229.94</u>
Other provisions		
Provision for warranties*	991.28	444.45
Provision for liquidated damages**	157.17	-
Provision for contingencies ***	69.09	-
	<u>1,217.54</u>	<u>444.45</u>
	<u>3,009.50</u>	<u>1,674.39</u>

Movement of Other Provisions

Particulars	Warranties*	Liquidated Damages**	Contingencies***
Balance as on 1 April 2017	917.41	-	-
Accrued during the year	366.81	-	-
Amount utilized during the year	580.53	-	-
Unwinding of discount	34.31	-	-
Balance as on 31 March 2018	738.00	-	-
Accrued during the year	740.63	157.17	69.09
Amount utilized during the year	277.85	-	-
Unwinding of discount	23.49	-	-
Balance as on 31 March 2019	1,224.27	157.17	69.09

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

- * The Company is liable towards warranty claims made by end users of its products. The year-end provision is based on its estimate of past experience regarding failure trends of products and costs of repair or replacement. It is estimated that the provision would be fully utilised over the warranty period, i.e. within 3 years.
- ** Represents provision for liquidated damages as per the contracts entered with the customers and expected to be utilised within one year from the reporting date.
- *** Represents provision for contingencies pertaining to estimated outflow in respect of litigations and disputes. While the timing and amount of cash outflows is determinable only on occurrence of future uncertain events, the Company expects outflow within one year from the reporting date.

Note 18

	As at 31 March 2019	As at 31 March 2018
DEFERRED TAX LIABILITIES (NET) *		
Deferred tax liabilities	4,773.08	3,644.36
Deferred tax assets	(4,634.25)	(3,366.77)
	<u>138.83</u>	<u>277.59</u>

* Refer note 39 for details of deferred tax liabilities and assets

Note 19

	As at 31 March 2019	As at 31 March 2018
OTHER NON-CURRENT LIABILITIES		
Revenue received in advance	73.41	245.05
	<u>73.41</u>	<u>245.05</u>

Note 20

	As at 31 March 2019	As at 31 March 2018
TRADE PAYABLES *#		
Total outstanding dues of micro enterprises and small enterprises	425.75	28.28
Total outstanding dues of creditors other than micro enterprises and small enterprises	26,804.63	21,154.02
	<u>27,230.38</u>	<u>21,182.30</u>

* The Company's exposure to liquidity and market risks related to financial liabilities are disclosed in note 38.

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 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) The amounts remaining unpaid to micro enterprises and small enterprises as at the end of the year		
- Principal ^	440.80	28.28
- Interest	0.12	-
(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 enterprises and small enterprises beyond the appointed day during each accounting year	28.88	-
(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)	0.12	-
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.12	-
(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 (previous year Rs. Nil) as on balance sheet date.

^ includes Rs. 15.05 lakhs pertaining to capital creditors (refer note 16 B)

Note 21

	As at 31 March 2019	As at 31 March 2018
CURRENT TAX LIABILITIES (NET)		
Provision for Income Tax (net of Advance Tax)	335.96	335.96
	<u>335.96</u>	<u>335.96</u>

Note 22

	As at 31 March 2019	As at 31 March 2018
OTHER CURRENT LIABILITIES		
Advance from customers	1,355.48	1,669.76
Revenue received in advance	343.85	411.29
Statutory dues	2,880.65	1,567.30
	<u>4,579.98</u>	<u>3,648.35</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 23

	Year Ended 31 March 2019	Year Ended 31 March 2018
REVENUE FROM OPERATIONS *		
Sale of products		
Finished goods - vehicles	129,957.04	108,033.94
Traded goods - spare parts	9,198.73	7,954.54
	<u>139,155.77</u>	<u>115,988.48</u>
Other operating revenues		
Sale of scrap	745.80	437.93
Rendering of services	640.76	555.41
Export incentives	37.39	44.59
Dealer support services	10.04	51.39
Royalty	114.26	124.96
Exchange gain on foreign exchange fluctuations (net)	31.59	-
Liabilities no longer required written back	186.07	211.23
	<u>1,765.91</u>	<u>1,425.51</u>
	<u>140,921.68</u>	<u>117,413.99</u>

* Revenue from operations for the year ended 31 March 2019 is not comparable with revenue from operations for the year ended 31 March 2018, since the revenue from operations for the year ended 31 March 2019 is net of Goods and Services Tax (GST), whereas excise duty recovered from the customers formed part of revenue from operations for the year ended 31 March 2018. The comparative figures of revenue from operations of the Company are given below:

	Year Ended 31 March 2019	Year Ended 31 March 2018
Revenue from operations	140,921.68	117,413.99
Less: Excise duty	-	3,909.20
Revenue from operations (net of excise duty)	<u>140,921.68</u>	<u>113,504.79</u>

Note 24

	Year Ended 31 March 2019	Year Ended 31 March 2018
OTHER INCOME		
Interest income on		
Bank deposits	97.66	11.97
Refund of Income Tax	45.65	-
Others	214.05	146.87
Net gain on sale of property, plant and equipment	14.82	10.23
Insurance claim	-	72.03
Miscellaneous	77.13	70.37
	<u>449.31</u>	<u>311.47</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 25

	Year Ended 31 March 2019	Year Ended 31 March 2018
COST OF MATERIALS CONSUMED		
Inventory of materials at the beginning of the year	9,554.75	7,974.06
Add: Purchase of materials	105,502.76	86,729.33
	<u>115,057.51</u>	<u>94,703.39</u>
Inventory of materials at the end of the year	9,235.72	9,554.75
	<u>105,821.79</u>	<u>85,148.64</u>

Note 26

	Year Ended 31 March 2019	Year Ended 31 March 2018
CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE		
Opening 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>
Less : Closing stock		
- Finished goods (Vehicles)	27,811.36	21,399.05
- Stock-in-trade (Spare parts)	958.96	800.63
- Work-in-progress	4,196.92	4,479.95
	<u>32,967.24</u>	<u>26,679.63</u>
Movement in excise duty in finished goods and stock-in-trade	-	(1,141.65)
	<u>(6,287.61)</u>	<u>(6,435.90)</u>

Note 27

	Year Ended 31 March 2019	Year Ended 31 March 2018
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus and compensated absences	13,989.22	12,166.84
Contributions to provident and other funds (refer note 37)	1,430.72	1,275.71
Staff welfare	1,250.22	1,169.53
	<u>16,670.16</u>	<u>14,612.08</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 28

	Year Ended 31 March 2019	Year Ended 31 March 2018
FINANCE COSTS		
Interest expense on		
Financial liabilities measured at amortised cost	1,255.64	576.54
Others	94.81	125.44
Interest on defined benefit liability / asset (net)	145.49	155.58
Finance cost on finance lease obligations measured at amortised cost	20.96	23.81
Unwinding of discount on warranty provisions	23.49	34.31
Other borrowing costs *	69.55	136.71
	1,609.94	1,052.39

* includes Rs. 62 lakhs paid to Industrial Finance Corporation of India (IFCI) during 2017-18 to obtain a 'no dues certificate' basis which all erstwhile charges on the Company's movable and immovable properties had been vacated.

Note 29

	Year Ended 31 March 2019	Year Ended 31 March 2018
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	3,492.29	2,610.14
Amortisation of intangible assets	351.61	229.54
	3,843.90	2,839.68

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Note 30

	Year Ended 31 March 2019	Year Ended 31 March 2018
OTHER EXPENSES		
Consumption of stores and spares and loose tools	261.33	208.34
Repairs and maintenance:		
- Plant and Machinery	216.62	221.00
- Buildings	220.77	225.37
- Others	176.32	215.11
Power and fuel	1,189.13	1,156.99
Rent (refer note 32)	322.17	406.27
Rates and taxes	184.56	142.14
Legal and professional	168.62	153.85
Auditor's remuneration:		
Statutory audit	43.00	43.00
Tax audit	5.00	5.00
Limited review	14.40	14.40
Other services	4.75	17.34
Reimbursement of expenses	5.48	5.12
Insurance	145.50	155.50
Printing, stationery and other communication	122.95	151.66
Travelling and conveyance	796.88	820.98
Allowance for doubtful trade receivables / advances	284.47	82.57
Packing and freight outward	3,847.16	3,477.68
Warranty	740.63	366.81
Marketing, sales promotion and service	623.62	968.49
Royalty	40.00	-
Testing and other laboratory	496.27	629.70
Foreign exchange loss on foreign currency (net)	-	22.71
Property, plant and equipment written off (net)	62.39	61.18
Trade receivables / advances written off	3.14	47.19
Corporate social responsibility*	125.00	151.37
Miscellaneous	579.02	577.02
	10,679.18	10,326.79

*Details of corporate social responsibility expenditure

a. Amount required to be spent by the Company during the year	123.47	150.50
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	125.00	151.37
	125.00	151.37

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

31 Contingent liabilities and commitments

(to the extent not provided for)

Contingent liabilities

(a) Claims against the Company not acknowledged as debts:

	As at 31 March 2019	As at 31 March 2018
Income tax matters	1,402.83	1,538.47
Sales tax matters	351.92	553.76
Excise and service tax matters	21.01	69.58
Civil matters	492.03	162.72
	2,267.79	2,324.53

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 February 2019, the Honorable Supreme Court of India, in its judgement, clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company is of the view that there are many interpretative challenges on the application of this judgement retrospectively and as such the Company does not expect any probable obligations for past periods.
- c) 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.

Capital and other commitments

	As at 31 March 2019	As at 31 March 2018
Capital Commitments (net of advances) not provided for	2,069.62	1,652.55

32 Leases

- (a) The Company has taken certain premises under operating lease arrangements. The total lease rental recognized as expense during the year aggregate to Rs. 322.17 lakhs (previous year Rs. 406.27 lakhs).

(b) **Future minimum lease payments:**

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

	As at 31 March 2019	As at 31 March 2018
Payable in less than one year	36.42	27.64
Payable between one and five years	51.21	75.33
	87.63	102.97

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

- c) 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. This has resulted in certain arrangements being treated as a lease and classified as a finance lease. These obligations carry an effective interest rate of 8% and have a maturity period starting from the year 2016 to 2022. Finance lease obligations in respect of such leases are payable as follows:

	As at 31 March 2019			As at 31 March 2018		
	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	44.85	17.31	27.54	102.62	13.71	88.91
Later than one year and not later than five years	158.84	30.41	128.43	89.02	6.59	82.43
Later than five years	-	-	-	-	-	-
	203.69	47.72	155.97	191.64	20.30	171.34

33 Earnings per share

	As at 31 March 2019	As at 31 March 2018
Basic earnings per share (Rs.)	13.53	5.87
Diluted earnings per share (Rs.)	13.53	5.87
Face value per share (Rs.)	10.00	10.00

Note:

Profit for the year attributable to equity shareholders	1,957.37	849.70
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

34 Segment information

The Company is primarily engaged in the business of manufacturing of commercial vehicles and related components which constitutes a single business segment and accordingly, the disclosures 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 and allocates resources based on the analysis of the various performance indicators of the Company as a single unit.

Geographical information

Particulars	Domestic	Overseas	Total
Revenue from operations			
2018-19	134,934.04	5,987.64	140,921.68
2017-18	113,848.91	3,565.08	117,413.99

Notes:

- Overseas segment includes sales and services rendered to customers located outside
- Domestic segment includes sales and services rendered to customers located in India
- The Company has its business operations primarily in India except capital advance of Rs. 21.64 lakhs (previous year Rs. Nil). There are no other non-current assets outside India.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Major customer

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

- 35** 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.

36 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 (upto 10 August 2018)

Mr. Yugo Hashimoto - Managing Director & CEO (w.e.f 10 August 2018)

Mr. Gopal Bansal - Whole-time Director & CFO

Mr. T Yamamoto - Whole-time Director – Quality Assurance (w.e.f. 30 November 2018)

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

Mr. T Imai - Whole-time Director – R&D (upto 28 April 2018)

Mr. Parvesh Madan - Company Secretary

Mr. S.K. Tuteja - Chairman, 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 and outstanding balances as at year-end

(i) **Controlling Enterprise**

	Year Ended 31 March 2019	Year Ended 31 March 2018
Transactions		
a) Purchase of components and spares	128.91	71.94
b) Dividend paid	95.43	508.98
Outstanding balances		
	As at 31 March 2019	As at 31 March 2018
a) Advance for supply of goods	21.64	5.21
b) Other receivables	146.93	80.59

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

(ii) Key management personnel

	Year Ended 31 March 2019	Year Ended 31 March 2018
a) Managerial remuneration: *		
Short-term employee benefits		
Mr. Eiichi Seto #	57.07	80.43
Mr. Yugo Hashimoto	72.04	-
Mr. Kei Katayama	-	9.09
Mr. T Imai	4.30	43.77
Mr. T Yamamoto	19.54	-
Mr. Gopal Bansal #	172.80	127.24
Mr. Parvesh Madan	32.57	29.96

*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.

Includes commission of Rs. 16.34 lakhs paid during the year to the Managing Director & CEO and Rs. 16.34 lakhs paid during the year to the Whole time Director & CFO in respect of the year 2017-18 after obtaining approval from the shareholders in the Annual General Meeting held on 9 August 2018.

Sitting Fee and Commission - Independent Directors

	Year Ended 31 March 2019	Year Ended 31 March 2018
Mr. S.K. Tuteja		
- Sitting fee	9.40	8.21
- Commission	6.00	3.00
Mr. P.K. Nanda		
- Sitting fee	6.10	5.81
- Commission	6.00	3.00
Mr. A.K. Thakur		
- Sitting fee	4.90	4.61
- Commission	6.00	3.00
Dr. (Mrs.) Vasantha S Bharucha		
- Sitting fee	3.40	3.70
- Commission	6.00	3.00
Mr. Sudhir Nayar		
- Sitting fee	4.90	4.61
- Commission	6.00	3.00
	As at 31 March 2019	As at 31 March 2018
b) Remuneration payable at the year-end to Directors		
- Executive Directors	33.52	-
- Non-Executive Directors	30.00	15.00

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

37 Employee benefits

(i) Net Liabilities relating to employee benefits

	As at 31 March 2019	As at 31 March 2018
Non-current		
Liability for gratuity	1,540.20	1,836.31
Liability for compensated absences	2,621.13	2,432.67
	4,161.33	4,268.98
Current		
Liability for gratuity	750.00	392.19
Liability for compensated absences	1,000.81	801.09
Liability for superannuation	41.15	36.66
	1,791.96	1,229.94
Total	5,953.29	5,498.92

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

(ii) Defined benefit plan - Gratuity

The Company operates a 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 2019

(All amounts in Rs. Lakhs unless stated otherwise)

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. 750.00 lakhs (previous year Rs. 475.00 lakhs) in contribution to its defined benefit plans in 2019-20.

b) Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	4,108.38	3,883.25
Benefits paid	(260.00)	(267.16)
Current service cost	330.24	293.68
Interest cost	306.33	277.48
Actuarial (gains) / losses recognised in other comprehensive income		
- changes in demographic /financial assumptions *	13.15	(87.57)
- experience adjustment	263.81	8.70
Balance at the end of the year	4,761.91	4,108.38

* Segregation of financial and demographic assumptions is not available

c) Reconciliation of the present value of plan assets

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	1,879.88	1,545.12
Contributions paid into the plan	678.00	471.46
Benefits paid	(260.00)	(267.16)
Expected return income on plan assets	160.84	121.90
Re-measurement gain / (loss) - return on plan assets recognised in other comprehensive income	12.99	8.56
Balance at the end of the year	2,471.71	1,879.88

d) Expense recognised in profit or loss

Particulars	Year Ended 31 March 2019	Year Ended 31 March 2018
Current service cost	330.24	293.68
Interest cost	145.49	155.58
	475.73	449.26

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

e) Remeasurements recognised in other comprehensive income

Particulars	Year Ended 31 March 2019	Year Ended 31 March 2018
Actuarial loss / (gain) on defined benefit obligation	276.96	(78.87)
Re-measurement (loss) / gain - return on plan assets	(12.99)	(8.56)
	263.97	(87.43)

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 of India and asset-liability matching strategies are not available with the Company and have not been disclosed.

g) Actuarial assumptions:

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate (per annum)	7.65% p.a	7.70% p.a
Future salary growth rate (per annum)	9.00% p.a	9.00% p.a
Attrition rate	5.00% p.a	5.00% p.a
Future Mortality	IALM 2012-14 (Ultimate)	IALM 2006-08 (Ultimate)

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 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(156.98)	167.08	(138.83)	147.84
Future salary growth rate (1.0% movement)	337.31	(303.75)	298.71	(268.68)
Attrition rate (0.5% movement)	(14.48)	15.55	(14.69)	10.48

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 assumptions used in preparing the sensitivity analysis did not change as compared to the previous year.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

Maturity profile of defined benefit obligation:

Expected cash flows (valued on un-discounted basis):

	As at 31 March 2019	As at 31 March 2018
Within 1 year	434.15	412.80
2-5 years	2,018.16	1,617.08
6-10 years	2,505.31	2,188.10
After 10 years	4,283.83	3,925.51

The weighted average duration of the defined benefit obligation of gratuity fund at 31 March 2019 is 16.06 years (previous year 16.74 years).

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 expense towards contribution to these plans as detailed below:

Particulars*	Year Ended 31 March 2019	Year Ended 31 March 2018
Provident fund	890.94	790.32
Superannuation fund	201.96	184.41
Employees' state insurance scheme	7.57	7.29
	1,100.47	982.02

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

38 Financial Instruments - Risk Management and Fair Values

(A) Financial risk management

During the 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 foreign 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 to monitor mitigating actions taken by Management, 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))

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

(I) Market risk

Market risk is the risk of any loss in future earnings, realisable fair values or 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 borrowing are denominated and functional currency of the Company, i.e. Indian Rupee (Rs.). The currencies in which these transactions are primarily denominated are US Dollar, Euro and Japanese Yen (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, as reported to Management, are as follows:

As on 31 March 2019:

Foreign Currency	Liabilities			Assets			Net overall exposure-net assets / (net liabilities) (in Rs. lakhs)
	Gross Exposure (in Rs. lakhs)	Exposure hedged using derivatives i.e. Cross currency interest rate swaps (in Rs. lakhs)	Net liability exposure (in Rs. lakhs)	Gross Exposure (in Rs. lakhs)	Exposure hedged using derivatives (in Rs. lakhs)	Net asset exposure (in Rs. lakhs)	
USD	12,482.22	12,482.22	-	0.67	-	0.67	0.67
EUR	349.63	-	349.63	-	-	-	(349.63)
YEN	12.36	-	12.36	-	-	-	(12.36)

As on 31 March 2018:

Foreign Currency	Liabilities			Assets			Net overall exposure-net assets / (net liabilities) (in Rs. lakhs)
	Gross Exposure (in Rs. lakhs)	Exposure hedged using derivatives i.e. Cross currency interest rate swaps (in Rs. lakhs)	Net liability exposure (in Rs. lakhs)	Gross Exposure (in Rs. lakhs)	Exposure hedged using derivatives (in Rs. lakhs)	Net asset exposure (in Rs. lakhs)	
USD	14,016.50	14,016.50	-	107.57	-	107.57	107.57
EUR	704.96	-	704.96	-	-	-	(704.96)
YEN	12.18	-	12.18	-	-	-	(12.18)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

-Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee by 1% against below currencies at 31 March 2019 and 31 March 2018 would have impacted the exposure in relation to 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.

Particulars	31 March 2019		31 March 2018	
	Rs. strengthens by 1%	Rs. Weakens by 1%	Rs. strengthens by 1%	Rs. Weakens by 1%
Impact on profit or (loss) for the year				
USD	(0.01)	0.01	(1.08)	1.08
EURO	3.50	(3.50)	7.05	(7.05)
YEN	0.12	(0.12)	0.12	(0.12)

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 cross currency 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.

As at year end, financial liabilities of Rs. 24,489.07 lakhs (previous year Rs. 21,016.50 lakhs) were subject to variable interest rates, out of which, financial liabilities of Rs. 12,482.22 lakhs (previous year Rs. 14,016.50 lakhs) were hedged using cross currency interest rate swaps.

-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 2019	31 March 2018
Profit or loss	120.07	70.00

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. The Company's long term term loan taken from bank carries fixed rate of interest, hence, it is 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.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

(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 exposure from following types of customers:

- Dealers
- Government institutions

To manage trade receivables, 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 receivables by the type of customers is as follows:

	Carrying amount as at	
	31 March 2019	31 March 2018
Dealers	12,901.31	8,377.05
Government institutions	1,360.14	3,184.12
Others	604.04	166.75
	14,865.49	11,727.92

The Company makes an allowance for doubtful debts using the simplified approach for expected credit loss and by continuously monitoring the recoverability of receivable balances.

Movement in expected credit loss allowance

Particulars	Year Ended 31 March 2019	Year Ended 31 March 2018
Balance at the beginning of the year	359.69	277.12
Add: Incremental expected credit allowance	276.77	82.57
Less: Bad debts written off / reversal of provisions	-	-
Balance at the end of the year	636.46	359.69

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

Derivative financial instruments: Credit risk related to derivative financial instruments is managed by only entering into such arrangement with highly rated banks as 'counterparties.

Other financial assets measured at amortised cost: Other financial assets measured at amortized cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

(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 2019				
Trade payables	27,230.38	-	-	27,230.38
Other financial liabilities (excluding current maturities of borrowings)	2,532.38	-	1,204.75	3,737.13
Borrowings	14,221.34	10,423.71	-	24,645.05
	43,984.10	10,423.71	1,204.75	55,612.56

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

The table below indicates the contractual cash flows in respect of cross currency interest rate swap contracts. These cash flows have been disclosed as follows:-

Financial Assets	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
31 March 2019				
Cross currency interest rate swaps receivable	153.48	447.66	-	601.14
	153.48	447.66	-	601.14
Financial Liabilities	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
31 March 2018				
Cross currency interest rate swaps payable	159.77	-	-	159.77
	159.77	-	-	159.77

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. Lakhs unless stated otherwise)

38 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:

	Level of hierarchy	As at 31 March 2019			As at 31 March 2018		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets							
Non-current							
Loans		-	-	369.83	-	-	326.25
Other financial assets							
- Cross currency interest rate swaps	2	-	447.66	-	-	-	-
- Others		-	-	18.86	-	-	156.50
Current							
Trade receivable		-	-	14,865.49	-	-	11,727.92
Cash and cash equivalents		-	-	2,745.25	-	-	1,995.50
Bank balances other than cash and cash equivalents above		-	-	272.14	-	-	200.28
Loans		-	-	107.70	-	-	105.67
Other financial assets							
- Cross currency interest rate swaps	2	-	153.48	-	-	-	-
- Others		-	-	204.47	-	-	100.40
Total financial assets		-	601.14	18,583.74	-	-	14,612.52
Financial liabilities							
Non-current							
Borrowings		-	-	10,423.70	-	-	11,848.93
Other financial liabilities		-	-	1,204.75	-	-	1,156.75
Current							
Borrowings		-	-	11,006.85	-	-	7,000.00
Trade payables		-	-	27,230.38	-	-	21,182.30
Other financial liabilities							
- Cross currency interest rate swaps	2	-	-	-	-	159.77	-
- Others		-	-	5,746.87	-	-	6,768.92
Total financial liabilities		-	-	55,612.55	-	159.77	47,956.90

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

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.

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 2019 and 31 March 2018.

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.

39 Income Tax

(a) Income tax recognised in profit or loss	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
In respect of current year	537.94	242.19
In respect of prior years	-	84.62
	537.94	326.81
Deferred tax		
In respect of current year	(62.30)	(230.71)
	(62.30)	(230.71)
Total income tax expense recognised in profit or loss	475.64	96.10

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

(b)	Income tax expense for the year reconciled to the accounting profit:	Year ended 31 March 2019	Year ended 31 March 2018		
	Profit / (loss) before tax	2,433.01	945.80		
	Income tax rate	34.944%	34.608%		
	Income tax expense	850.19	327.32		
	Effect of Research and development expenses under section 35 (additional deduction)	(418.63)	(354.51)		
	Effect of Non-deductible expenses/ income (permanent differences)	44.08	52.38		
	Tax related to prior years	-	84.62		
	Effect of change in tax rate	-	6.37		
	Others	-	(20.08)		
	Income tax expense recognised in profit or loss	475.64	96.10		
(c)	Income tax recognized in other comprehensive income	Year ended 31 March 2019	Year ended 31 March 2018		
	Deferred tax				
	Arising on income and expenses recognised in other comprehensive income:				
	Remeasurements of defined benefit obligations	92.25	(30.55)		
	Effective portion of loss on hedging instruments in cash flow hedge	(15.79)	46.82		
	Total income tax recognised in other comprehensive income	76.46	16.27		
(d)	Analysis of deferred tax assets/ liabilities				
		As at 1 April 2017	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2018
	Deferred tax (liabilities)/ assets in relation to :				
	Property, plant and equipment and intangible assets (net)	(2559.36)	(1074.66)	-	(3634.02)
	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
	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
	Other items	(14.96)	4.62	-	(10.34)
	Total	(524.57)	230.71	16.27	(277.59)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. Lakhs unless stated otherwise)

	As at 1 April 2018	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2019
Deferred tax (liabilities) / assets in relation to:				
Property, plant and equipment and intangible assets (net)	(3,634.02)	(921.43)	-	(4,555.45)
Provisions- Employee benefits	1,755.89	(25.97)	92.25	1,822.17
Finance lease liabilities	59.87	(5.37)	-	54.50
Provisions- others	172.60	117.99	-	290.59
Cash flow hedges	55.83	(250.10)	(15.79)	(210.06)
Depreciation carry forwards	1,080.39	606.48	-	1,686.87
Unused tax credit (Mat credit entitlement)	242.19	537.94	-	780.13
Other items	(10.34)	2.76	-	(7.58)
Total	(277.59)	62.30	76.46	(138.83)

40 Dividends

a. Proposed Dividend

The Board of Directors has proposed a dividend of Rs. 3.00 per equity share of Rs. 10 each fully paid up, subject to approval by the shareholders at the ensuing Annual General Meeting. The total amount of proposed dividend is Rs. 523.39 lakhs (including dividend distribution tax).

b. The following dividends were declared and paid by the Company during the year in foreign currency:

	Year ended 31 March 2019	Year ended 31 March 2018
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*	32.56	173.65
Financial Year to which dividend pertains	2017-18	2016-2017

* excludes non-resident shareholders to whom dividend is paid in Indian Rupees.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

41 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 working 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.

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, Management of the Company considers risks associated with the movement in the working capital and capex needs.

The following table summarises the capital structure of the Company:

	As at 31 March 2019	As at 31 March 2018
Equity	41,358.92	39,805.57
Debt #	24,645.05	21,187.84
Total	66,003.97	60,993.41

includes long-term borrowings, short-term borrowings and finance lease obligations (including current maturities)

42 Research and development costs are as follows:

a. Revenue expenditure	Year Ended 31 March 2019	Year Ended 31 March 2018
Salaries, wages, bonus and compensated absences	1,035.54	922.32
Contribution to provident and other funds	68.40	62.95
Cost of materials consumed	195.12	300.09
Testing and other laboratory expenses	266.40	301.59
Travelling and conveyance	50.73	58.78
Others	188.86	171.14
Total	1,805.05	1,816.87
b. Capital expenditure	Year Ended 31 March 2019	Year Ended 31 March 2018
Capitalised	600.39	642.25

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. Lakhs unless stated otherwise)

- 43** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to the financial year ended 31 March 2019.
- 44** The Company had received allegations in respect of certain operational and financial matters from an employee and a former employee. As a matter of good corporate governance, the Company decided to internally investigate these allegations. While the work performed internally did not indicate any material financial impropriety, the Company considered it appropriate to get an external independent investigation done by experts who possess the necessary skills to carry out such work. Accordingly, the Company engaged an external firm to perform an investigation particularly to evaluate the appropriateness of certain transactions. This investigation is currently ongoing and the Company expects it to be completed by 30 June 2019. Based on assessment of these allegations by the Board of Directors, Audit Committee and Management, which includes discussions with the said external firm and reviewing the work done by the external firm till date, the Company is of the view that while there may have been some control deficiencies, there is no evidence available till date that indicates the likelihood of any material adjustment to the financial statements for the year ended 31 March 2019. The Company continues to work with its internal audit function to ensure further strengthening of its internal controls and processes.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
ICAI Firm registration No.: 116231W/W-100024

Ashwin Bakshi
Partner
Membership Number: 506777

Place : Gurugram
Date: 28 May 2019

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

Gopal Bansal
Whole Time Director & CFO
DIN: 06836592

Parvesh Madan
Company Secretary
ACS. 31266

S.K. Tuteja
Chairman
DIN: 00594076

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797

Place: New Delhi
Date: 28 May 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SML ISUZU LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SML Isuzu Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 44 of the financial statements which describes that there is an ongoing investigation being carried out by an external firm in relation to allegations received by the Company. As further explained in the said note, based on the work done till date and based on assessment of these allegations by the Board of Directors, Audit Committee and Management, the Company is of the view that there is no evidence available till date that indicates the likelihood of any material adjustment to the financial statements for the year ended 31 March 2019. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition as per Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard)</p> <p>(see notes 2(a)(vi), 2(b)(i) and 23 of the financial statements)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and the appropriateness of the basis used to measure revenue recognized over a period.</p> <p>Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of delivery or upon formal customer acceptance depending on customer terms.</p> <p>Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for warranty, service coupons, liquidated damages, discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.</p> <p>There is a risk of revenue being overstated due to fraud, including through manipulation of key estimates such as warranty, service coupons, liquidated damages and rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> - We assessed the appropriateness of the revenue recognition accounting policies, including those relating to warranty, service coupons, rebates and discounts by comparing with applicable accounting standards. - Evaluated the design of internal controls relating to implementation of the new revenue accounting standard, calculation of warranty, service coupons, liquidated damages and discounts and rebates. In addition, tested material contracts on samples basis in respect of revenue recorded and evaluated the operating effectiveness of the internal control relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving inquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. - Selected a sample of continuing and new contracts and read the distinct performance obligations in these contracts assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards. - We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents including invoices, shipping documents etc. - We performed a retrospective review of estimates and ascertained that the carrying value is reflective of the expected future obligation and that there were no changes in the method of estimation or indication of any management bias. - We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation including acknowledgment of receipt of goods by the customers to assess whether the revenue was recognized in the correct period. - We assessed manual journals posted to revenue to identify unusual items

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and 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) specified 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 of 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 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 and Board of Directors are 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- (A) 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".
- (B) 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 as at 31 March 2019 on its financial position in its financial statements. Refer Note 17(B) and Note 31 (a) of the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the 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 in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditor's Report under section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For BSR & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024

Ashwin Bakshi

Partner

Membership number: 506777

Place: Gurugram
Date: 28 May 2019

Annexure A to the Independent Auditors' report on the financial statements of SML Isuzu Limited for the year ended 31 March 2019

Annexure A referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report to the Members of SML Isuzu Limited on the financial statements for the year ended 31 March 2019, 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. For fixed assets lying with third parties, written confirmations have been obtained from certain parties.
- (c) According to the information and explanations given to us, the Company has two immovable properties. Further, according to the information and explanations given to us and on the basis of our examination of the records of the Company and confirmation received from the Financial Institution holding the title deed for one of the immovable properties, the title deed for one immovable property is held in the name of the Company and the other is held in the name of Swaraj Mazda Limited, i.e. the erstwhile name of the Company.
- (ii) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained in respect of a significant value of such inventory.
- (iii) According to the information and explanations given to us, we are of the opinion that the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) 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) According to the information and explanations given to us, 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) According to the information and explanations given to us, 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 Services Tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there have been slight delays in a few cases relating to deposit of Income Tax and Labour Welfare Fund. As explained to us, the Company did not have any dues on account of Sales Tax, Service Tax, Duty of Excise and Value Added Tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Duty of Customs, Cess, and other material statutory dues were in arrears as on 31 March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, except as stated below, there are no dues of Goods and Services Tax, Duty of Customs, Income Tax, Sales Tax, Service Tax, Duty of Excise and Value Added Tax which have not been deposited by the Company on account of any dispute:

Name of the Statute	Nature of the Dues	Amount involved (Rs. lakhs)	Amount deposited (Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty of Excise	1.94	Nil	Oct 2004 to Mar 2005	Honorable Supreme Court of India
Central Excise Act, 1994	Duty of Excise	5.70	Nil	2005-2006	Commissioner (Appeals)
Finance Act, 1994	Service Tax	5.70	Nil	2005-2006	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Duty of Excise	3.62	Nil	Apr 2008 to Jun 2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Duty of Excise	4.05	Nil	Apr 2010 to Sep 2011	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
	Sub - total (A)	21.01	Nil		
Central Sales Tax Act, 1956	Sales Tax	218.23	87.30	Apr 2000 to Sep 2000	Sales Tax Appellate Tribunal, Chandigarh.
Central Sales Tax Act, 1956	Sales Tax	3.17	Nil	2012-2013	Senior Joint Commissioner of Commercial Tax, West Bengal
Punjab VAT Act, 2005	Value added tax	1.57	0.39	Aug 2007	Deputy Excise and Taxation Commissioner cum Joint Director Enforcement, Patiala
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	15.94	7.20	1993 -1994	Additional Commissioner (Appeals), Lucknow
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	5.80	0.87	2005-2006	Assistant Commissioner, Grade-II
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	6.88	4.98	2016-2017	Assistant Commissioner, Ghaziabad
Kerala Value Added Tax Rules, 2005	Value added tax	1.42	0.43	2010-2011	Assistant Commissioner Special Circle, Trivandrum

Name of the Statute	Nature of the Dues	Amount involved (Rs. lakhs)	Amount deposited (Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
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
A P Value Added Tax Act 2005	Value added tax	3.55	0.88	2016-2017	Assistant Officer and Deputy Commercial Tax officer Vijayawada
The West Bengal Value added Tax Rules, 2005	Value added tax	8.51	Nil	2009-2010	West Bengal Commercial Taxes Appellate and Revisional Board
The West Bengal Value added Tax Rules, 2005	Sales Tax	5.70	Nil	2009-2010	West Bengal Commercial Taxes Appellate and Revisional Board
The West Bengal Value added Tax Rules, 2005	Entry tax	1.13	Nil	2012-2013	West Bengal Commercial Taxes Appellate and Revisional Board, Bench- VI
	Sub-total (B)	367.86	130.83		
Income-tax Act, 1961	Income Tax	101.55	88.61	FY 2004-05	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	94.79	94.79	FY 2005-06	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	137.10	137.10	FY 2006-07	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	476.33	476.33	FY 2007-08	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	42.41	Nil	FY 2008-09	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	39.30	Nil	FY 2009-10	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	55.94	Nil	FY 2010-11	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	31.86	15.44	FY 2011-12	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	55.75	Nil	FY 2012-13	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	221.80	221.80	FY 2015-16	Commissioner of Income Tax (Appeals)
	Sub-total (C)	1,402.83	1,034.07		
	Total (A+B+C)	1,791.70	1,164.90		

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. Further, according to the information and explanations given to us, the Company has not availed any loans or borrowings from any financial institutions or Government and did not have any outstanding debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Further, in our opinion and according to the information and explanations given to us, except an amount of approximately Rs. 300 lakhs raised by way of term loans that was unutilized till end of the year, the Company has utilized the money raised by way of term loans during the year and unutilized funds raised in the previous year for the purposes for which these funds were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Further, as described in note 44 of the financial statements, investigation by an external firm on allegations by an employee and a former employee is still ongoing and its final conclusions are not available.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and 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 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 BSR & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024

Ashwin Bakshi

Partner

Membership number: 506777

Place: Gurugram

Date: 28 May 2019

Annexure B to the Independent Auditors' report on the financial statements of SML Isuzu Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Qualified Opinion

We have audited the internal financial controls with reference to financial statements of SML Isuzu Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2019:

The Company did not have an appropriate internal control system to ensure that the purchases were recorded in accordance with the approved purchase orders, which could potentially result in over/ understatement of purchases and may result in unauthorized payments to vendors. Additionally, as described in note 44 of the financial statements, there is an ongoing investigation being carried out by an external firm in relation to allegations received by the Company with regard to certain operational and financial matters. Pending the final outcome of this investigation, completeness of identification of deficiencies cannot be ascertained.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/ possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls 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 (the "Guidance Note").

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2019 financial statements of the Company, and the material weakness does not affect our opinion on the financial statements of the Company.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to

financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 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 qualified audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 controls 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.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024

Ashwin Bakshi

Partner

Membership No.: 506777

Place: Gurugram

Date: 28 May 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SML Isuzu Limited having CIN: L50101PB1983PLC005516 and having registered office at Village Asron, District: Nawanshahr, Punjab (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the company
1.	Mr. Ashish Kumar Thakur	00031778	31/01/2006
2.	Mr. Sudhir Nayar	00200415	06/08/2013
3.	Mr. Pramod Kumar Nanda*	00213613	29/07/2006
4.	Mr. Pankaj Bajaj	00337925	29/07/2006
5.	Mr. Surender Kumar Tuteja	00594076	20/06/1998
6.	Mrs. Vasantha Suresh Bharucha	02163753	22/09/2014
7.	Mr. Eiichi Seto	02704734	28/05/2010
8.	Mr. Gopal Bansal	06836592	11/02/2014
9.	Mr. Masaki Morohoshi	07302404	23/03/2018
10.	Mr. Kazuo Goda	07572151	05/08/2016
11.	Mr. Gota Iwanami	08094102	23/03/2018
12.	Mr. Yugo Hashimoto	08165797	09/08/2018
13.	Mr. Tadao Yamamoto	08291307	30/11/2018

*Mr. Pramod Kumar Nanda was previously associated with the company with DIN: 00751931, which was surrendered by him on 14.11.2018, as per the provisions of Section 155 read with Rule 11 of Companies (Appointment and Qualification of Directors) Rules, 2014.

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

Date : 30.05.2019
Place : Chandigarh

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Board of Directors
SML Isuzu Limited
Village Asron, District Shahid Bhagat Singh Nagar (Nawashahar)
Punjab – 144533, India

Independent Auditor's Report on Corporate Governance

1. This report is issued to the Board of Directors of SML Isuzu Limited ('the Company') in accordance with the terms of our engagement letter dated 4 October 2018 read with the addendum dated 29 July 2019.
2. We have examined the compliance of conditions of Corporate Governance by SML Isuzu Limited ('the Company') for the year ended 31 March 2019, as stipulated in Regulations 17 to 27, clauses (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 ('the SEBI Listing Regulations'), pursuant to the Listing Agreement of the Company with the Stock Exchanges.

Management's Responsibility

3. The compliance with conditions of Corporate Governance, as stipulated in the SEBI Listing Regulations, is the responsibility of Management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the said conditions.

Auditor's 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, as stipulated in the SEBI Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to requirements of the SEBI Listing Regulations, it is our responsibility to report whether the Company has complied with the conditions of Corporate Governance, as stipulated in the SEBI Listing Regulations, in respect of the year ended 31 March 2019.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ('the Guidance Note') issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
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 and the representation provided by the Management, we report that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations in respect of the year ended 31 March 2019.
9. We state that our report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which Management has conducted the affairs of the Company.

Restriction on Use

10. The report is addressed and provided to the members of the Company solely for the purpose of enabling the Company to comply with the requirements of the SEBI Listing Regulations, and it 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 report is shown or into whose hands it may come without our prior consent in writing.

For BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 116231W/W-100024

Ashwin Bakshi
Partner
Membership No.: 506777
ICAI UDIN: 19506777AAAAO6326

Place: Gurugram
Date: 14 August 2019

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, 2019 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
Date: 27th May, 2019

Yugo Hashimoto
Managing Director & CEO

Gopal Bansal
Whole-time Director & CFO

DECLARATION BY THE MANAGING DIRECTOR & CEO UNDER REGULATION 26 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

I, Yugo Hashimoto, 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, 2019 in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Chandigarh
Date: 2nd May, 2019

YUGO HASHIMOTO
Managing Director & CEO

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th 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 **30th September, 2019 (Monday) at 1:00 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 2019 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. Gota Iwanami (DIN 08094102), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kazuo Goda (DIN 07572151), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. Re-appointment of Mr. S.K. Tuteja (DIN 00594076) 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Mr. S.K. Tuteja (DIN 00594076), an Independent Director of the Company, who is eligible for re-appointment 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, be and is hereby re-appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a second term of five consecutive years commencing from 22nd September, 2019."

6. Continuation of appointment of Mr. S.K. Tuteja (DIN 00594076) 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 Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if any, approval of the Members be and is hereby accorded for continuation of holding of office of an Independent Director by Mr. S.K. Tuteja (DIN 00594076), who shall attain the age of 75 (Seventy-Five) years on 15th June, 2020, during his second term as an Independent Director of the Company."

7. Re-appointment of Mr. Sudhir Nayar (DIN 00200415) 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Mr. Sudhir Nayar (DIN 00200415), an Independent Director of the Company, who is eligible for re-appointment

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, be and is hereby re-appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a second term of five consecutive years commencing from 22nd September, 2019."

8. Re-appointment of Dr. (Mrs.) Vasantha S. Bharucha (DIN 02163753) 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Dr. (Mrs.) Vasantha S. Bharucha (DIN 02163753), an Independent Director of the Company, who is eligible for re-appointment 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 her candidature for the office of a Director, be and is hereby re-appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a second term of three consecutive years commencing from 22nd September, 2019."

9. Continuation of appointment of Dr. (Mrs.) Vasantha S. Bharucha (DIN 02163753) 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 Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if any, approval of the Members be and is hereby accorded for continuation of holding of office of an Independent Director by Dr. (Mrs.) Vasantha S. Bharucha (DIN 02163753), who shall attain the age of 75 (Seventy-Five) years on 7th October, 2019, during her second term as an Independent Director of the Company."

10. Appointment of Mr. Chandra Shekhar Verma (DIN 00121756) as an Independent 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 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Mr. Chandra Shekhar Verma (DIN 00121756), who has been appointed as an Additional Director of the Company with effect from 22nd September, 2019 and who holds office upto the date of this Annual General Meeting of the company in terms of Section 161 of the Companies Act and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director of the Company, being so eligible, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years commencing from 22nd September, 2019."

11. Re-appointment of Mr. Gopal Bansal (DIN 06836592) as Whole-time Director designated as Whole-time Director & Chief Financial 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), approval of the Members be and is hereby accorded for the re-appointment of Mr. Gopal Bansal (DIN 06836592), as Whole-time Director of the Company, designated as Whole-time Director & Chief Financial Officer, for a period of 2(two) years with effect from 11th February, 2019, on the terms & conditions as mentioned below :

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 of Directors.

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 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 currency of the tenure of Mr. Gopal Bansal, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Gopal Bansal, the above remuneration as the minimum remuneration for a period not exceeding two 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."

12. Appointment of Mr. Tadanao Yamamoto (DIN 08291307) 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. Tadanao Yamamoto (DIN 08291307), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 30th November, 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 a Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

13. Appointment of Mr. Tadanao Yamamoto (DIN 08291307) as Whole-time Director designated as Director – Quality Assurance.

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. Tadanao Yamamoto (DIN 08291307), as Whole-time Director of the Company, designated as Director – Quality Assurance, for a period of 2(two) years with effect from 30th November, 2018, on the terms & conditions as mentioned below :

A) SALARY

Rs. 3,80,000/- per month.

Salary to be increased within the range of Rs. 3,80,000/- per month to Rs. 6,00,000/- per month during the period of appointment, in such increments, effective 1st April each year, as may be decided by the Board.

B) 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.

C) 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. Tadanao Yamamoto, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Tadanao Yamamoto, the above remuneration as the minimum remuneration for a period not exceeding two 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."

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 21st September, 2019 to 30th September, 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the FY ended 31st March, 2019.
8. The dividend, as recommended by the Board, if approved at the Annual General Meeting, would be paid / dispatched to those shareholders:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 20th September, 2019 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 20th September, 2019.
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, 2019 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, 2011 to the Investor Education and Protection Fund (IEPF). Further, amount of Unclaimed Dividend for financial year 2011-12 is due for deposit to the Investors Education and Protection Fund on 24th August, 2019. 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 9th August, 2018 (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 2010-11 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).

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, and further amendment dated 30th November, 2018, has prescribed that w.e.f. 1st April, 2019, the 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 SH13, 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 can 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 the 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 a general meeting.

The "cut-off" date for determining the eligibility for voting either through electronic voting system or ballot paper is fixed as 23rd September, 2019.

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 111460 then user ID is 111460001***

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 – 111460) 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 ajaykcs@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 **26th September, 2019 (9:00 AM) and ends on 29th September, 2019 (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 23rd September, 2019, 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, 23rd September, 2019.
- 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 23rd September, 2019, 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. Ajay K. Arora, a practicing Company Secretary (Membership No. 2191) 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. 30th September, 2019 subject to receipt of the requisite number of votes in favour of the resolutions.
19. 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**.

20. All documents referred to in the Notice and the Explanatory Statement 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.
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: 14th August, 2019

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 5 to 9

As per Section 149 of the Companies Act, 2013 ("the Act"), an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company but shall be eligible for re-appointment for another term of five consecutive years on passing of a special resolution by the Company.

Members of the Company, at 30th Annual General Meeting, held on 22nd September, 2014, had approved the appointment of Mr. S.K. Tuteja, Mr. P.K. Nanda, Mr. A.K. Thakur, Mr. Sudhir Nayar and Dr. (Mrs.) Vasantha S. Bharucha as Independent Directors for a term of five consecutive years commencing from 22nd September, 2014.

At the Nomination and Remuneration Committee meeting, held on 9th August, 2019, Mr. P.K. Nanda and Mr. A.K. Thakur, Independent Directors of the Company, conveyed that they do not wish to seek re-appointment for a second term due to personal reasons.

On the recommendation of the Nomination and Remuneration Committee (NRC) and based on the report on performance evaluation carried out by NRC and the Board, the Board of Directors recommends re-appointment of Mr. S.K. Tuteja and Mr. Sudhir Nayar as Independent Directors of the Company for a second term of five consecutive years commencing from 22nd September, 2019 and of Dr. (Mrs.) Vasantha S. Bharucha as Independent Director of the Company for a second term for three consecutive years commencing from 22nd September, 2019.

The Company has received notices in writing from the Members in the prescribed manner, under Section 160 of the Act, proposing the candidatures of each of the Directors mentioned above for the office of Director of the Company.

The Company has received declarations from each of the Directors mentioned above that they meet with the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). Further, they are not disqualified from being re-appointed as Directors in terms of Section 164 of the Act and have given their consent in writing to act as Directors of the Company.

In the opinion of the Board, all the above mentioned Directors are persons of integrity and possess appropriate skills, experience, knowledge and qualifications in their respective fields which are beneficial to the interests of the Company. Further, these Directors fulfill the conditions for appointment as Independent Directors as specified in the Act & the Listing Regulations and are independent of the Management.

Pursuant to Regulation 17(1A) of the Listing Regulations, 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 seventy-five years unless approval of the Members has been obtained through special resolution. Mr. S.K. Tuteja and Dr. (Mrs.) Vasantha S. Bharucha shall attain the age of 75 years during the proposed second term.

Keeping in view the vast experience and knowledge, which these Directors possess, the Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as an Independent Directors. Accordingly, the Board strongly recommends the Special Resolutions set at Item Nos. 5 to 9 of the Notice for the approval of the Members.

Disclosure under applicable provisions of the Listing Regulations and Secretarial Standards on General Meetings has been annexed hereto and marked as **Annexure A**.

Copies of draft Letters of Appointment of Mr. S.K. Tuteja, Mr. Sudhir Nayar and Dr. (Mrs.) Vasantha S. Bharucha as Independent Director setting out the terms and conditions would be available for inspection by the Members at the

Registered Office of the Company during normal business hours on working days.

Except for these Directors, 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 these Resolutions as set out at Item No. 5 to 9.

Item No. 10

The Board, on the recommendation of its Nomination & Remuneration Committee, has appointed Mr. Chandra Shekhar Verma as an Additional Director (Independent Director) of the Company w.e.f. 22nd September, 2019. He holds office upto the date of ensuing Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Chandra Shekhar Verma is a Commerce post-graduate with a Master's degree in Business Administration and a Bachelor's degree in Law (LLB). He is also a Fellow Member of The Institute of Company Secretaries of India and The Institute of Cost & Works Accountants of India. He has vast experience of around 34 years in the public sector companies such as - Indian Railway Finance Corporation, Bharat Heavy Electricals Limited (BHEL), ITI Limited etc. His last assignment was as Chairman and Managing Director of Steel Authority of India Limited (SAIL).

The Company has received notice in writing from a Member in the prescribed manner, under Section 160 of the Act, proposing the candidature of Mr. Chandra Shekhar Verma for the office of a Director of the Company.

The Company has received declaration from Mr. Verma that he meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 ("the Act") and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). Further, Mr. Verma 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.

In the opinion of the Board, Mr. Chandra Shekhar Verma is a person of integrity and possesses appropriate skills, experience, knowledge and qualifications in his field which are beneficial to the interests of the Company. Further, he fulfill the conditions for appointment as an Independent Director as specified in the Act & the Listing Regulations and is independent of the management.

Keeping in view his vast experience and knowledge, the Board considers that it will be in the interest of the Company to induct Mr. Chandra Shekhar Verma on the Board of the Company as an Independent Director. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 10 of the Notice for the approval by the Members.

Disclosure under applicable provisions of the Listing Regulations and Secretarial Standards on General Meetings has been annexed hereto and marked as **Annexure A**.

Copy of the Draft Letter of Appointment of Mr. Chandra Shekhar Verma as an Independent Director setting out the terms and conditions would be available for inspection by members at the Registered Office of the Company during normal business hours on working days.

Except for Mr. Verma, 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 this Resolution as set out at Item No. 10.

Item No. 11

Members of the Company, at the Annual General Meeting, held on 22nd September, 2014, had approved the appointment of Mr. Gopal Bansal as Whole-time Director & Chief Financial Officer, for a period of five years effective 11th February, 2014.

Mr. Gopal Bansal, a qualified Chartered Accountant and Company Secretary, is a non-promoter, professional director of the Company, who has no interest in the capital of the Company, directly or indirectly or through any other statutory structures and was not related to the directors or promoters of the Company at any time during last two years before or on the date of his appointment and has specialized knowledge in the field of his profession. Besides remuneration, he did not have any, direct or indirect, material pecuniary relationship with the Company or with other managerial personnel. Mr. Bansal fulfills the criteria of Managerial Person appointed in professional capacity, in terms of Schedule V to the Companies Act, 2013.

The Board of Directors, on the recommendation of its Nomination and Remuneration Committee, has unanimously approved the re-appointment of Mr. Gopal Bansal as Whole-time Director of the Company designated as Whole-time Director & Chief Financial officer for a period of two years with effect from 11th February, 2019 subject to the approval of shareholders in the General Meeting.

It is the considered view of the Board that having regard to Mr. Bansal's experience and contribution to the Company, his re-appointment as Whole-time Director & Chief Financial Officer would be of immense value to the Company. Accordingly, the Board recommends passing of the Resolution at Item No. 11 of the Notice as a Special Resolution.

Mr. Bansal is not disqualified from being re-appointed as Director in terms of Section 164 of the Act and has given his consent in writing to act as Director of the Company.

The Notice read with Explanatory Statement should be considered as written Memorandum setting out the terms of appointment of Mr. Gopal Bansal 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 has been annexed hereto and marked as **Annexure B**.

Except for Mr. 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 Resolution as set out at Item No. 11.

Item No. 12 & 13

Mr. Tadanao Yamamoto was appointed by the Board, on the recommendation of its Nomination & Remuneration Committee, as an Additional Director with effect from 30th November, 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. Tadanao Yamamoto is a graduate from Tokyo Science University, Japan. He joined Isuzu Motors Limited, Japan in 1980 as Assistant to Manager in Quality Control Dept. His last assignment in India was with Isuzu Motors India Private Limited, Chennai as Senior Vice President. He has a rich experience of 38 years with Isuzu Motors in Quality Control and Manufacturing.

The Company has received a Notice in writing from a Member in the prescribed manner, under Section 160 of the Act, proposing the candidature of Mr. Tadanao Yamamoto for the office of a Director of the Company.

Mr. Yamamoto 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. Tadanao Yamamoto as Whole-time Director of the Company designated as Director – Quality Assurance for a period of two (2) years with effect from 30th November, 2018 subject to approval of the Members in the Annual General Meeting.

The period of office of Mr. Tadao Yamamoto shall be liable to determination by retirement of directors by rotation. If Mr. Yamamoto is re-appointed as a director, immediately on retirement by rotation he shall continue to hold office of Whole-time Director, designated as Director – Quality Assurance, and such re-appointment as director shall not be deemed to constitute a break in his appointment as a Whole-time Director, designated as Director - Quality Assurance.

The Notice read with Explanatory Statement should be considered as written Memorandum setting out the terms of appointment of Mr. Tadao Yamamoto 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. Yamamoto's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends passing of the Resolutions at Item No. 12 of the Notice as an Ordinary Resolution and Item No. 13 of the Notice as a Special Resolution.

Except for Mr. Yamamoto, 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. 12 & 13.

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	Gota Iwanami	Kazuo Goda	S.K. Tuteja	Sudhir Nayar
Date of Birth (Age)	31.07.1964 (55 years)	03.06.1967 (52 years)	15.06.1945 (74 years)	29.01.1951 (68 years)
DIN No.	08094102	07572151	00594076	00200415
Original date of Appointment	23.03.2018	05.08.2016	20.06.1998	06.08.2013
Qualification(s)	Graduate from Keio University, Japan	Bachelor Degree from Kyoto Sangyo University, Japan	IAS (Retd.), M.Com, FCS	B.Tech, MBA
Experience (including expertise in specific functional area)	<p>Mr. Iwanami is a Non-Executive Director on SML Board.</p> <p>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.</p> <p>Mr. Iwanami has 31 years of rich global experience in the automotive business.</p>	<p>Mr. Goda is a Non-Executive Director on SML Board.</p> <p>He joined Isuzu Motors Ltd. in 1990 and since then has held several positions in various departments including International Business Development Dept. and International Sales Dept. and is currently General Manager, International Sales (Dept. No. 3).</p> <p>Mr. Goda has over 27 years of rich experience in International Business Development and International Sales.</p>	<p>Mr. Tuteja joined the Indian Administrative Services (IAS) in 1968 and retired from the Indian Administrative Services in 2005 as Secretary, Food and Public Distribution, Government of India.</p> <p>Mr. Tuteja's service career with the Government of Punjab and at the Centre covered key assignment in various government departments. Earlier, he was the Chairman of the Punjab State Electricity Board, the Chairman of the Central Warehousing Corporation and the Chairman of the Pay Commission of the Government of Punjab.</p> <p>Mr. Tuteja has around 50 years of rich experience in diverse fields which include district administration, education, industry, trade, commerce, finance and company matters. He joined SML Board on June 20, 1998 and was appointed as a Non-Executive Independent Chairman of the Company on June 29, 2005.</p>	<p>Mr. Nayar has worked in sales and marketing function for over 30 years in FMCG companies starting with the Tata Oil Mills Company Limited (TOMCO) and then with Hindustan Unilever Limited (HUL) in various capacities wherein his last sales job was as General Manager looking after the sales operations in Eastern India. Thereafter he worked in HUL as General Manager Corporate Affairs before superannuating from the company.</p> <p>For the last several years he has been taking and continues to take regular full semester courses in marketing/sales in management institutes such as FMS Delhi, IMT Ghaziabad and Management School of Ambedkar University.</p>
Terms and Conditions of appointment/ re-appointment including detail of remuneration sought to be paid	Re-appointment on rotational basis and no remuneration (including sitting fee) is payable.		Re-appointment for a period of five consecutive years commencing from 22nd September, 2019 on existing terms and conditions (Commission approved by the Members in the AGM held on 5th August, 2016 vide Resolution No. 7)	
Details of remuneration last drawn (FY 2018-19)*	Nil	Nil	Rs. 3.0 lacs	Rs. 3.0 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	Gota Iwanami	Kazuo Goda	S.K. Tuteja	Sudhir Nayar
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2019	<ol style="list-style-type: none"> 1. Hino Motors Sales Vietnam, Ltd. 2. SC Abeam Automotive Consulting, Japan 3. Toyota Libya F.ZC. 4. Toyota Nigeria Limited 	JSC Isuzu Rus	<ol style="list-style-type: none"> 1. A2Z Infra Engineering Ltd 2. Adani Agri Logistics Limited 3. Daawat Foods Limited 4. Devenio Optimus Advisors (P) Ltd. 5. Havells India Limited 6. Intas Pharmaceuticals Ltd. 7. Nature Bio Foods Limited 8. Norwest Estates Private Ltd. 9. Pegasus Assets Reconstruction (P) Ltd. 10. QRG Medicare Limited 11. Red Carpet Retail (P) Ltd. 12. Shree Renuka Sugars Ltd. 13. T Bhimjyani Warehousing Cold Chain Private Limited 14. TFS Business Advisors India Private Ltd 	Nil
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, 2019**	SML Isuzu Limited <ul style="list-style-type: none"> • Nomination & Remuneration Committee [M] 	Nil	SML Isuzu Limited <ul style="list-style-type: none"> • Stakeholders Relationship Committee [C] • Nomination and Remuneration Committee [M] • Corporate Social Responsibility Committee [C] • Executive Committee [C] A2Z Infra Engineering Limited <ul style="list-style-type: none"> • Audit Committee [C] • Stakeholders Relationship Committee [M] • Nomination and Remuneration Committee [M] • Corporate Social Responsibility Committee [C] Daawat Foods Limited <ul style="list-style-type: none"> • Audit Committee [C] • Nomination and Remuneration Committee [M] • Corporate Social Responsibility Committee [C] QRG Medicare Limited <ul style="list-style-type: none"> • Audit Committee [C] • Nomination and Remuneration Committee [M] 	SML Isuzu Limited <ul style="list-style-type: none"> • Audit Committee[M] • Risk Management Committee [M]

** This include Committee of the Board of Directors of Indian companies.

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	Gota Iwanami	Kazuo Goda	S.K. Tuteja	Sudhir Nayar
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, 2019**			Havells India Limited <ul style="list-style-type: none"> Audit Committee [C] Stakeholders Relationship Committee [M] Nomination and Remuneration Committee [M] Corporate Social Responsibility Committee [M] Shree Renuka Sugars Limited <ul style="list-style-type: none"> Audit Committee [M] Nomination and Remuneration Committee [C] Corporate Social Responsibility Committee [C] Intas Pharmaceuticals Limited <ul style="list-style-type: none"> Audit Committee [M] Nomination and Remuneration Committee [C] Corporate Social Responsibility Committee [C] Nature Bio Foods Limited <ul style="list-style-type: none"> Audit Committee [M] Nomination and Remuneration Committee [C] Corporate Social Responsibility Committee [C] 	
No. of Board Meetings attended during FY 2018-19	5	3	5	5
No. of shares held in the Company as on March 31, 2019	Nil	Nil	1400 equity shares	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 Committee of the Board of Directors of Indian companies.

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	Vasantha S Bharucha	Chandra Shekhar Verma	Gopal Bansal	Tadanao Yamamoto
Date of Birth (Age)	07.10.1944 (74 years)	29.09.1959 (60 years)	02.02.1956 (63 years)	23.01.1957 (62 years)
DIN No.	02163753	00121756	06836592	08291307
Original date of Appointment	22.09.2014	Appointed w.e.f 22.09.2019	11.02.2014	30.11.2018
Qualification(s)	M.A. (Economics) Ph. D. (Economics)	LLB, M.Com, MBA, FCS, FICWA	B.Com, FCA, ACS	Graduate from Tokyo Science University, Japan
Experience (including expertise in specific functional area)	<p>Dr. (Mrs.) Vasantha Bharucha is an economist of repute and holds Doctorate in Economics from University of Mumbai. Dr. Bharucha served as Economic Adviser in the Ministry of Commerce & Industry, Government of India during policy liberalization. She was the Resident Director of India's Trade Promotion office in the US (based in New York) and was also an Executive Director of the National Centre for Trade Information using technology for trade. She was an Independent Director on the Central Board of State Bank of India (SBI) for three years during 2008-2011 and was also a Director on the Board of Delhi Circle of SBI. Besides, she was on the Board of Diamond Power Infrastructure Ltd., Dolphin Offshore Enterprises (India) Ltd. and founder director of Tamilnadu Trade Promotion Organisation (TTPO).</p> <p>She has rich experience in industry, trade and finance in the engineering and consumer goods sectors and has published a number of reports and strategy papers on Economic subjects.</p> <p>She has been consultant and adviser to International organizations like WTO, UNCTAD, ITC and the UNDP. Presently, Dr. Bharucha is a strategy consultant to various corporates.</p>	<p>Mr. Chandra Shekhar Verma has been appointed as an Additional Director (Independent Director) w.e.f 22.09.2019. He has vast experience of around 34 years in the public sector companies such as- Indian Railway Finance Corporation, Bharat Heavy Electricals Limited (BHEL), ITI Limited etc. His last assignment was as Chairman and Managing Director of Steel Authority of India Limited (SAIL).</p> <p>He was the first President of the Indian Steel Association. He has been the Governing Council Member of All India Management Association (AIMA).</p>	<p>Mr. Gopal Bansal was appointed as Whole-time Director & CFO of the Company for a period of five years w.e.f. 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. He was re-appointed as Whole-time Director & CFO of the Company for a further period of two years w.e.f 11th February, 2019.</p> <p>Mr. Bansal has over 35 years of experience in areas such as corporate affairs, finance & accounts, risk management, secretarial & taxation, investor relations, etc</p>	<p>Mr. Yamamoto was appointed as an Additional Director and Whole-time Director designated as Director – Quality Assurance w.e.f. 30.11.2018.</p> <p>He joined Isuzu Motors Limited, Japan in 1980 as Assistant to Manager in Quality Control Dept. His last assignment in India was with Isuzu Motors India Private Limited, Chennai as Senior Vice President.</p> <p>He has a rich experience of 38 years with Isuzu Motors in Quality Control and Manufacturing.</p>
Terms and Conditions of appointment/ re-appointment including detail of remuneration sought to be paid	Re-appointment for a period of five consecutive years commencing from 22nd September, 2019 on existing terms and conditions (Commission approved by the Members in the AGM held on 5th August, 2016 vide Resolution No. 7)	Appointment for a period of five consecutive years commencing from 22nd September, 2019 and Commission approved by the Members in the AGM held on 5th August, 2016 vide Resolution No. 7 is payable	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.

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	Vasantha S Bharucha	Chandra Shekhar Verma	Gopal Bansal	Tadanao Yamamoto
Details of remuneration last drawn (FY 2018-19)*	Rs. 3.0 lacs	N.A.	Rs. 172.8 lacs	Rs. 19.5 lacs
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2019	1. Triveni Turbines Ltd.	1. First Advantage Consulting Group Limited 2. ITI Asset Management Limited 3. Nu Metal & Steel Private Limited	Nil	Nil
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, 2019**	SML Isuzu Limited • Corporate Social Responsibility Committee [M] Triveni Turbines Ltd. • Audit Committee [M] • Nomination & Remuneration Committee [M]	Nil	SML Isuzu Limited • Audit Committee [M] • Risk Management Committee [M] • Stakeholders Relationship Committee [M] • Corporate Social Responsibility Committee [M] • Executive Committee [M]	Nil
No. of Board Meetings attended during FY 2018-19	5	N.A. (appointed w.e.f. 22.09.2019)	5	2 (appointed w.e.f. 30.11.2018)
No. of shares held in the Company as on March 31, 2019	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.			

* The remuneration of Independent Directors exclude sitting fees and reimbursement of expenses incurred for attending Board/ Committee meetings.

** This include Committee of the Board of Directors of Indian companies.

Annexure B

Statement as required under Schedule V of the Companies Act, 2013

(with reference to Resolution at Item No. 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, 2019:

(Rs. Crores)

Particulars	FY 2018-19	FY 2017-18
Net Revenue	1413.7	1138.2
Net Profit in accordance with Section 197 of the Companies Act, 2013	33.4	16.5
Profit/ (Loss) Before Tax	24.3	9.5
Profit/ (Loss) After Tax	19.6	8.5
Net Worth	413.6	398.1

(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 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. Gopal Bansal

Mr. Bansal was appointed as Whole-time Director & CFO with effect from 11th February, 2014 for five years. 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 35 years of rich experience in areas such as corporate affairs, finance & accounts, risk management, secretarial & taxation, investor relations, etc.

(b) Mr. Tadanao Yamamoto

Mr. Tadanao Yamamoto has been appointed as an Additional Director (designated as Director – Quality Assurance) with effect from 30th November, 2018. He joined Isuzu Motors Limited, Japan in 1980 as Assistant to Manager in Quality Control Dept. His last assignment in India was with Isuzu Motors India Private Limited, Chennai as Senior Vice President. He has a rich experience of 38 years with Isuzu Motors in Quality Control and Manufacturing.

(ii) Past remuneration during the financial year ended 31st March, 2019:

Name of the Directors	Amount (Rs. in lakhs)
Mr. Gopal Bansal, Whole-time Director & CFO	172.80*
Mr. Tadanao Yamamoto, Director – Quality Assurance (appointed w.e.f 30th November, 2018)	19.50 (4 months)

*Includes encashment of earned leaves Rs. 28.67 lakhs

(iii) Recognition or awards: Nil

(iv) Job Profile and suitability:

i. 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, Risk Management Committee and Executive 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.

ii. Mr. Tadanao Yamamoto

Mr. Tadanao Yamamoto, as Director – Quality Assurance, is responsible for Company's vehicle quality. He has around 38 years of experience in Quality Control and Manufacturing with Isuzu Motors, Japan.

Taking into consideration his rich experience in the automobile industry, the Board of Directors has bestowed the above responsibilities to Mr. Yamamoto, effective from 30th November, 2018.

(v) Remuneration proposed, Notice period and Severance fees, etc.:

As per the details given in the Resolution No. 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. Gopal Bansal and Mr. Tadanao Yamamoto, the responsibilities 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. Gopal Bansal and Mr. Tadanao Yamamoto 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:

Not applicable, as the Company has posted a profit after tax of Rs. 19.6 crores for the year ended 31st March, 2019.

(ii) Steps taken or proposed to be taken for improvement

Not applicable as the Company has adequate profits.

(iii) Expected increase in productivity and profits in measurable terms:

Not applicable as the Company has adequate profits.

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, 2019.

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 : 14th August, 2019

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-144533

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 35th Annual General Meeting of the Company, to be held on Monday, 30th September, 2019 at 1.00 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, 2019		
2	Declaration of Dividend on Equity Shares		
3	Re-appointment of Mr. Gota Iwanami (DIN 08094102) as Director, who retires by rotation		
4	Re-appointment of Mr. Kazuo Goda (DIN 07572151) as Director, who retires by rotation		
Special Business			
5	Re-appointment of Mr. S.K. Tuteja (DIN 00594076) as an Independent Director - as a Special Resolution		
6	Continuation of appointment of Mr. S.K. Tuteja (DIN 00594076) as an Independent Director - as a Special Resolution		
7	Re-appointment of Mr. Sudhir Nayar (DIN 00200415) as an Independent Director - as a Special Resolution		
8	Re-appointment of Dr. (Mrs.) Vasantha S. Bharucha (DIN 02163753) as an Independent Director - as a Special Resolution		
9	Continuation of appointment of Dr. (Mrs.) Vasantha S. Bharucha (DIN 02163753) as an Independent Director - as a Special Resolution		
10	Appointment of Mr. Chandra Shekhar Verma (DIN 00121756) as an Independent Director - as an Ordinary Resolution		
11	Re-appointment of Mr. Gopal Bansal (DIN 06836592) as Whole-time Director designated as Whole-time Director & Chief Financial officer - as a Special Resolution		
12	Appointment of Mr. Tadanao Yamamoto (DIN 08291307) as Director - as an Ordinary Resolution		
13	Appointment of Mr. Tadanao Yamamoto (DIN 08291307) as Whole-time Director designated as Director – Quality Assurance- as a Special Resolution		

Signed this _____ day of _____ 2019

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.
- APROXY 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 35th 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-144533

Tel. 01881-270255 **Fax:** (91) 1881-270223

Email: investors@smlisuzu.com **Website:** www.smlisuzu.com

35th Annual General Meeting - 30th September, 2019 (Monday)

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 _____

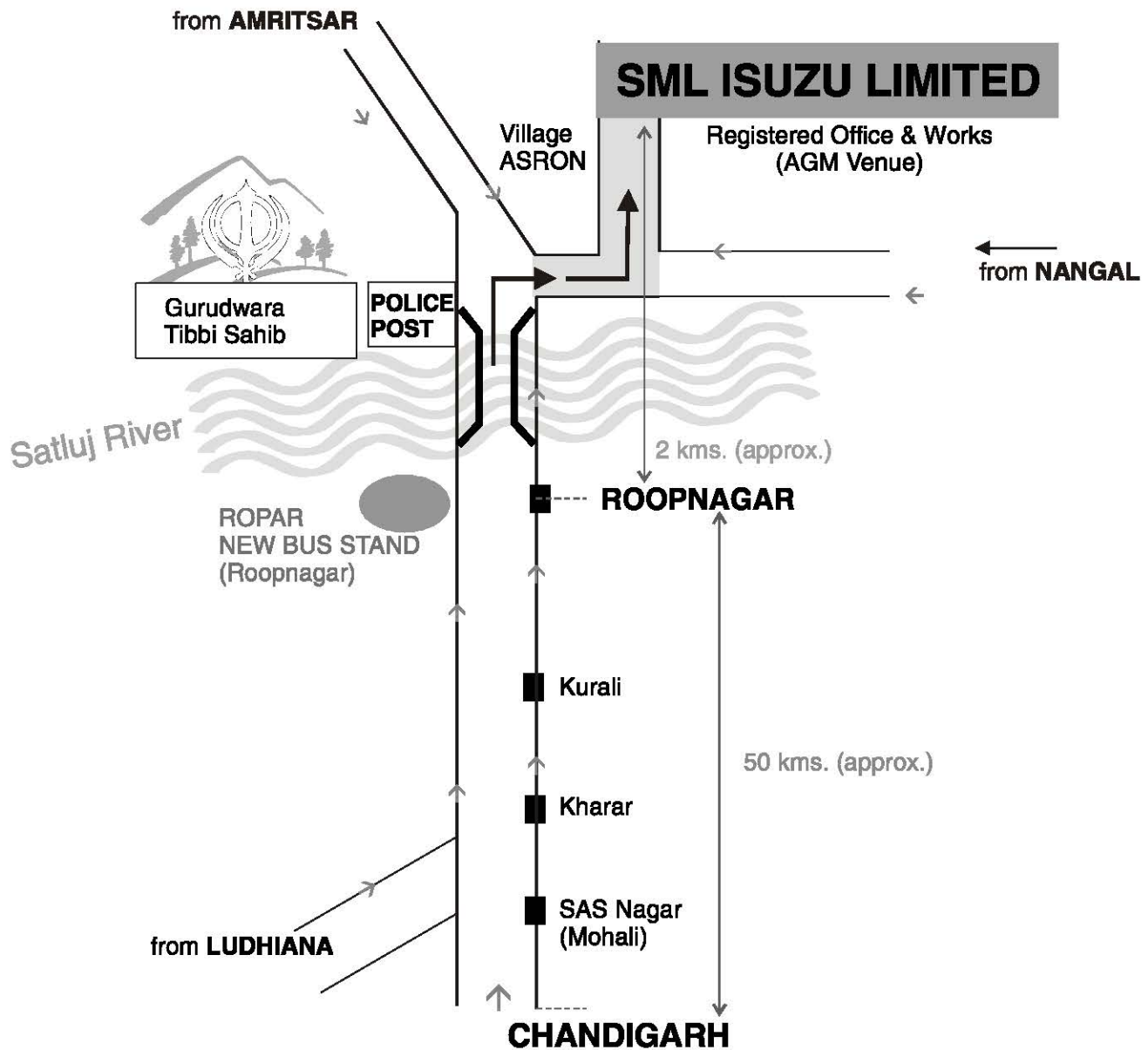
I/We hereby record my/our presence at the 35TH ANNUAL GENERAL MEETING of the Company on 30th September, 2019 (Monday) at 1:00 P.M. at its Registered Office at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab – 144 533.

*To be used for shares held in electronic form

SIGNATURE OF SHAREHOLDER/PROXY

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

ROUTE MAP FOR AGM VENUE



CHANDIGARH to SML ISUZU LTD., VILLAGE ASRON : 52 kms. (approx.)



BE THE BEST, BE THE ONE