

SML/SEC/EXCH
6th July, 2021

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,

Notice of 37th Annual General Meeting and Annual Report 2021

We are pleased to enclose herewith a copy of Annual Report of SML ISUZU LIMITED for the financial year ended 31st March, 2021 including Notice of 37th Annual General Meeting (AGM).

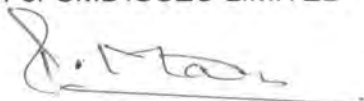
As informed earlier, vide our communication dated 19th May, 2021, 37th AGM of the Company is scheduled on Friday, 30th July, 2021 at 1:00 PM through Video Conferencing / Other Audio Visual Means.

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

**SML
ISUZU**

ANNUAL REPORT 2021

SML ISUZU LIMITED



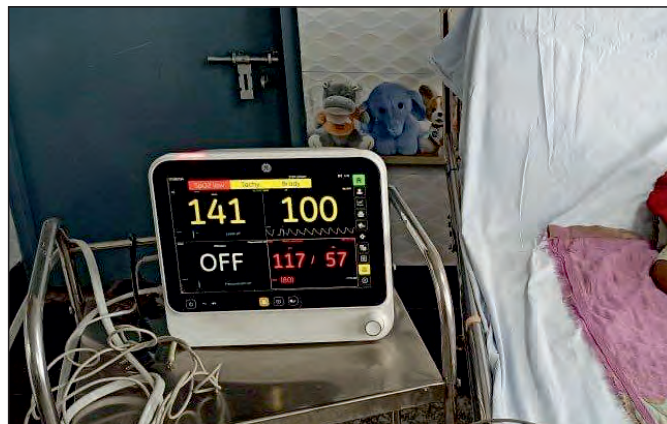
CSR INITIATIVES 2020-21...



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



Vocational Training - Projects for economically backward section of society



Healthcare – Upgradation of Medical Infrastructure in Government Hospitals

SML ISUZU LIMITED (FORMERLY SWARAJ MAZDA LIMITED)

BOARD OF DIRECTORS

S.K. TUTEJA - Chairman

SUDHIR NAYAR

DR. VASANTHA S. BHARUCHA

CHANDRA SHEKHAR VERMA

G. IWANAMI

E. SETO

N. MURAKAMI

T. HORIKOSHI

PANKAJ BAJAJ

Y. HASHIMOTO - Managing Director & CEO
(upto 19th May, 2021)

J. YAMANISHI - Managing Director & CEO
(w.e.f. 20th May, 2021)

T. YAMAMOTO - Director-Quality Assurance

CHIEF FINANCIAL OFFICER

RAKESH BHALLA

COMPANY SECRETARY

PARVESH MADAN

AUDITORS

WALKER CHANDIOK & CO LLP

LISTING OF SHARES

BSE LIMITED
NATIONAL STOCK
EXCHANGE OF INDIA LIMITED

BANKERS

AXIS BANK
CANARA BANK
HDFC BANK
MIZUHO BANK LTD.
MUFG BANK LTD.

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

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

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37TH ANNUAL GENERAL MEETING

on Friday, 30th July, 2021

at 01:00 P.M. through

Video Conferencing / Other Audio Visual Means

REPORT OF THE DIRECTORS

The Directors are pleased to present their Thirty-Seventh Annual Report together with audited financial statements for the financial year ended 31st March 2021.

PERFORMANCE REVIEW

During FY 2020-21, the Covid-19 pandemic significantly impacted the businesses and economies across the world. Due to reduced economic activity and restricted mobility, GDP contracted in many countries including India. The stringent measures taken by the Government of India to curb the spread of pandemic have had an inevitable impact on Indian Economy. Consequently, for FY 2020-21, GDP is expected to contract by 8.0 percent against 4.2 percent growth achieved last year (FY 2019-20).

Domestic Commercial Vehicles Industry (CVI), which was already in the midst of a downcycle, witnessed sharp volume contraction during FY 2020-21 as the Covid-19 pandemic added to its woes. Although, there has been some improvement in the volumes during H2 FY 2020-21, with ease of lockdown restrictions, the recovery was not uniform, trucks being solely the driving force. Due to closure of schools & educational institutions and negligible tourist operations throughout the year and work from home culture adopted by most of the Corporates, demand for buses has been impacted severely.

As a result, during FY 2020-21, the domestic CVI registered decline of 21 percent with volumes reaching at 5,68,600 vehicles. Light Commercial Vehicles (LCVs) declined by 17 percent with volumes at 4,07,900 and Medium & Heavy Commercial Vehicles (M&HCVs) declined by 28 percent with volumes at 1,60,700. The 5-12 ton GVW category, in which the Company principally operates, declined by 44 percent with volumes reaching at 65,100.

In line with the Industry, the Company's sales volume also dropped significantly, reaching 5,043 vehicles in FY 2020-21 (10,533 in FY 2019-20) - a decline of 52 percent, which has adversely impacted the revenue and profits of the Company.

The financial performance of the Company, for the year ended 31st March, 2021 is summarized below :

(Rs. in Crores)		
Year ended 31st March	2021	2020
Sales Volume (No. of Vehicles)	5,043	10,533
Sale of Products (Net) and Other Operating Revenues	591.48	1,154.16
Profit / (Loss) before Other Income, Depreciation, Finance Costs and Tax	(68.35)	11.89
Add: Other income	4.49	5.14
Profit / (Loss) before Depreciation, Finance Costs and Tax	(63.86)	17.03
Less: Depreciation and Amortisation	46.17	40.72
Profit / (Loss) before Finance Costs and Tax	(110.03)	(23.69)
Less: Finance Costs	23.34	14.63
Profit / (Loss) before Tax	(133.37)	(38.32)
Less: Tax (Including Deferred Tax)	0.12	(17.26)
Profit / (Loss) after Tax	(133.49)	(21.06)
Add: Other Comprehensive Income / (Loss) [Net of Tax]	4.19	(2.43)
Total comprehensive income for the year	(129.30)	(23.49)

DIVIDEND

Keeping in view the financial position of the Company, the Directors of your Company have not recommended any dividend for the Financial Year 2020-21.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Board has approved and adopted a Dividend Distribution Policy, effective from 1st April, 2021. The policy is available on the Company's website at <https://www.smlisuzu.com/Financials/DividendPolicy.aspx>

MANAGEMENT DISCUSSION AND ANALYSIS

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 Certificate from M/s. A. Arora & Co., a firm of Practicing Company Secretaries, 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 recyclers / co-processors of hazardous wastes. Effluent treatment plant and online monitoring systems have been installed for the treatment of trade & domestic effluents and usage of treated water for other processes like green belt maintenance.

For safety of its employees/workers, the Company is strictly adhering to the safety procedures & protocols prescribed by the Government for prevention of Covid-19. Further, vaccination of employees is being ensured through vaccination camps at the Company's Plant / Offices.

The Company continues to maintain and uphold ISO 14001:2015 (Environmental Management System), IATF 16949: 2016 (Automotive Quality Management System), ISO 27001:2013 (Information Security Management System), ISO 9001:2015 (Quality Management System) and ISO 45001:2018 (Occupational Health & Safety Management System) certifications.

CURRENT BUSINESS ENVIRONMENT

After reporting a sharp 29 percent contraction in the volumes during FY 2019-20 and further 56 percent contraction in H1 FY 2020-21, the CV industry witnessed some improvement in the demand during H2 FY 2020-21 post relaxation of the lockdown related restrictions. Industry volumes grew by 18% during H2 FY 2020-21, although on a considerably lower base. However, in the current fiscal (2021-22), the growth momentum has been stalled due to sudden and severe onset of second wave of the pandemic resulting in lockdown in most of the States leading to disruption in the supply chain. As a result, sale of commercial vehicles has been impacted adversely during April 2021 and is likely to remain under pressure for some time, atleast during Q1 FY 2021-22.

Amidst such challenging scenario, the Company is ensuring to meet customers' requirements and continuing its focus on customer reach, product development, operational efficiencies and cost optimization. Further, on export front, the Company is aggressively working towards expanding its product portfolio for the international markets / territories, strengthening brand image outside India and exploring new markets & customers.

Current scenario and outlook for CV industry are discussed in detail in the Management Discussion and Analysis, which forms part of this report.

DIRECTORS

The Board, on the recommendation of its Nomination & Remuneration Committee, re-appointed Mr. Tadanao Yamamoto as Whole-time Director of the Company designated as Director-Quality Assurance for a further period of one year with effect from 30th November, 2020, subject to approval of the Members at the ensuing Annual General Meeting of the Company and of the Central Government, if required.

The tenure of Mr. Gopal Bansal, Whole-time Director & CFO, completed on 10th February, 2021. Accordingly, he ceased to be Director of the Company with effect from 10th February, 2021. The Board, at its meeting held on 5th February, 2021, recorded its deep appreciation for the outstanding work done by him during his long association with the Company.

Mr. Masaki Morohoshi tendered his resignation as Director of the Company with effect from 10th March, 2021. The Board, at its Meeting held on 26th March, 2021, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, has appointed Mr. Takuro Horikoshi as an Additional Director of the Company with effect from 19th May, 2021, subject to approval of the Members at the ensuing Annual General Meeting of the Company.

Mr. Yugo Hashimoto, Managing Director & CEO of the Company, tendered his resignation with effect from 19th May, 2021. The Board, at its Meeting held on 26th March, 2021, placed on record the outstanding work done by Mr. Yugo Hashimoto during his association with the Company and also appreciated his extraordinary leadership qualities, dedication, hard work and the professional expertise.

The Board, on the recommendation of its Nomination & Remuneration Committee, appointed Mr. Junya Yamanishi as Managing Director & CEO, in place of Mr. Yugo Hashimoto with effect from 20th May, 2021, for a period of five years, subject to approval of the Members at the ensuing Annual General Meeting of the Company and of the Central Government, if required.

At the last Annual General Meeting, held in August 2020, the Members had approved the appointment of Mr. Noboru Murakami as Non-Executive Director.

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

Mr. Eiichi Seto 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 convening 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. The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

KEY MANAGERIAL PERSONNEL (KMPs)

In terms of the applicable provisions of the Companies Act 2013, Mr. Yugo Hashimoto, Managing Director & CEO, Mr. Rakesh Bhalla, Chief Financial Officer and Mr. Parvesh Madan, Company Secretary, are the Key Managerial Personnel of the Company as on 31st March, 2021.

The tenure of Mr. Gopal Bansal, Whole-time Director & CFO, completed on 10th February, 2021, accordingly, the Board has appointed Mr. Rakesh Bhalla as new Chief Financial Officer of the Company w.e.f. 11th February, 2021.

Mr. Yugo Hashimoto tendered his resignation with effect from 19th May, 2021 and the Board has appointed Mr. Junya Yamanishi as Managing Director & CEO w.e.f. 20th May, 2021. On his appointment as Managing Director & CEO, Mr. Yamanishi will be a KMP under the provisions of the Companies Act, 2013.

NOMINATION AND REMUNERATION POLICY

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company 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 Members' approval.

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

The Company has adopted a policy to deal with related party transactions as approved by the Board of Directors. It is 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.

ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at the web link: <https://smlisuzu.com/Upload/AGMNotice/AnnualReturn.pdf>

MEETINGS OF THE BOARD

Six 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 of three independent Directors, Mr. S.K. Tuteja, as Chairman, Mr. Sudhir Nayar and Mr. Chandra Shekhar Verma.

Mr. Gopal Bansal, Whole-time Director & CFO ceased to be the Member of the Committee upon completion of his term on 10th February, 2021.

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 B**.

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. Any member interested in obtaining a copy of the said Annexure may write to the Company Secretary at investors@smlisuzu.com.

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

No amount proposed to be transferred to General Reserves.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes have occurred or commitments made after 31st March, 2021, 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 two independent Directors and one non-executive Director.

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, 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

The Corporate Social Responsibility (CSR) Committee comprises of one Independent Director - Dr. (Mrs.) Vasantha S. Bharucha as Chairman and two Executive Directors- Mr. Yugo Hashimoto, the Managing Director & CEO (upto 19th May, 2021) and Mr. Tadanao Yamamoto, Director-Quality Assurance. Mr. Junya Yamanishi, on his appointment as Managing Director & CEO, will be the Member of the Committee w.e.f. 20th May, 2021.

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 education / technical education etc.

Annual Report on CSR activities for the year ended 31st March 2021 is attached as **Annexure C**.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act and Listing Regulations, performance evaluation of the Board and its Committees and all the Directors 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. Further, there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

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 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 the employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy or to report genuine concerns or grievances including instances of leak or suspected leak of unpublished price sensitive information pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. It provides for adequate safeguards against victimization of Directors, Employees and any other person who avail of the mechanism and provides for direct access to the Chairman of the Audit Committee.

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

SECRETARIAL STANDARDS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the year ended 31st March, 2021, 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, 2021 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 FY 2020-21.

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

STATUTORY AUDITORS

M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), was appointed as the Statutory Auditors of the Company, at its 36th Annual General Meeting, for a period of five years.

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

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

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 E**.

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.

BUSINESS RESPONSIBILITY REPORT

As per Regulation 34 of the SEBI Listing Regulations, 2015, a Business Responsibility Report for FY 2020-21 is attached as **Annexure F** and forms part of this Report.

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dated: 19th May, 2021

S.K. TUTEJA
Chairman

YUGO HASHIMOTO
Managing Director & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY REVIEW

Domestic Commercial Vehicles Industry witnessed two consecutive years of steep volume decline - 29% and 21% in 2019-2020 and 2020-2021, respectively due to multiple headwinds such as revised axle norms, tight finance availability arising from stress in NBFC sector, BS-VI transition, and the Covid-19 pandemic.

The outbreak of Covid-19 pandemic has led to an unprecedented health crisis and has disrupted economic activities across countries including India. During the year under review, the Government of India had imposed stringent nation-wide lockdowns, in phases, which resulted in reduced economic activity and restricted mobility.

Due to the above factors, the impact on the Commercial Vehicle Industry was indeed disastrous. During H1 FY 2020-21, domestic CV volumes contracted sharply by 56%. Although, with the ease in lockdown-related restrictions, the industry volumes grew by 18% during H2 FY 2020-21, but the recovery was not uniform, trucks being solely the driving force.

During FY 2020-21, Medium & Heavy Commercial Vehicles (MHCVs) truck segment volumes declined 17% and Light Commercial Vehicles (LCVs) truck segment volumes declined 11% due to significant decline in freight availability, slowdown in infrastructure projects, tight finance availability, etc. The Covid-19 pandemic has hit the Bus segment hardest – with volume drop of 77% due to closure of schools & educational institutions, negligible tourist operations, work from home culture adopted by most of the business entities and lack of demand from state transport undertakings (STUs).

Segment	Domestic			Exports		
	2019-20	2020-21	% Change	2019-20	2020-21	% Change
M&HCVs						
Trucks	1,84,412	1,53,366	-16.8%	14,474	13,508	-6.7%
Buses	40,016	7,322	-81.7%	7,859	4,040	-48.6%
Total M&HCVs-A	2,24,428	1,60,688	-28.4%	22,333	17,548	-21.4%
LCVs						
Trucks	4,47,351	3,95,783	-11.5%	33,746	31,145	-7.7%
Buses	45,814	12,088	-73.6%	4,300	1,641	-61.8%
Total LCVs-B	4,93,165	4,07,871	-17.3%	38,046	32,786	-13.8%
Total (A+B)	7,17,593	5,68,559	-20.8%	60,379	50,334	-16.6%

Source: SIAM Flash Report March 2021

2. INDUSTRY OUTLOOK

After two consecutive years of steep volume decline (during 2019-20 and 2020-21), the Commercial Vehicle Industry witnessed some improvement in demand during H2 FY 2020-21. While the recovery from lows is expected to continue during the current fiscal, it would be constrained upto some extent with second wave of the pandemic. With current lockdowns, freight movement would remain under pressure which will adversely impact the demand for the commercial vehicles at least in the first quarter.

According to the Industry experts, after relaxation in the current lockdowns, which is expected by end of Q1 (FY 2021-22), the demand for trucks is likely to gain momentum with gradual pick-up in economy, construction & infrastructure activities, normal monsoon and last-mile transportation. Based on these factors, during FY 2021-22, M&HCV Truck segment is expected to grow 40-45% and LCV Truck segment by 15-20%.

With enhanced focus of Government on improving the healthcare facilities across the country, demand for ambulances is likely to increase further. However, as schools & educational institutions are still closed and tourism activities not expected to pick-up soon, demand for the buses may take some more time to revive. During FY 2021-22, Bus segment is expected to grow 80-85%, although on a significant lower base (19,400 sales volume achieved during FY 2020-21 against 85,800 previous fiscal).

3. COMPANY PERFORMANCE

The sales volume during FY 2020-21 at 5,043 vehicles was lower when compared to 10,533 of previous year primarily on account of steep decline in sales of passenger vehicles due to closure of schools & educational institutions because of Covid-19 pandemic. Break up of sales is given hereunder:

(Nos.)

	2020-21	2019-20
Passenger vehicles (buses)	955	6,790
Cargo vehicles (trucks)	4,088	3,743
Total	5,043	10,533

Total Income for 2020-21 is Rs. 596.0 crores as against Rs. 1,159.3 crores in the preceding year, as detailed below:

(Rs. in Crores)

	2020-21	2019-20
Sale of Vehicles	519.0	1,053.3
Sale of Spare Parts	61.2	86.7
Other operating income	11.3	14.2
Other income	4.5	5.1
Total Income	596.0	1,159.3

Material cost at 79.0% (78.0%) of total income was higher on account of increase in commodity prices.

Employee costs at Rs. 133.5 crores, although lower than last fiscal's Rs. 155.2 crores, as a percentage works out to 22.4% (13.4%) of total income on account of reduced revenue due to lower sale.

Marketing costs (including allowance for doubtful trade receivables, packing & freight, warranty, sales promotion and royalty expense) at Rs. 25.9 crores were 4.3% (3.4%) of total income.

Other operating & administrative expenses at Rs. 29.8 crores made up 5.0% (3.8%) of total income.

Depreciation charge at Rs. 46.2 crores (Rs. 40.7 crores), was higher due to additions made to plant & machinery and other facilities.

Lower sales volume due to Covid-19 pandemic has resulted in operating loss of Rs. 63.9 crores in 2020-21 as against an operating profit of Rs. 17.0 crores (1.5% of total income) earned in the fiscal 2019-20.

Finance costs increased to Rs. 23.3 crores (Rs. 14.6 crores) due to increase in working capital borrowings.

Under the impact of Covid-19 pandemic conditions on business, the Company could sell only 5,043 vehicles during the year under review as against 10,533 vehicles sold during the last financial year, resulting in loss before tax of Rs. 133.4 crores against corresponding year's loss of Rs. 38.3 crores.

Net worth of the Company as on 31st March, 2021 which is Rs. 255.6 crores as against Rs. 384.9 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. 241.1 crores (Rs. 370.4 crores).

Year-end short term and long term borrowings (Term Loan and ECB loan including current maturities) from banks stood at Rs. 160.0 crores (Rs. 33.0 crores) and Rs. 92.6 crores (Rs. 141.7 crores) respectively.

Property, Plant & Equipment including Capital Work in progress, right of use assets, intangible assets under development and Intangible assets stood at Rs. 393.7 crores (Rs. 429.3 crores).

Inventories at the year-end at Rs. 260.1 crores decreased from last year's level of Rs 268.9 crores.

Year-end trade receivables were at Rs. 39.2 crores (Rs. 39.5 crores) and trade payables were Rs. 182.9 crores (Rs. 167.1 crores).

Cash & Bank Balances (including Fixed Deposits with Banks) were Rs. 33.1 crores (Rs. 36.3 crores).

KEY FINANCIAL RATIOS

Particulars	Year ended	
	31 March 2021	31 March 2020
(i) Debtors Turnover	15.15	12.33
(ii) Inventory Turnover	1.78	2.61
(iii) Interest Coverage Ratio	-2.74	1.16
(iv) Current Ratio	0.82	1.20
(v) Debt Equity Ratio	0.99	0.45
(vi) Operating Profit Margin (%)	-10.72%	1.47%
(vii) Net (Loss) /Profit Margin (%)	-22.40%	-1.82%
(viii) Return on net worth (%)	-40.38%	-5.88%

Inventory turnover is lower due to decline in sales volume to 5,043 vehicles against 10,533 vehicles sold during previous year as explained above.

Interest Coverage Ratio for the year ended 31st March, 2021 is negative because of Loss before depreciation, interest and tax of Rs. 63.9 crores incurred by the Company during the year.

Current Ratio and Debt Equity Ratio were impacted due to higher level of short term borrowings at Rs. 160 crores as on 31st March, 2021 against Rs. 33 crores as on 31st March, 2020.

Interest Coverage Ratio, Operating Profit Margin, Net Profit Margin and Return on Net Worth for FY 2020-21 has worsened as compared to last year because of losses incurred by the Company due to lower sales volume during the year as explained above.

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, 2021 was 959 (1003).

6. OPPORTUNITIES AND THREATS

Long term outlook for commercial vehicle industry remains positive, backed by expected improvement in economic and industrial activities going forward, increasing Government focus on infrastructure development, agriculture & rural economy and rising consumption expenditure.

After outbreak of Covid-19 pandemic, the focus of the Government is on improving the healthcare facilities across the Country and this may provide some good opportunities for the CV Industry in terms of specialized vehicles such as - Ambulances, Refrigerated (Reefer) Vans, etc. Further, recently announced 'Scrappage Policy' by the Government of India, mandating fitness test for commercial vehicles older than 15 years from April 2022 onwards, is a welcome move as it will help in reducing the population of old & defective vehicles and will boost the volumes by spurring replacement-led demand. Additionally, gradual opening of educational institutions, business entities and resumption of international travel and Government's thrust on improvement in mobility solutions and other initiatives such as Smart City Program and inter-city transport system are expected to drive growth in the bus segment.

Key challenges during the current fiscal and going forward for the Company would be to improve its capacity utilization, enhance operational efficiencies, manage its liquidity position and to prepare itself to comply with the new regulatory requirements frequently announced by the Government.

7. BUSINESS RISKS AND CONCERNS

The demand for commercial vehicles is influenced by the economic conditions, including, among other things, rates of economic growth, infrastructure development, 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.

Due to second wave of the pandemic, schools & educational institutions are not expected to open soon and work-from-home concept may continue for the longer period. Further, the tourism industry is not likely to revive in the near future. As a result, demand for the buses may remain subdued for some more time.

During FY 2020-21, the commodity prices, especially steel prices, have increased significantly which has impacted the margins, as the Company was not able to recover the increase due to the tough market conditions. The commodity prices are likely to increase further during the current fiscal due to higher demand, especially for the steel. In addition, uncertainty in the availability of components and unpredictable lead time due to partial / complete lockdowns imposed by most of the States is a concern for the Commercial Vehicle Industry, especially for the ongoing regulatory projects.

Apart from the above, frequently announced stringent regulatory requirements by the Government need modifications in product designs, procurement of modified / additional components and training across all operational areas such as manufacturing, marketing and customer services. These factors may increase cost of production and distribution of the Company's products and, therefore, may require increase in prices of vehicles that may hamper the demand to some extent.

To meet the above challenges, the Company is continuing its focus on - product development, innovative and cost effective technology solutions, cost optimization to contain the quantum of sales price revisions, 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 four independent Directors, including the Chairman and a woman Director; two 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. During the year, none of the Independent Directors of the Company had resigned.

The Managing Director & CEO and Director-Quality Assurance both are 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, 6 Board Meetings were held on 16th June, 2020, 21st July, 2020, 8th September, 2020, 6th November, 2020, 5th February, 2021 and 26th March, 2021. In the wake of Covid-19 pandemic and to adhere to the lockdown and social distancing norms, the Directors and Invitees participated in the meetings of the Board and the Committees through video conferencing/ other audio visual means. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days. During the year, the Board has also passed one resolution by circulation dated 29th December, 2020 with the consent of majority of Directors.

- 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, 2021 are given below:

Name of Director (DIN No.)	Category	Board Meetings during 2020-21		Attendance at the AGM held on 24.08.2020	Directorships in other Companies* (as on 31.03.2021)		No. of Committee Positions in Companies# including SML ISUZU LIMITED (as on 31.03.2021)	
		Meetings Held	Board Meetings Attended		Public	Private	Chairman	Member
Mr. Surender Kumar Tuteja Chairman (00594076)	Independent Non-Executive	6	6	Yes	9	6	5	5
Mr. Sudhir Nayar (00200415)	Independent Non-Executive	6	6	Yes	-	-	-	1
Dr. (Mrs.) Vasantha S. Bharucha (02163753)	Independent Non-Executive	6	6	Yes	-	-	-	-
Mr. Chandra Shekhar Verma (00121756)	Independent Non-Executive	6	6	Yes	2	2	-	1
Mr. Gota Iwanami (08094102)	Non-Executive	6	6	Yes	-	-	-	-
Mr. Eiichi Seto (02704734)	Non-Executive	6	6	Yes	-	-	-	-
Mr. Takuro Horikoshi (09102449) (appointed w.e.f. 19th May, 2021)	Non-Executive	NA	NA	NA	NA	NA	NA	NA
Mr. Pankaj Bajaj (00337925)	Non-Executive	6	6	Yes	-	1	-	-
Mr. Noboru Murakami (08803344) (appointed w.e.f. 21st July, 2020)	Non-Executive	5	5	Yes	-	-	-	-
Mr. Yugo Hashimoto (08165797) Managing Director & CEO (ceased w.e.f. 19th May, 2021)	Executive	6	6	Yes	-	-	-	1
Mr. Tadanao Yamamoto (08291307) Director-Quality Assurance (re-appointed w.e.f. 30th November, 2020)	Executive	6	6	Yes	-	-	-	1
Mr. Junya Yamanishi (09174162) Managing Director & CEO (appointed w.e.f. 20th May, 2021)	Executive	NA	NA	NA	NA	NA	NA	NA
Mr. Gopal Bansal (06836592) Whole-time Director & CFO (term completed on 10th February, 2021)	Executive	5	5	Yes	NA	NA	NA	NA
Mr. Masaki Morohoshi (07302404) (ceased w.e.f. 10th March, 2021)	Non-Executive	5	5	Yes	NA	NA	NA	NA
Mr. Kazuo Goda (07572151) (ceased w.e.f. 30th June, 2020)	Non-Executive	1	1	NA	NA	NA	NA	NA

* 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, 2021, 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	Independent Director Independent Director Independent Director
Mr. Sudhir Nayar (00200415)	SML Isuzu Limited	Independent Director
Dr. (Mrs.) Vasantha S. Bharucha (02163753)	SML Isuzu Limited	Independent Director
Mr. Chandra Shekhar Verma (00121756)	SML Isuzu Limited	Independent Director
Mr. Gota Iwanami (08094102)	SML Isuzu Limited	Non-Executive Director
Mr. Eiichi Seto (02704734)	SML Isuzu Limited	Non-Executive Director
Mr. Takuro Horikoshi (09102449)	SML Isuzu Limited	Non-Executive Director
Mr. Pankaj Bajaj (00337925)	SML Isuzu Limited	Non-Executive Director
Mr. Noboru Murakami (08803344)	SML Isuzu Limited	Non-Executive Director
Mr. Yugo Hashimoto [^] Managing Director & CEO (08165797)	SML Isuzu Limited	Whole-time Director
Mr. Junya Yamanishi ^{^^} Managing Director & CEO (09174162)	SML Isuzu Limited	Whole-time Director
Mr. Tadanao Yamamoto Director-Quality Assurance (08291307)	SML Isuzu Limited	Whole-time Director

[^] ceased w.e.f. 19th May, 2021

^{^^} appointed w.e.f. 20th May, 2021

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 Chief Financial Officer (CFO) have certified to the Board regarding Annual Financial Statements for the year ended 31st March, 2021. A copy of the certificate was placed before the Board of Directors at their meeting held on 19th May, 2021 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.

Sr. no.	Name of Director	Expertise / Skill
1	Mr. Surender Kumar Tuteja (Chairman)	Managerial strategy and Innovations, Public Policy, Corporate Finance and Secretarial Regulations
2	Mr. Sudhir Nayar	General Management, Business Strategy, Marketing & Distribution and Academics
3	Dr. (Mrs.) Vasantha S. Bharucha	Business Strategy, Economics & Finance, Environment & Sustainability, General Management and Marketing Management- International
4	Mr. Chandra Shekhar Verma	Corporate Law & Finance, General Management, Human Resources Development, Legal, Marketing Management- Industrial, Materials Management and Project Management
5	Mr. Gota Iwanami	General Management, Business Strategy and Global Automotive Business - Sales & Marketing
6	Mr. Eiichi Seto	General Management, Business Strategy and Global Automotive Manufacturing Business
7	Mr. Noboru Murakami	General Management, Business Strategy and Global Automotive Business - Sales & Corporate Planning
8	Mr. Takuro Horikoshi	Business Strategy, General Management and Marketing Management- International
9	Mr. Pankaj Bajaj	Corporate Planning & Investment, Risk Management, Legal & Secretarial and Corporate Finance & Taxation
10	Mr. Junya Yamanishi	General Management, Business Strategy and Global Automotive Manufacturing Business
11	Mr. Tadanao Yamamoto	Global experience in Vehicles Quality Control and Vehicles Manufacturing

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.

The Board has revised the terms of reference of Audit Committee and Risk Management Committee in line with the recent amendments to the Listing Regulations.

Audit Committee

The members of Audit Committee possess vast experience in and knowledge of corporate affairs and finance. During the financial year under review, seven meetings of Audit Committee were held on 22nd June, 2020, 30th June, 2020, 20th July, 2020, 7th September, 2020, 5th November, 2020, 6th November, 2020 and 4th February, 2021. During the year, the Audit Committee also passed two resolutions by circulation dated 22nd October, 2020 and 28th December, 2020 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 24th August, 2020. The Committee also met on 18th May, 2021, prior to the finalization of the Accounts for FY 2020-21.

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 2020-21
Mr. S.K.Tuteja, Chairman	Independent, Non-Executive	7
Mr. Sudhir Nayar	Independent, Non-Executive	7
Mr. Chandra Shekhar Verma	Independent, Non-Executive	7
Mr. Gopal Bansal (term completed on 10th February, 2021)	Executive (Whole-time Director & CFO)	7

Audit Committee meetings are usually attended by the Managing Director & CEO, the Chief Financial Officer, 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 are as per the governing provisions of the Companies Act (Section 177) & the Listing Regulations (Part C of Schedule II) and inter alia includes:

- 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, 2021, 5 meetings of the Committee were held on 27th June, 2020, 20th August, 2020, 12th October, 2020, 18th February, 2021 and 17th March, 2021.

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 2020-21
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	5
Mr. Yugo Hashimoto (ceased w.e.f. 19th May, 2021)	Executive (Managing Director & CEO)	5
Mr. Gopal Bansal (term completed on 10th February, 2021)	Executive (Whole-time Director & CFO)	3
Mr. Tadanao Yamamoto (appointed w.e.f. 11th February, 2021)	Executive (Director-Quality Assurance)	2
Mr. Junya Yamanishi (appointed w.e.f. 20th May, 2021)	Executive (Managing Director & CEO)	NA

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

The Company received 141 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 2021.

The Company had received 2 complaints from the shareholders and both of them have been attended / resolved.

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 Committee & the details of Meetings attended by the members during the year are given below:

Name of the Member	Category	No. of meetings attended during 2020-21
Mr. Sudhir Nayar, Chairman	Independent, Non-Executive	4
Mr. S. K. Tuteja	Independent, Non-Executive	4
Mr. Gota Iwanami	Non-Executive	4
Mr. Eiichi Seto	Non-Executive	4

During the year, four meetings of the Committee were held on 21st July, 2020, 6th November, 2020, 5th February, 2021 and 26th March, 2021. During the year, the Nomination and Remuneration Committee also passed two resolutions by circulation dated 14th May, 2020 and 11th August, 2020 with the consent of all the Members.

Nomination and Remuneration Policy:

Nomination and Remuneration Policy is in place for Directors, KMP's and other employees, in accordance with the provisions of the Act and Listing Regulations. The policy is part of Directors' Report and also available at <https://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.

The approval of Shareholders is being sought at the forthcoming Annual General Meeting of the Company for the payment of remuneration to Independent Directors, within the limits prescribed under the Companies Act, 2013, in case of no profits or inadequate profits for three financial years commencing from 1st April, 2020.

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 2020-21.

Whole-time Directors

(Amount in Rs.)

Name of Director	Salary (Basic & DA)	Allowances (including HRA, Leave Travel & Special Allowances)	Commission for the FY 2019-20	Contribution to Provident and other Funds	Other Perquisites	Stock Option	Total	Service Contract (Tenure)
Yugo Hashimoto Managing Director & CEO	39,37,500	-	-	-	16,32,264	-	55,69,764	Ceased w.e.f. 19th May, 2021 (Refer Note a)
Tadanao Yamamoto Director-Quality Assurance	33,44,000	-	-	-	8,23,510	-	41,67,510	Upto 29th November, 2021 (Refer Note b)
Gopal Bansal Whole-time Director & CFO	53,85,714	38,93,571*	-	17,14,071^	9,12,226	-	1,19,05,582	Term completed on 10th February, 2021

* Includes Encashment of Earned Leaves Rs. 15,08,000/-

^ Includes contribution to Superannuation Scheme of Rs. 8,81,357/-

Notes :

- Resigned from the Board of the Company with effect from 19th May, 2021.
- Re-appointed as Director –Quality Assurance for a period of 1 year w.e.f. 30th November, 2020.
- No notice period and severance fee is payable to any Director.

Non-Executive Independent Directors

(Amount in Rs.)

Name of Director	Sitting Fees	Remuneration*
Mr. S.K. Tuteja	10,20,000	5,00,000
Mr. Sudhir Nayar	7,50,000	5,00,000
Dr. (Mrs.) Vasantha S. Bharucha	3,90,000	5,00,000
Mr. Chandra Shekhar Verma	6,30,000	5,00,000

*Related to financial year 2020-21 and will be paid in financial year 2021-22, post shareholder's approval

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 Company has amended the Corporate Social Responsibility (CSR) Policy, in accordance with the amendments in Section 135 of the Companies Act read with Rules and Schedule framed there under. The amended Policy is available on the Company's website at web link <http://smlisuzu.com/Financials/CSRPoly.aspx>

The annual report on CSR activities, for FY 2020-21, 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 2020-21
Dr. (Mrs.) Vasantha S. Bharucha, Chairman	Independent, Non-Executive	2
Mr. Yugo Hashimoto (ceased w.e.f. 19th May, 2021)	Executive (Managing Director & CEO)	2
Mr. Gopal Bansal (term completed on 10th February, 2021)	Executive (Whole-time Director & CFO)	2
Mr. Tadanao Yamamoto (appointed w.e.f. 11th February, 2021)	Executive (Director-Quality Assurance)	NA
Mr. Junya Yamanishi (appointed w.e.f. 20th May, 2021)	Executive (Managing Director & CEO)	NA

During the year two meetings were held on 23rd June, 2020 and 9th February, 2021.

Risk Management Committee

The terms of reference of Risk Management Committee are as per the SEBI Listing Regulations and inter-alia includes:

- To oversee 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.
- To formulate a detailed risk management policy covering a framework for identification of internal and external risks- financial, operational, sectoral, sustainability, cyber security, etc., and Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

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 2020-21
Mr. Sudhir Nayar, Chairman	Independent, Non-Executive	3
Mr. Chandra Shekhar Verma	Independent, Non-Executive	3
Mr. Pankaj Bajaj	Non -Executive	3
Mr. Gopal Bansal (term completed on 10th February, 2021)	Executive (Whole-time Director & CFO)	3

During the year, three meetings were held on 23rd June, 2020, 5th November, 2020 and 4th February, 2021.

Executive Committee

The Executive Committee has been set up by the Board 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 2020-21
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	7
Mr. Yugo Hashimoto (ceased w.e.f. 19th May, 2021)	Executive (Managing Director & CEO)	7
Mr. Gopal Bansal (term completed on 10th February, 2021)	Executive (Whole-time Director & CFO)	5
Mr. Junya Yamanishi (appointed w.e.f. 20th May, 2021)	Executive (Managing Director & CEO)	NA

During the year seven meetings were held on 8th August, 2020, 12th September, 2020, 9th October, 2020, 18th December, 2020, 18th January, 2021, 18th February, 2021 and 12th March, 2021.

DISCLOSURES

1. Details of General Meetings

(i) Annual General Meetings:–

Financial Year	Date	Time	Venue	Special Resolutions passed
2017-18	09.08.2018	03:00 PM	Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab	<ol style="list-style-type: none"> 1. Continuation of appointment of Mr. P.K.Nanda as an Independent Director 2. Continuation of appointment of Mr. A.K.Thakur as an Independent Director 3. Approval of payment of minimum remuneration to Mr. Eiichi Seto, Managing Director & CEO, in case of no profits/inadequate profits. 4. Approval of payment of minimum remuneration to Mr. Gopal Bansal, Whole-time Director & CFO, in case of no profits/inadequate profits. 5. Appointment of Mr. Yugo Hashimoto as MD & CEO. 6. Alteration of Memorandum of Association of the Company. 7. Adoption of new Articles of Association of the Company
2018-19	30.09.2019	01:00 PM	Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab	<ol style="list-style-type: none"> 1. Re-appointment of Mr. S.K.Tuteja (DIN 00594076) as an Independent Director 2. Continuation of appointment of Mr.S.K.Tuteja (DIN 00594076) as an Independent Director. 3. Re-appointment of Mr. Sudhir Nayar (DIN 00200415) as an Independent Director 4. Re-appointment of Dr. (Mrs.) Vasantha S.Bharucha (DIN 02163753) as an Independent Director 5. Continuation of appointment of Dr. (Mrs.) Vasantha S.Bharucha (DIN 02163753) as an Independent Director. 6. Re-appointment of Mr. Gopal Bansal (DIN 06836592) as Whole-time Director designated as Whole-time Director & Chief Financial Officer. 7. Appointment of Mr. Tadanao Yamamoto (DIN 08291307) as Whole-time Director designated as Director-Quality Assurance
2019-20	24.08.2020	11:00 AM	Through VC/OAVM (Deemed Venue - Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab)	NIL

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 2020-21.

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.

The Policy on related party transactions is uploaded on the Company's website and can be assessed 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 or to report genuine concerns or grievances including instances of leak or suspected leak of unpublished price sensitive information pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. It provides for adequate safeguards against victimization of Directors, Employees and any other person who avail of the mechanism and accordingly provides for direct access to the Chairman of the Audit Committee.

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

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

5. Code for prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for prevention of insider trading in compliance with SEBI (Prohibition of Insider Regulations), 2015 including amendments thereof. The Code lays down guidelines and procedures to be followed and disclosures to be made, by Designated Persons, while dealing with shares of the Company and cautioning all concerned of the consequences of violations.

6. Disclosure in relation to recommendation made by any Committee which was not accepted by the Board

The Board accepted the recommendations of all its committees, wherever made, during the year.

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

Total fees of Rs. 47.35 lacs (including out of pocket expense) for financial year 2020-21, 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.

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

Number of complaints filed during the financial year 2020-21	Nil
Number of complaints disposed off during the financial year 2020-21	Nil
Number of complaints pending as on end of the financial year 2020-21	Nil

9. 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.

10. 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 (SEBI) / Ministry of Corporate Affairs (MCA) 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.

11. 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 2021.

12. 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).

13. Management Discussion and Analysis Report

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

14. 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.

15. 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) Reporting of Internal Auditor

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

16. Policy on determining Material Subsidiary

The Company has no subsidiary.

SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Date	:	30th July, 2021 (Friday)
Time	:	01:00 P.M.
Venue	:	Through Video Conferencing (VC) or other Audio Visual Means (OAVM) (Deemed Venue for the Meeting: Registered office of the Company i.e 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, 2021	:	August, 2021
Quarter ending 30th Sept., 2021	:	November, 2021
Quarter ending 31st Dec., 2021	:	February, 2022
Year ending 31st March 2022	:	May, 2022

3. **Book Closure** : 23rd July, 2021 to 30th July, 2021 (both days inclusive)

4. **Dividend Payment date** : No dividend recommend by the Board for FY 2020-21

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 2021-22 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, 2021, 98.45% 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.

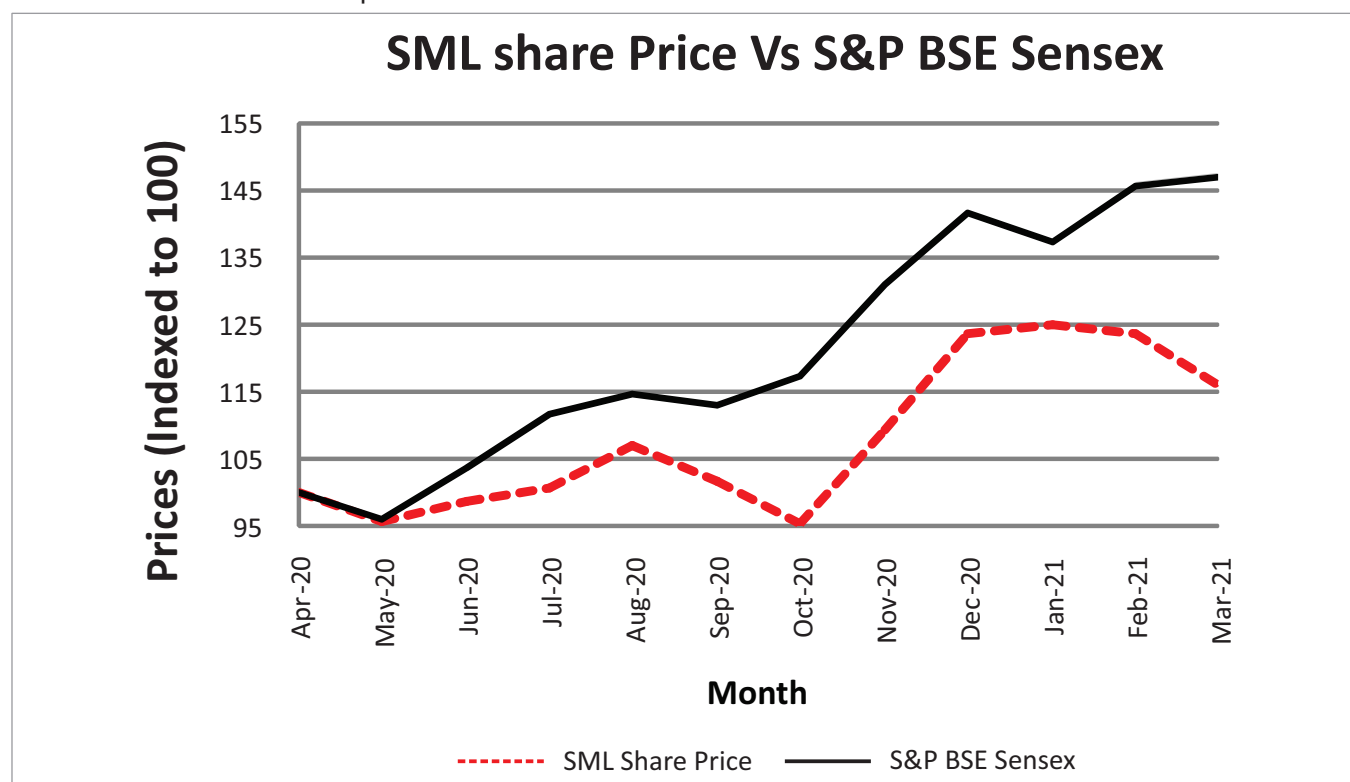
9. Stock Market Data

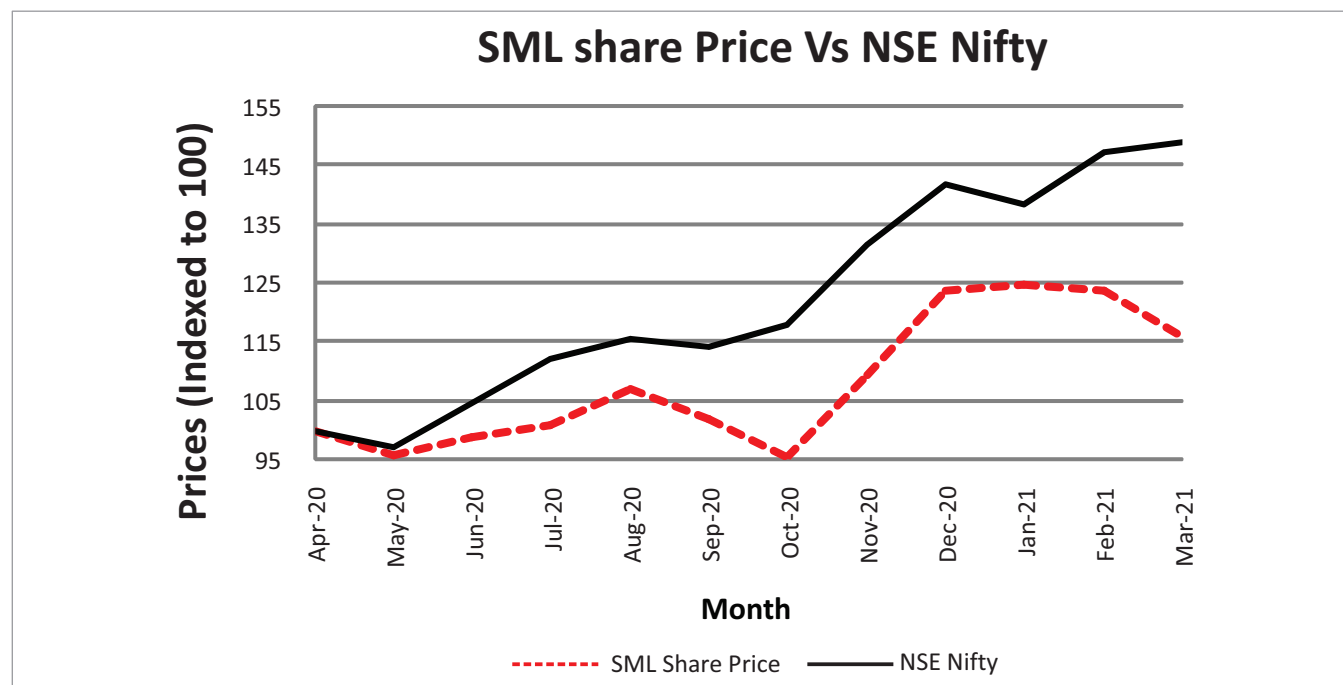
Month wise high and low price for one equity share of Rs.10 at BSE and NSE is given below:

Month	BSE Limited (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2020				
April	407	295	408	295
May	389	335	389	332
June	436	363	425	362
July	450	373	449	373
August	469	395	467	393
September	446	381	447	380
October	404	365	405	370
November	453	368	453	365
December	521	413	521	411
2021				
January	549	463	550	462
February	551	461	554	471
March	510	434	510	430

10. Stock Price Performance

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





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

11. Transfer / Transmission System for physical shares:

SEBI effective from 1st April 2019, has barred physical transfer of shares of listed companies and mandated transfer only through demat. However, investors are not barred from holding shares in physical form. Share transfers / transmission in physical form eligible under new SEBI guidelines effective from 1st April 2019, were registered and dispatched within the stipulated timeline from the date of receipt, if the documents were 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 2020-21 was 700 (Previous Year 3,648)

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 2013 to IEPF. Further, amount of Unclaimed Dividend for financial year 2013-14 is due for deposit to the IEPF on 28th October, 2021. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 31st March, 2021 on the website of the Company (www.smlisuzu.com).

13. Transfer of shares to the 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 2020-21, the Company had transferred 10,370 equity shares in respect of FY 2012-13 to the IEPF Account after following the prescribed procedure.

Members who have not encashed their Dividends in respect of financial year 2013-14 & onwards are requested to lodge their claims with the Company. In this regard, the Company will individually inform the concerned shareholders and will also publish notice in the newspapers as per the IEPF Rules. The details of such shareholders along with the shares due for transfer will made be available 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.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at weblink- <http://smlisuzu.com/IEPF.aspx>

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/transmissions, 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. Further, during the year, the rating for long term borrowings has been revised from AA- ('double A-') to A+ (A Plus) due to the slowdown in the Commercial Vehicle (CV) Industry, given the Covid-19 pandemic, subdued macro-economic environment, surplus capacity in the trucking system, cautious financing environment and regulatory developments related to emission norms.

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

17. Commodity Price Risks and Hedging Activities

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 lower. 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. 728 lacs	1333 ton	Nil	Nil	Nil	Nil	Nil
Castings (Steel)	Rs. 1,819 lacs	2411 ton	Nil	Nil	Nil	Nil	Nil

Presently, the Commodity Price Risk is 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 2021, no shares were lying under the Demat Suspense Account/Unclaimed Suspense Account.

20. Shareholding Pattern as on 31st March, 2021

Category	No. of Shareholders	Voting Strength %	No. of Shares held
Promoters	1	43.96	636,2306
Foreign Body Corporate	1	15.00	2,170,747
Mutual Funds & UTI	1	1.00	144,887
FII/Banks	1	0.01	850
Foreign Portfolio Investors	4	3.33	481,696
Alternate Investment Fund	1	0.28	40,881
NBFCs registered with RBI	1	0.00	113
Other Bodies Corporate	317	3.35	485,419
Trust	5	0.05	7,750
NRI	760	2.12	307,280
IEPF Authority MCA	1	1.49	215,328
Individuals	31703	29.40	4,254,389
TOTAL	32796	100.00	14,471,646

21. Distribution of Shareholding as on 31st March, 2021

No. of Equity Shares held	No. of Shareholders	No. of Shares	%age of Shareholding
1-500	32449	2,079,881	14.37
501-1,000	619	482,029	3.33
1,001-2,000	218	317,011	2.19
2,001-3,000	78	194,600	1.34
3,001-4,000	22	77,834	0.54
4,001-5,000	13	59,393	0.41
5,001-10,000	35	250,222	1.73
10,001-50,000	18	387,387	2.68
50,001-100,000	2	179,737	1.24
100,000 above	10	10,443,552	72.17
TOTAL	33464	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 : 0172-2647700-02

Fax : 0172-2615111

Email : pmadan@smlisuzu.com

investors@smlisuzu.com

24. Website Address : www.smlisuzu.com

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
SML Isuzu Limited

We have examined the compliance of the conditions of Corporate Governance by SML Isuzu Limited ("the Company") for the year ended on 31st March, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to spread of COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended on 31st March, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 10.05.2021
Place : Chandigarh
UDIN : F002191C000268215

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

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

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

- (i) **Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year (2020-21)**
- | | |
|--|------|
| - Mr. Yugo Hashimoto, Managing Director & CEO
(ceased w.e.f. 19th May, 2021) | 3:1 |
| - Mr. Gopal Bansal, Whole-time Director & CFO
(term completed on 10th February, 2021) | 11:1 |
| - Mr. Tadanao Yamamoto, Director Quality Assurance | 3:1 |
- (ii) **Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year (2020-21)**
- | | |
|--|---------|
| - Mr. Yugo Hashimoto, Managing Director & CEO
(ceased w.e.f. 19th May, 2021) | (50%) |
| - Mr. Tadanao Yamamoto, Director Quality Assurance | (40%) |
| - Mr. Rakesh Bhalla, Chief Financial Officer
(appointed w.e.f. 11th February, 2021) | NA |
| - Mr. Parvesh Madan, Company Secretary | (2.94%) |
- (iii) **Percentage increase in the median remuneration of employees in the financial year (2020-21)** 1.50%
- (iv) **Number of permanent employees on the rolls of the company** 959
- (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**
- | | |
|---|----------|
| - Average increase in remuneration of Managerial Personnel | (24.36%) |
| - Average increase in remuneration of employees other than the Managerial Personnel | (0.92%) |
- (vi) **Affirmation that the remuneration is as per the remuneration policy of the company**
- The remuneration is as per the Nomination and Remuneration Policy of the Company, formulated pursuant to the provisions of section 178 of the Companies Act, 2013.

ANNEXURE C TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company.

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.

2. Composition of CSR Committee.

S. No.	Name of the Director	Designation / Nature of Directorship	No. of meetings held during the year 2020-21	No. of meetings attended during the year 2020-21
1	Dr. (Mrs.) Vasantha S. Bharucha, Chairman	Independent, Non-Executive	2	2
2	Mr. Yugo Hashimoto (ceased w.e.f. 19 th May, 2021)	Executive (Managing Director & CEO)	2	2
3	Mr. Gopal Bansal (term completed on 10 th February, 2021)	Executive (Whole-time Director & CFO)	2	2
4	Mr. Tadanao Yamamoto (appointed w.e.f. 11 th February, 2021)	Executive (Director-Quality Assurance)	NA	NA
5	Mr. Junya Yamanishi (appointed w.e.f. 20 th May, 2021)	Executive (Managing Director & CEO)	NA	NA

During the year two meetings were held on 23rd June, 2020 and 9th February, 2021.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

Composition of CSR Committee : <https://smlisuzu.com/Financials/BoardsCommittees.aspx>

CSR Policy : <http://smlisuzu.com/Financials/CSRPolicy.aspx>

CSR Projects approved by the Board: <http://smlisuzu.com/StaticFiles/CSRProjects.pdf>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014.

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
		NIL	

6. Average net profit of the Company as per Section 135(5).

Rs. 504.71 lakhs

7. (a) Two percent of average net profit of the Company as per Section 135(5)

Rs. 10.10 lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

—

(c) Amount required to be set off for the financial year, if any.

—

(d) Total CSR obligation for the financial year (7a+7b-7c)

Rs. 10.10 lakhs

8. (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)					
Rs. 20.0 lakhs	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)			
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer	
	NIL					

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
NOT APPLICABLE												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (Rs. Lakhs)	Mode of implementation Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name	CSR Registration number
1.	Girls Education Support provided to under privileged girls students in terms of School Fees, Uniforms and Books	Education	Yes	Chandigarh (UT)		11.21	Direct	NA	
2.	Vocational Education Setting up / Upgradation of vocational training centers for enhancing computer skills and tailoring skills for economically backward section of the society.	Vocational Education	Yes	Chandigarh (UT)		4.94	Direct	NA	
3.	Medical Infrastructure Medical Infrastructure provided to hospital catering mainly to under-privileged section of society and Face Masks provided to economic weaker section.	Health care	Yes	Chandigarh (UT)		3.85	Direct	NA	
	Total					20.00			

- (d) Amount spent in Administrative Overheads : Nil
- (e) Amount spent on Impact Assessment, if applicable : Not Applicable
- (f) Total Amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 20.00 lakhs
- (g) Excess amount for set off, if any :

SI No.	Particular	Amount (Rs. Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	10.10
(ii)	Total amount spent for the Financial Year 2020-21	20.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	9.90
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	9.90

9. (a) Details of Unspent CSR amount for the preceding three financial years :

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
NIL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed /Ongoing
NIL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year :

- (a) Date of creation or acquisition of the capital asset(s) : Not Applicable
- (b) Amount of CSR spent for creation or acquisition of Capital asset. : Not Applicable

-
- | | | |
|-----|--|------------------|
| (c) | Details of entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | : Not Applicable |
| (d) | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) | : Not Applicable |
| | | |
| 11. | Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) | : Not Applicable |

Dr. Vasantha S. Bharucha
Chairman, CSR Committee

Yugo Hashimoto
Managing Director & CEO

Dated : 19.05.2021

ANNEXURE D TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[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, 2021 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, 2021 under the provisions of below mentioned regulations, which were shared with me:

- (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 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014: Not applicable as the company has not provided any share based employee benefits during the audit period.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable to the company during the financial year under review.
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year
 - f) The erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.

- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, including amendments thereof, regarding the Companies Act and dealing with client - Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including the amendments thereof- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
- (vi) The Motor Vehicles Act, 1988 and the rules made thereunder (the law which is applicable specifically to the Company, being manufacturer of Commercial Vehicles).
- (vii) Other laws applicable to 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, pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 10,370 equity shares to the Investor Education and Protection Fund.

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 : 10.05.2021

UDIN: F002191C000267720

AJAY K. ARORA

A. ARORA & CO.

FCS No. 2191

C P No.: 993

ANNEXURE E 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

- Replacing old CFL lights / Metal halide lights with LED lights for buildings and shop floor still going on as a continual effort to conserve electrical energy.
- Tube fixtures replaced in Paint Booths and Engine Shop to save electrical energy. (108W fixtures replaced with 56 W LED battens).
- Replacement of water cooled pumps with air cooled pumps for thermic fluid to save energy consumption of cooling tower fan and pump motor.
- Modification in water circuit to run old body shop with single cooling tower instead of two cooling towers.

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

- The Company is planning to install rooftop Solar PV plant of 01 MWp at chassis plant to harness alternate energy resources.

3. Capital investment on energy conservation equipments

Capital Investment: Rs. 0.62 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) has been developed to meet BS-VI emission norms.
- Commissioning of new Conveyors for assembly of Cabin, Chassis, Axles and Heavy Duty Transmission with testing facilities.
- Commissioning of Roller Brake Testing (RBT) Equipment.
- Manufacturing of Chassis Frame & Cargo Box with improved infrastructure/process.
- Robotic process automation for wind shield fitting 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, implemented w.e.f. April 2020.
- 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 for Chassis frame and Cargo Box.
- Robotic process automation ensures consistent product quality.

(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	6.14
(b) Recurring	1,644.64
(c) Total	1,650.78
(d) R&D expenditure as a %age of total income	2.8%

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	3,619.38
Payment in foreign currency	228.57

ANNEXURE F TO DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2020-21

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L50101PB1983PLC005516
2	Name of the Company	SML ISUZU LIMITED (SMLI)
3	Registered address	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144533
4	Website	www.smlisuzu.com
5	E-mail id	investors@smlisuzu.com
6	Financial Year reported	1st April 2020 to 31st March 2021
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code
		Description
		29102 Manufacture of commercial vehicles such as vans, lorries, over-the-road tractors for semi-trailers etc.
		29109 Manufacture of motor vehicles n.e.c.
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	a. Cargo vehicles (trucks) b. Passenger vehicles(buses) c. Special Application Vehicles
9	Total number of locations where business activity is undertaken by the Company :	
	(a) Number of International Locations	The Company has Distributors / Dealers in following Locations:
	Distributors / Dealers:	<ul style="list-style-type: none"> • Bangladesh • Nepal • Bhutan • Sri Lanka • Ghana
	(b) Number of National Locations	<ul style="list-style-type: none"> • Manufacturing Plant at Punjab • 11 Zonal offices • 198 Dealer Network locations • 175 Service Network locations
10.	Markets served by the Company – Local / State / National / International	All

SECTION B: FINANCIAL DETAILS OF THE COMPANY (FY 2020-21)

1.	Paid up capital	Rs. 14.47 crores
2.	Total Turnover	Rs. 591.48 crores
3.	Total Profit / (Loss) after tax	(Rs. 133.49 crores)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 20.0 lacs
5.	List of activities in which expenditure in 4 above has been incurred	a. Education support to Girls b. Vocational Education c. Medical Infrastructure

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? No
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s). Not Applicable
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]. No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR and BR Head

Director responsible for implementation of the BR and BR Head

DIN Number -09174162
 Name -Mr. Junya Yamanishi
 Designation -Managing Director & CEO
 Telephone number -0172-2666688
 e-mail id -junya.yamanishi@smlisuzu.com

Note : Mr. Yugo Hashimoto, Managing Director & CEO resigned w.e.f. 19th May, 2021. The Board has appointed Mr. Junya Yamanishi as Managing Director & CEO w.e.f. 20th May, 2021. Mr. Yamanishi is the new BR head and person responsible for implementation of BR w.e.f. 20th May, 2021.

2. Principle-wise (as per NVGs) BR Policy/policies

a) Details of compliance

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

- | | |
|-------------------|---|
| Principle 1- (P1) | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability |
| Principle 2- (P2) | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle |
| Principle 3- (P3) | Businesses should promote the wellbeing of all employees |

Principle 4- (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5- (P5)	Businesses should respect and promote human rights
Principle 6- (P6)	Business should respect, protect, and make efforts to restore the environment
Principle 7- (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8- (P8)	Businesses should support inclusive growth and equitable development
Principle 9- (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Relevant internal and external stakeholders were consulted, as deemed appropriate, during the formulation of the policies.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the Policies have been developed considering relevant national & international standards and other applicable Regulations.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	<p>The Board of Directors of the Company have approved, from time to time, entity level policies such as Code of Ethics & Conduct (for Directors and Senior Management), Whistle Blower Policy, Corporate Social Responsibility Policy, etc. in line with the Regulatory requirements. These policies are signed by respective officers authorized by the Board.</p> <p>Other policies & procedures are formulated having regard to business needs, controls and compliance with applicable laws & regulations and are approved and signed by the Managing Director & CEO.</p>								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	<p>Relevant external policies are available at the website of the Company viz.</p> <p>https://smlisuzu.com/Financials/CorporatePolicies.aspx</p>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

- b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: NA

3. Governance related to BR

- a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The Board assess the BR performance annually.

- b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes Business Responsibility Report annually. The Report can be assessed at web-link <https://smlisuzu.com/Upload/AGMNotice/BRR.pdf>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

The Company has a Code of Ethics & Conduct for its Directors, Senior Management and other employees that cover aspects inter-alia related to ethics, bribery and corruption, workplace responsibilities and conflict of interest. All Directors, Senior Management and other employees of the Company affirm compliance with this Code on annual basis. Further, such aspects of Code of Ethics & Conduct also extends to Vendors and Dealers of the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the reporting year, 2 complaints were received from the shareholders, which were resolved to the satisfaction of the shareholders.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company manufactures trucks, buses and wide range of special application vehicles.

The Company's products are designed with due consideration to various environmental norms including sustainability and emissions / noise regulations and optimum use of the resources. All the Company's existing models have been upgraded to meet BS VI emission norms, which will help in reducing the polluting contents in the environment.

The Company is having ISO 9001: 2015 (Quality Management System), IATF 16949: 2016 (Automotive Quality Management System), ISO 14001: 2015 (Environment Management System) and ISO 45001: 2018 (Occupational Health and Safety Management System) certifications.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

- a. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

The resources used (energy, water, raw material, etc) for the entire portfolio is monitored on regular basis to ensure optimum usage.

For energy efficiency initiatives' please refer to the Annexure E of Directors' Report.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Due to continuous focus on innovations in respect of fuel efficiency during upgradation / new launches of Company's products, there would be a reduction of energy used by consumers. However, tracking of such reduction is not possible as it is highly dependent on individual customer's driving habits / usage of the end product i.e. vehicles.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company's sourcing / usage practices are focused towards optimizing the weight of components with a view to consume lesser metals and other raw materials. Besides, other optimization areas include efficient logistics, savings in usage of energy, returnable packaging to minimize waste and maximize reuse. The Company endeavors to procure maximum components from the suppliers located near to the Company's manufacturing location. To improve quality & deliveries, the Company has system for direct on-line certification (DOL) with supply chain partners which is done through vendor visits and follow-up audits.

Further, supply chain partners are updated regularly about Company's sustainability focus.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company endeavors to procure goods and services from local supply chain partners including MSME (Micro, Small & Medium Enterprises) who meets Productivity, Quality, Cost, Delivery, Safety & Morale indicators (PQCDSM). The Company has robust system in place to induct new suppliers and ensures supplier assessment which covers evaluation of technical & manpower capabilities, sub-supplier base and financial stability. The suppliers, particularly MSMEs, are provided need based managerial and technical assistance which helps in improving their PQCDSM.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

No, the Company do not recycle its products & waste on its own. The waste generated is sold to certified licensed scrap dealers for recycling.

Principle 3 - Businesses should promote the well being of all employees

Employees' data as on 31st March, 2021 is provided herein below :

- | | | |
|--|---|------|
| 1. Please indicate the Total number of employees (on-rolls) | - | 959 |
| 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis | - | 1158 |
| 3. Please indicate the Number of permanent women employees | - | 12 |
| 4. Please indicate the Number of permanent employees with disabilities | - | 4 |
| 5. Do you have an employee association that is recognized by Management. | | |
| Yes, all permanent workers are members of SMLI Workers Union (affiliated with Centre of Indian Trade Unions (CITU)). | | |
| 6. What percentage of your permanent employees is members of this recognized employee association | - | 33% |

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Skill upgradation forms part of our strategic plan where employees are identified based on the need and provided the training across all the levels.

- | | | |
|--|---|------|
| (a) Permanent Employees | : | 80% |
| (b) Permanent Women Employees | : | 67% |
| (c) Casual/Temporary/Contractual Employees | : | 71% |
| (d) Employees with Disabilities | : | 100% |

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

- Has the company mapped its internal and external stakeholders? Yes/No Yes.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Company has identified disadvantaged, vulnerable and marginalized stakeholders.

- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Management always keeps in mind to serve the interests of disadvantaged, vulnerable and marginalized stakeholders in all its strategic and operational decisions. The Company also takes care of the needy, deserving, socio-economically backward and disadvantaged communities in and around its Manufacturing Plant, to the extent possible, through Company's CSR initiatives (Refer Annexure C of Directors' Report).

Principle 5 - Businesses should respect and promote human rights

- Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company Policy on Human Rights underlines its approach towards human rights and action against any violation. The Company respects and recognize human rights of all relevant stakeholders & groups within and beyond the work place including that of communities, consumer and vulnerable & marginalized group.

- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the financial year under review, no complaint has been received by the Company related to sexual harassment, discrimination and human right breaches.

Principle 6 - Business should respect, protect, and make efforts to restore the environment

- 1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Company has policies for Quality, Safety and Environmental protection. Relevant policies are communicated to the Company's suppliers, contractors & other business associates for them to sync their own policies with the Company's, wherever applicable.

- 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

To minimize the impact of its products on the environment, the Company continuously improves its products in terms of fuel efficiency, material usage and recyclability. The Company also works on resource optimization, water and electricity conservation and waste reduction to reduce its environmental footprint. For details, refer Annexure E of Directors' Report.

- 3. Does the company identify and assess potential environmental risks? Y/N**

Yes, the Company has a mechanism to identify and assess potential environmental risks.

- 4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company does not have any Clean Development Mechanism project at present.

- 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page**

Yes and the details are provided at Annexure E of Directors' Report.

- 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The Company ensure that the emissions, effluents and waste generated as a result of its operations are within the permissible limits prescribed by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

- 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No show cause / legal notice received from CPCB / SPCB during FY 2020-21.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

- 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, the Company is an active member of the following Trade & Chamber or Association:

- a. Society of Indian Automobiles Manufacturers (SIAM)
- b. Northern India Chamber of Commerce & Industry (NICCI)
- c. Engineering Export Promotion Council (EEPC) of India

- 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company, as a member of SIAM, actively participates and engages with relevant Government authorities in industry's initiatives towards Governance & Administration, Economic reforms, Energy security, Sustainable business principles, etc.

Further, the Company also contributes through EEPC, when views are solicited on EXIM Policy and other Rules /Regulations governing export of engineering goods.

Principle 8 - Businesses should support inclusive growth and equitable development

- 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, the Company has a Corporate Social Responsibility (CSR) Policy which derives its core values and covers various aspects as per requirements of the Companies Act, 2013. The key thrust areas of Company's CSR Policy are - promoting healthcare and sanitation, supporting education of girl child & underprivileged children, sponsoring vocational / technical education, etc.

- 2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The CSR programmes and projects are undertaken directly by the Company through in-house team.

- 3. Have you done any impact assessment of your initiative?**

Yes, impact assessment is carried out through personal visits of Company's CSR teams and personal interviews of relevant stakeholders.

- 4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The Company has spent Rs. 20.0 lakhs as part of its CSR initiatives. Details of CSR projects are provided at Annexure C of Directors' Report.

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

All CSR initiatives are perceived in consultation with the local community including Local Government authorities, wherever required, having regard to their needs and priorities. Accordingly, all CSR programs are well received by the Community.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

During FY 2020-21, total 538 customers' complaints were received, which were resolved to the satisfaction of the customers. No complaint was pending as on 31st March, 2021.

- 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).**

Product information as per mandatory requirements is displayed on product label.

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

As on 31st March 2021, there is no case pending under the Competition Act.

- 4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the company carries out consumer surveys internally as well as through external firms, from time to time, to review market trends, consumer needs & customer satisfaction in terms of its products, service and sales.

BALANCE SHEET AS AT 31 MARCH 2021 (All amounts in Rs. Lakhs unless stated otherwise)

	Note No.	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	32,059.59	34,566.83
Capital work-in-progress	3	202.61	272.86
Right of use assets	3	770.02	970.90
Intangible assets	3	6,030.96	7,078.88
Intangible assets under development	3	303.00	42.10
Financial assets			
- Loans	4A	203.52	298.18
- Other financial assets	5A	314.01	887.10
Deferred tax assets (net)	19	1,505.57	1,517.50
Income tax assets (net)	6	694.65	642.57
Other non-current assets	7	1,171.50	1,307.01
Total non-current assets		43,255.43	47,583.93
Current assets			
Inventories	8	26,006.44	26,890.96
Financial assets			
- Trade receivables	9	3,922.10	3,946.12
- Cash and cash equivalents	10	1,924.65	3,383.32
- Bank balances other than Cash and cash equivalents	11	1,387.34	249.47
- Loans	4B	115.27	139.97
- Other financial assets	5B	428.90	466.90
Other current assets	12	2,583.49	3,201.94
Total current assets		36,368.19	38,278.68
Total assets		79,623.62	85,862.61
Equity and liabilities			
Equity			
Equity share capital	13	1,447.88	1,447.88
Other equity	14	24,108.94	37,038.94
Total equity		25,556.82	38,486.82
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	15A	4,688.45	9,483.34
- Lease liabilities	32	693.16	840.45
- Other financial liabilities	16A	1,129.25	1,226.50
Provisions	18A	3,316.94	3,678.49
Other non-current liabilities	20	79.85	134.77
Total non-current liabilities		9,907.65	15,363.55
Current liabilities			
Financial liabilities			
- Borrowings	15B	16,000.00	3,296.82
- Trade payables	21		
(a) total outstanding dues of micro enterprises and small enterprises		339.45	315.43
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		17,954.13	16,393.79
- Lease liabilities	32	187.41	190.18
- Other financial liabilities	16B	5,974.53	7,416.06
Other current liabilities	17	2,328.22	1,711.20
Provisions	18B	1,302.78	2,616.13
Current tax liabilities (net)	22	72.63	72.63
Total current liabilities		44,159.15	32,012.24
Total liabilities		54,066.80	47,375.79
Total equity and liabilities		79,623.62	85,862.61
Significant accounting policies	2		
Notes to the Ind AS financial statements	1-45		

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

As per our report of even date attached

For Walker Chandio & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sandeep Mehta
Partner
Membership Number: 099410

Place: Chandigarh
Date: 19 May 2021

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

Rakesh Bhalla
Chief Financial Officer
FCMA: 09442
Place: Chandigarh

Parvesh Madan
Company Secretary
ACS: 31266
Place: Chandigarh

S.K. Tuteja
Chairman
DIN: 00594076
Place: Bengaluru

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797
Place: Tokyo, Japan

Date: 19 May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

	Note No.	Year Ended 31 March 2021	Year ended 31 March 2020
Income:			
Revenue from operations	23	59,148.22	115,415.51
Other income	24	448.62	514.30
Total income		59,596.84	115,929.81
Expenses:			
Cost of materials consumed	25	44,092.40	68,317.42
Purchase of stock-in-trade		3,716.50	5,993.23
Changes in inventories of finished goods, work in progress and stock-in-trade	26	(742.02)	16,110.80
Employee benefits expense	27	13,346.67	15,515.08
Finance costs	28	2,334.30	1,463.16
Depreciation and amortisation expense	29	4,616.74	4,071.71
Other expenses	30	5,569.34	8,290.49
Total expenses		72,933.93	119,761.89
Loss before tax		(13,337.09)	(3,832.08)
Tax expense:	39		
Current tax		-	-
Tax adjustment related to prior years		-	(199.80)
Deferred tax credit		11.93	(1,526.07)
Income tax expense		11.93	(1,725.87)
Loss for the year		(13,349.02)	(2,106.21)
Other comprehensive income	14		
A. (i) Items that will not be reclassified to profit or loss			
- Re-measurement gains / (losses) on defined benefit plans		284.03	(266.37)
(ii) Income tax related to items that will not be reclassified to profit or loss		-	93.08
Net other comprehensive income / (loss) not to be reclassified to profit or loss		284.03	(173.29)
B. (i) Items that will be reclassified to profit or loss			
- Effective portion of gains / (losses) on hedging instruments in cash flow hedges		134.99	(106.39)
(ii) Income tax related to items that will be reclassified to profit or loss		-	37.18
Net other comprehensive income / (loss) to be reclassified to profit or loss		134.99	(69.21)
Total comprehensive income / (loss) for the year		(12,930.00)	(2,348.71)
Basic and diluted earnings per share in Rupees (Face value of ₹10 per share)	33	(92.24)	(14.55)
Significant accounting policies	2		
Notes to the Ind AS financial statements	1-45		

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

As per our report of even date attached

For Walker Chandiook & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sandeep Mehta
Partner
Membership Number: 099410

Place: Chandigarh
Date: 19 May 2021

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

Rakesh Bhalla
Chief Financial Officer
FCMA: 09442
Place: Chandigarh

Parvesh Madan
Company Secretary
ACS: 31266
Place: Chandigarh

S.K. Tuteja
Chairman
DIN: 00594076
Place: Bengaluru

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797
Place: Tokyo, Japan

Date: 19 May 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

	Year ended 31 March 2021	Year ended 31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(13,337.09)	(3,832.08)
Adjustments for :		
Depreciation and amortization expense	4,616.74	4,071.71
Unrealised gain on foreign exchange fluctuation	(6.06)	(0.31)
Finance costs	2,334.30	1,463.16
Interest income	(207.53)	(392.97)
Property, plant and equipment and capital work-in-progress written off (net)	36.36	119.43
Net gain on sale of property, plant and equipment	(17.84)	(18.71)
Rent concession / gain on lease modification	(5.84)	-
Provision for inventories written down	101.12	939.25
Bad debts / advances written off	26.52	2.60
Liabilities/provisions/allowances no longer required written back	(181.08)	(348.83)
Operating (loss) / profit before working capital changes	(6,640.40)	2,003.25
Adjustments for changes in :		
Trade receivables	97.98	11,073.18
Inventories	783.41	14,545.06
Other non-current and current financial assets	(31.85)	133.69
Other non-current and current loans	119.32	39.39
Other non-current and current assets	592.39	2,134.78
Trade payables	1,671.06	(10,466.03)
Non-current and current provisions	(1,467.78)	(1,377.97)
Other non-current and current financial liabilities	(300.00)	(306.89)
Other non-current and current liabilities	562.10	(2,807.43)
CASH (USED IN) / GENERATED FROM OPERATIONS	(4,613.77)	14,971.03
Less: Direct tax paid, net of refunds	52.08	(30.32)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(4,665.85)	15,001.35
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Payment for property, plant and equipment, intangible assets, capital work in progress and intangible assets under development	(1,948.42)	(4,831.28)
Proceeds from sale of property, plant and equipment	18.42	21.61
Investment in bank deposits [having original maturity of more than three months]	(1,084.97)	(82.47)
Interest received	193.67	216.89
NET CASH USED IN INVESTING ACTIVITIES	(2,821.30)	(4,675.25)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

	Year ended 31 March 2021	Year ended 31 March 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long-term borrowings taken during the year	-	3,000.00
Long-term borrowings repaid during the year	(4,200.00)	(3,000.00)
Repayment of lease liabilities	(192.47)	(132.44)
Short-term borrowings taken / (repaid) during the year (net)	12,703.18	(7,710.03)
Dividend transferred to Investor Education and Protection Fund	(25.27)	(24.12)
Dividend paid	(1.00)	(429.80)
Tax paid on dividends	-	(89.24)
Withdrawal from unpaid dividend accounts	26.27	19.77
Finance costs paid	(2,282.23)	(1,322.17)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	6,028.48	(9,688.03)
Net (decrease) / increase in cash and cash equivalents	(1,458.67)	638.07
Cash and cash equivalents at the beginning of the year	3,383.32	2,745.25
Cash and cash equivalents at the end of the year	1,924.65	3,383.32

Notes to the Cash Flow Statement :-

- Components of cash and cash equivalents

Cash in hand	0.08	1.30
Balances with banks		
- Bank deposits (original maturity of 3 months or less)	1,017.10	1,644.28
- Current accounts	907.47	1,737.74
	1,924.65	3,383.32
- The above "Statement of Cash flows" has been prepared as per the Indirect method as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
- 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)	17,393.13	24,121.50
Interest accrued for the period	2,257.40	1,322.79
Net cash inflows / (outflows) [net of interest paid]	6,028.48	(9,164.64)
Lease liabilities		
- Recognised on adoption of Ind AS 116 as at 1 April 2019	-	854.37
- Additions during the year	76.88	152.72
Change in fair value	(134.99)	106.39
Rent concession / Lease modification	(34.47)	-
At the end of the year (current and non-current)	25,586.43	17,393.13

As per our report of even date attached

For Walker Chandio & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sandeep Mehta
Partner
Membership Number: 099410

Place: Chandigarh
Date: 19 May 2021

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

Rakesh Bhalla
Chief Financial Officer
FCMA: 09442
Place: Chandigarh

Parvesh Madan
Company Secretary
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Place: Chandigarh

S.K. Tuteja
Chairman
DIN: 00594076
Place: Bengaluru

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797
Place: Tokyo, Japan

Date: 19 May 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

A. Equity share capital	Note	Year ended 31 March 2021	Year ended 31 March 2020
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	Reserves and surplus				Other comprehensive income
Particulars	Securities premium (Refer note 14)	General reserve (Refer note 14)	Retained earnings (Refer note 14)	Cash flow hedge reserve (Refer note 14)	Total other equity
Balance as at 1 April 2019	7,452.88	10,202.51	22,341.06	(85.41)	39,911.04
Profit / (loss) for the year	-	-	(2,106.21)	-	(2,106.21)
Other comprehensive income / (loss), net of tax	-	-	(173.29)	(69.21)	(242.50)
Total comprehensive income / (loss) for the year	-	-	(2,279.50)	(69.21)	(2,348.71)
Dividend (including dividend distribution tax)	-	-	(523.39)	-	(523.39)
Balance as at 31 March 2020	7,452.88	10,202.51	19,538.17	(154.62)	37,038.94
Balance as at 1 April 2020	7,452.88	10,202.51	19,538.17	(154.62)	37,038.94
Loss for the year	-	-	(13,349.02)	-	(13,349.02)
Other comprehensive income, net of tax	-	-	284.03	134.99	419.02
Total comprehensive income / (loss) for the year	-	-	(13,064.99)	134.99	(12,930.00)
Dividend (including corporate dividend tax)	-	-	-	-	-
Balance as at 31 March 2021	7,452.88	10,202.51	6,473.18	(19.63)	24,108.94

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, dividends distributed, or other distributions to shareholders.
- Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Significant accounting policies 2
Notes to the Ind AS financial statements 1-45

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

As per our report of even date attached

For Walker Chandiook & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sandeep Mehta
Partner
Membership Number: 099410

Place: Chandigarh
Date: 19 May 2021

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

Rakesh Bhalla
Chief Financial Officer
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Chairman
DIN: 00594076
Place: Bengaluru

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797
Place: Tokyo, Japan

Date: 19 May 2021

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(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 2021 have been prepared as per the requirements of Schedule III (Division II) 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 have been prepared on accrual and going concern basis. Also refer to note 43(b) in relation to going concern.

The financial statements were authorized for issue by the Company's Board of Directors on 19 May 2021.

(ii) Functional and presentation currency

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

(iii) Basis of measurement

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

Items	Measurement basis
Net defined 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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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), 18 A, 18 B and 31 – Provisions and contingent liabilities
- Note 2 (i) and 23 – Revenue recognition
- Note 2 (l) and 39 – Income taxes
- Note 2 (m), 3 and 32 – Leases
- Note 43 (a) – Impact of Covid-19 pandemic
- Note 43 (b) – Going Concern assessment

Assumptions and estimation uncertainties

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

Note 2 (e), 18 (A), 18(B) and 37 – measurement of defined benefit obligations: key actuarial assumptions

Note 2 (g), 18 (A), 18 (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) and 40 – 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 19 and 2 (l) – Recognition of deferred tax assets: availability of future taxable profits against which such deferred tax assets can be adjusted

(v) Measurement of fair values

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

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

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

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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 and Amended Accounting Standards adopted by the Company

Amendment to Ind AS 116 – Leases

The Company has applied amendment to Ind AS 116 for accounting of Covid-19 related rent concessions. The amendment did not have a significant impact on the financial statements of the Company.

Amendment to Ind AS 1 and Ind AS 8 - Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

The definition of “Material” has been changed in relation to material information as per Ind AS 1 and Ind AS 8. The amendment did not have any impact on the financial statements of the Company.

Amendment to Ind AS 10 - Events after the Reporting Period

The amendment to Ind AS 10 requires, apart from disclosure of non-adjusting event, that the disclosure of an estimate of its financial effect should be made, or a statement that such an estimate cannot be made. The amendment did not have any impact on the financial statements of 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.

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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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)	3-60	3-60
- Roads	10	10
Office equipment	3-10	5
Furniture and fixtures	3-10	10
Vehicles	4-10	8-10
Plant and equipment	2-35	15-35
Computers	3-6	3-6

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

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

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

(c) 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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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.

(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

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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 an actuary using the projected unit credit method.

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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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.

(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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)**(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*****Sale of goods and rendering of services***

Under Ind AS 115, the Company recognizes revenue when or as a performance obligation is 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.
- 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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

- 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.

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 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.

(b) Other operating revenue – Export incentives

Export incentives are accounted for on an accrual basis.

(j) Recognition of interest income or expense

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

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

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

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

(k) Borrowing costs

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

(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.

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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.

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

The Company's lease asset classes primarily consist of leases for Buildings and Plant and equipment. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date. These are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the Company. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Judgements and estimates:-

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

(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 2021
(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 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 which are 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 2021
(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 if 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 is 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 2021
(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 as 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

Notes forming part of the Ind AS financial statements for the year ended 31 March 2021
(All amounts in Rs. Lakhs unless stated otherwise)

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 2021
(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 2021
(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) Statement of Cash flows

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.

(v) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(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 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
Transition impact of Ind AS 116 [Refer note 32(a)]	-	-	-	323.89	-	-	-	-	323.89	-
Additions during the year	-	3.88	1,155.22	-	43.47	5.80	74.13	69.87	1,352.37	715.30
Disposals / Adjustments	-	0.72	89.47	-	10.63	0.52	66.38	0.78	168.50	1,159.10
Balance as at 31 March 2020	283.92	12,757.66	29,493.94	-	1,254.41	317.11	900.99	939.46	45,947.49	272.86
Additions during the year	-	6.05	716.18	-	2.89	12.58	44.82	9.89	792.41	651.98
Disposals / Adjustments	-	5.99	69.97	-	0.25	0.70	67.15	3.80	147.86	722.23
Balance as at 31 March 2021	283.92	12,757.72	30,140.15	-	1,257.05	328.99	878.66	945.55	46,592.04	202.61
ACCUMULATED DEPRECIATION										
Balance as at 1 April 2019	-	1,399.87	5,030.90	132.27	383.14	195.48	543.96	532.85	8,218.47	-
Transition impact of Ind AS 116 [Refer note 32(a)]	-	-	-	132.27	-	-	-	-	132.27	-
Charge during the year	-	583.73	2,280.45	-	204.06	53.28	137.36	140.39	3,399.27	-
Disposals / Adjustments	-	0.43	44.08	-	5.47	0.52	53.53	0.78	104.81	-
Balance as at 31 March 2020	-	1,983.17	7,267.27	-	581.73	248.24	627.79	672.46	11,380.66	-
Charge during the year	-	573.99	2,211.97	-	204.46	39.90	109.15	123.23	3,262.70	-
Disposals / Adjustments	-	1.62	44.07	-	0.24	0.70	60.48	3.80	110.91	-
Balance as at 31 March 2021	-	2,555.54	9,435.17	-	785.95	287.44	676.46	791.89	14,532.45	-
NET BLOCK										
Balance as at 31 March 2020	283.92	10,774.49	22,226.67	-	672.68	68.87	273.20	267.00	34,566.83	272.86
Balance as at 31 March 2021	283.92	10,202.18	20,704.98	-	471.10	41.55	202.20	153.66	32,059.59	202.61

Intangible assets

	Softwares	Technical know-how	Total	Intangible assets underdevelopment [^]
GROSS BLOCK - Acquired				
Balance as at 1 April 2019	873.80	979.70	1,853.50	1,996.32
Additions during the year #	202.58	6,203.11	6,405.69	4,451.47
Disposals / Adjustments	-	-	-	6,405.69
Balance as at 31 March 2020	1,076.38	7,182.81	8,259.19	42.10
Additions during the year #	11.45	45.54	56.99	317.89
Disposals / Adjustments	14.20	-	14.20	56.99
Balance as at 31 March 2021	1,073.63	7,228.35	8,301.98	303.00

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

	Softwares	Technical know-how	Total	Intangible assets underdevelopment [^]
ACCUMULATED AMORTISATION				
Balance as at 1 April 2019	201.68	534.00	735.68	-
Charge during the year	135.32	309.31	444.63	-
Disposals / Adjustments	-	-	-	-
Balance as at 31 March 2020	337.00	843.31	1,180.31	-
Charge during the year	125.45	979.46	1,104.91	-
Disposals / Adjustments	14.20	-	14.20	-
Balance as at 31 March 2021	448.25	1,822.77	2,271.02	-
NET BLOCK				
Balance as at 31 March 2020	739.38	6,339.50	7,078.88	42.10
Balance as at 31 March 2021	625.38	5,405.58	6,030.96	303.00

Right of use assets **

	Buildings	Plant and equipment	Total
GROSS BLOCK			
Balance as at 1 April 2019	-	-	-
Reclassified from PPE on adoption of Ind AS 116 as at 1 April 2019	-	191.62	191.62
Recognised on adoption of Ind AS 116 as at 1 April 2019	854.37	-	854.37
Additions during the year	102.65	50.80	153.45
Disposals / Adjustments	-	1.11	1.11
Balance as at 31 March 2020	957.02	241.31	1,198.33
Additions during the year	-	76.88	76.88
Disposals / Adjustments	12.55	28.49	41.04
Balance as at 31 March 2021	944.47	289.70	1,234.17
ACCUMULATED DEPRECIATION			
Balance as at 1 April 2019	-	-	-
Charge during the year	180.60	47.21	227.81
Disposals / Adjustments	-	0.38	0.38
Balance as at 31 March 2020	180.60	46.83	227.43
Charge during the year	193.79	55.34	249.13
Disposals / Adjustments	-	12.41	12.41
Balance as at 31 March 2021	374.39	89.76	464.15
NET BLOCK			
Balance as at 31 March 2020	776.42	194.48	970.90
Balance as at 31 March 2021	570.08	199.94	770.02

Notes:

* refer note 15 for information with regard to PPE pledged as security by the Company.

Additions during the year includes capitalised borrowing costs of Nil (previous year Rs. 96.42 lakhs) in intangible assets under development, with a capitalisation rate of Nil (previous year 7.97% p.a.).

[^] Disposals / adjustments included in Capital work-in-progress / Intangible assets under development represents assets capitalised during the year.

** *Impact of Covid-19 pandemic:* Despite the impact of Covid-19 on the current operations of the Company, it does not foresee any large-scale contraction in demand over a prolonged period of time which could result in significant down- sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors are primarily long term in nature and no changes in terms of those leases are expected due to the Covid-19 pandemic.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Note 4

	As at 31 March 2021	As at 31 March 2020
LOANS *		
A. Non-current		
Loan to employees considered good - unsecured	77.71	163.62
Security deposits	125.81	134.56
	<u>203.52</u>	<u>298.18</u>
B. Current		
Loan and advances to employees considered good - unsecured	85.43	109.03
Security deposits	29.84	30.94
	<u>115.27</u>	<u>139.97</u>
	<u>318.79</u>	<u>438.15</u>

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

Note 5

	As at 31 March 2021	As at 31 March 2020
OTHER FINANCIAL ASSETS *		
A. Non-current		
Other bank balances:		
- Bank deposits (due to mature after twelve months from the reporting date) **	21.21	103.37
Earmarked balances ***	2.99	-
Interest accrued but not due on bank deposits	0.37	6.44
Cross currency interest rate swaps used for hedging #	289.44	777.29
	<u>314.01</u>	<u>887.10</u>
B. Current		
Interest accrued but not due on deposits	30.74	10.81
Royalty income receivable	8.26	13.84
Export incentive receivable	74.15	28.26
Cross currency interest rate swaps used for hedging #	315.75	405.54
Other receivables	-	8.45
	<u>428.90</u>	<u>466.90</u>
	<u>742.91</u>	<u>1,354.00</u>

* 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 Nil (previous year Rs. 103.37 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.

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.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

Note 6

	As at 31 March 2021	As at 31 March 2020
INCOME TAX ASSETS (NET)		
Advance income-tax and tax deducted at source (net of provision for income tax)	694.65	642.57
	694.65	642.57

Note 7

	As at 31 March 2021	As at 31 March 2020
OTHER NON-CURRENT ASSETS		
(Unsecured considered good unless stated otherwise)		
Balance with government authorities	388.84	383.86
Capital advances		
Considered good	15.10	176.66
Considered doubtful	-	7.70
Less: Allowance for doubtful advances	-	7.70
	15.10	176.66
Prepaid expenses and other advances		
Considered good	38.94	12.88
Considered doubtful	-	50.00
Less: Allowance for doubtful advances	-	50.00
	38.94	12.88
Amount paid under protest to government authorities		
- Income tax	698.13	698.13
- Sales tax / VAT		
Considered good	30.49	35.48
Considered doubtful	87.30	87.30
Less: Allowance for doubtful advances	87.30	87.30
	30.49	35.48
	1,171.50	1,307.01

Note 8

	As at 31 March 2021	As at 31 March 2020
INVENTORIES**		
(valued at cost or net realisable value, whichever is lower)		
Raw materials*	8,244.49	9,873.79
Work-in-progress	1,723.07	3,171.59
Finished goods (vehicles) *	15,191.11	12,563.52
Stock-in-trade (spare parts)*	684.28	1,121.33
Stores and spares*	159.40	152.61
Loose tools *	4.09	8.12
	26,006.44	26,890.96

* Includes goods / stock-in-transit:

- Raw materials	793.08	493.76
- Finished goods (vehicles)	1,064.03	756.49
- Stock-in-trade (spare parts)	15.79	11.86
- Stores and spares	0.29	0.44
- Loose tools	0.55	0.12

** For disclosure relating to hypothecation of inventory, refer to note 15 B

Note: The net inventory written down during the year amounted to Rs. 101.12 lakhs (previous year write down Rs. 939.25 lakhs)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Note 9

	As at 31 March 2021	As at 31 March 2020
TRADE RECEIVABLES *#		
Trade receivables considered good - secured	358.97	205.80
Trade receivables considered good - unsecured	3,658.23	3,861.42
Trade receivables - credit impaired	269.22	332.77
	<u>4,286.42</u>	<u>4,399.99</u>
Less: Allowance for expected credit losses	364.32	453.87
	<u>3,922.10</u>	<u>3,946.12</u>

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

Trade receivables is part of contract balances as per Ind AS 115

Note 10

	As at 31 March 2021	As at 31 March 2020
CASH AND CASH EQUIVALENTS *		
Balances with banks		
- in deposit accounts (original maturity of 3 months or less)**	1,017.10	1,644.28
- in current accounts	907.47	1,737.74
Cash on hand	0.08	1.30
	<u>1,924.65</u>	<u>3,383.32</u>

* 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. 42.10 Lakhs (previous year Nil) on account of deposits held as margin money against bank guarantees.

Note 11

	As at 31 March 2021	As at 31 March 2020
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS*		
Bank deposits (with original maturity of more than three months and due to mature within twelve months from the reporting date) **	1,266.71	100.92
Unpaid dividend accounts	96.41	122.69
Earmarked balances #	24.22	25.86
	<u>1,387.34</u>	<u>249.47</u>

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

** includes restricted bank deposits amounting to Nil (previous year Rs. 58.49 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.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Note 12

	As at 31 March 2021	As at 31 March 2020
OTHER CURRENT ASSETS		
(Unsecured considered good unless stated otherwise)		
Balance with government authorities	1,652.80	2,841.45
Advances for supply of goods	652.86	103.43
Prepaid expenses and other advances	277.69	256.92
Others	0.14	0.14
	2,583.49	3,201.94

Note 13

	As at 31 March 2021		As at 31 March 2020	
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 *	1,44,71,646	1,447.17	1,44,71,646	1,447.17
Forfeited equity shares of Rs.10 each	13,300	0.71	13,300	0.71
	1,44,84,946	1,447.88	1,44,84,946	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.

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

	As at 31 March 2021		As at 31 March 2020	
Particulars	No. of shares	Amount	No. of shares	Amount
Balance at the beginning and at the end of the year	1,44,71,646	1,447.17	1,44,71,646	1,447.17

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

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

Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% of equity shares held	No. of shares	% of equity shares held
Sumitomo Corporation, Japan	63,62,306	43.96%	63,62,306	43.96%
Isuzu Motors Limited	21,70,747	15.00%	21,70,747	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 2021	As at 31 March 2020
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	10,202.51	10,202.51
Add : Amount transferred from surplus	-	-
Balance at the end of the year	10,202.51	10,202.51
iii. Retained earnings		
Balance at the beginning of the year	19,538.17	22,341.06
Add: Loss for the year	(13,349.02)	(2,106.21)
Add: Other comprehensive income / (loss), net of tax	284.03	(173.29)
Less: Dividend (including corporate dividend tax)	-	523.39
Balance at the end of the year	6,473.18	19,538.17
iv. Other comprehensive income		
Cash flow hedge reserve (net of tax)		
Balance at the beginning of the year	(154.62)	(85.41)
Net movement of cash flow hedge (net of tax)	134.99	(69.21)
Balance at the end of the year	(19.63)	(154.62)
v. Summary of components of Other Equity		
Securities premium account	7,452.88	7,452.88
General reserve	10,202.51	10,202.51
Retained earnings	6,473.18	19,538.17
Other comprehensive income - Cash flow hedge reserve	(19.63)	(154.62)
	24,108.94	37,038.94

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Note 15

	As at 31 March 2021	As at 31 March 2020
BORROWINGS *		
A. Non-current		
Term loan - unsecured **		
- From bank	9,257.66	14,170.30
Less: Current maturities of term loan (refer note 16 B)	(4,569.21)	(4,686.96)
	<u>4,688.45</u>	<u>9,483.34</u>

* 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 MUFG Bank Ltd., Japan. The loan carries floating rate of interest of USD 1 month LIBOR + 0.70% hedged by cross currency interest rate swaps carrying fixed rates of interest 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. 6,457.66 lakhs (USD 88.34 lakhs) as at 31 March 2021 [previous year Rs. 10,170.30 lakhs (USD 134.41 lakhs)]. (ii) outstanding term loan amounting to Rs. 2,800.00 lakhs (previous year Rs. 4,000.00 lakhs) from HDFC Bank which carries floating interest rate of 3 months MCLR, repayable in monthly instalments commencing from 1 April 2020 and ending on 1 July 2023. The lender has a negative lien on fixed assets of the Company.

B. Current

Loans repayable on demand		
Cash credit from banks- secured (i)	-	696.82
Other loans from banks - unsecured (ii)	16,000.00	2,600.00
	<u>16,000.00</u>	<u>3,296.82</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 charge on the Company's fixed assets. These carry floating interest rate of 1 year MCLR + 1.55%.
- (ii) Other loans from banks – unsecured represents working capital demand loan taken from Mizuho Bank Limited, Axis Bank and HDFC Bank. These carry an interest rate ranging from 5.50% to 8.20% per annum.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Note 16

	As at 31 March 2021	As at 31 March 2020
OTHER FINANCIAL LIABILITIES *		
A. Non-current		
Security deposits from dealers	1,129.25	1,226.50
	<u>1,129.25</u>	<u>1,226.50</u>
B. Current		
Capital creditors [^]	599.70	1,669.63
Unpaid dividends	96.41	122.69
Interest accrued but not due on borrowings	53.40	78.22
Current maturities of term loan [refer to note 15(A)]	4,569.21	4,686.96
Payable to employees	592.26	804.09
Payable to non-executive directors (refer note 36)	20.00	-
Security deposit from others	43.55	54.47
	<u>5,974.53</u>	<u>7,416.06</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 21

Note 17

	As at 31 March 2021	As at 31 March 2020
OTHER CURRENT LIABILITIES		
Advance from customers	1,172.63	859.07
Revenue received in advance	183.36	316.82
Statutory dues	972.23	535.31
	<u>2,328.22</u>	<u>1,711.20</u>

CONTRACT BALANCES

Contract liability is comprised of consideration received from customers against which services are yet to be provided, is disclosed as under:

	As at 31 March 2021	As at 31 March 2020
Advance from customers *	1,172.63	859.07
Revenue received in advance (current) *	183.36	316.82
Revenue received in advance (non-current) [refer note 20]	79.85	134.77
	<u>1,435.84</u>	<u>1,310.66</u>

* During the year, the Company has recognised revenue of Rs. 859.07 lakhs and Rs. 316.82 Lakhs from amount included in contract liabilities (advance from customers and revenue received in advance) at the beginning of the year.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Note 18

	As at 31 March 2021	As at 31 March 2020
PROVISIONS		
A. Non-current		
Provisions for employee benefits (refer to note 37)		
Gratuity	-	758.09
Compensated absences	3,266.45	2,802.69
	3,266.45	3,560.78
Other provisions		
Provision for warranties*	50.49	117.71
	3,316.94	3,678.49
B. Current		
Provisions for employee benefits (refer to note 37)		
Gratuity	483.86	885.00
Compensated absences	373.98	972.84
Superannuation	36.15	50.95
	893.99	1,908.79
Other provisions		
Provision for warranties*	197.73	488.84
Provision for liquidated damages**	141.97	149.41
Provision for contingencies ***	69.09	69.09
	408.79	707.34
	1,302.78	2,616.13

Movement of Other Provisions

Particulars	Warranties*	Liquidated Damages**	Contingencies***
Balance as on 1 April 2019	1,224.27	157.17	69.09
Accrued / (reversed) during the year [net] #	(137.95)	(5.63)	-
Amount utilized during the year	498.49	2.13	-
Unwinding of discount	18.72	-	-
Balance as on 31 March 2020	606.55	149.41	69.09
Accrued / (reversed) during the year [net] #	51.68	(0.38)	-
Amount utilized during the year	419.65	7.06	-
Unwinding of discount	9.64	-	-
Balance as on 31 March 2021	248.22	141.97	69.09

net of reversal of unutilised provisions during the year for warranty Rs. 131.85 lakhs (previous year Rs. 517.41 lakhs) and liquidated damages Rs. 3.12 lakhs (previous year Rs. 17.01 lakhs)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(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 three 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 19

	As at 31 March 2021	As at 31 March 2020
DEFERRED TAX ASSETS (NET) *		
Deferred tax liabilities	5,436.05	5,606.85
Deferred tax assets	<u>(6,941.62)</u>	<u>(7,124.35)</u>
	<u>(1,505.57)</u>	<u>(1,517.50)</u>

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

Note 20

	As at 31 March 2021	As at 31 March 2020
OTHER NON-CURRENT LIABILITIES		
Revenue received in advance (refer note 17)	79.85	134.77
	<u>79.85</u>	<u>134.77</u>

Note 21

	As at 31 March 2021	As at 31 March 2020
TRADE PAYABLES *#		
Total outstanding dues of micro enterprises and small enterprises	339.45	315.43
Total outstanding dues of creditors other than micro enterprises and small enterprises**	17,954.13	16,393.79
	<u>18,293.58</u>	<u>16,709.22</u>

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

** includes Rs. 30.68 lakhs payable to controlling enterprise (refer note 36).

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 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) The amounts remaining unpaid to micro enterprises and small enterprises as at the end of the year		
- Principal ^	352.15	328.93
- Interest	-	-
(b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	-
(c) The amounts of the payments made to micro enterprises and small enterprises beyond the appointed day during each accounting year	-	-
(d) The amount of interest due and payable for the period (where the principal has been paid but interest under the Micro Small and Medium Enterprises Development Act, 2006 not paid)	-	-
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The total dues of Micro Enterprises and Small Enterprises which were outstanding for more than stipulated period are Nil (previous year Nil) as on balance sheet date.

^ includes Rs. 12.70 lakhs (previous year Rs. 13.50 lakhs) pertaining to capital creditors (refer note 16 B)

Note 22

	As at 31 March 2021	As at 31 March 2020
CURRENT TAX LIABILITIES (NET)		
Provision for Income Tax (net of Advance Tax)	72.63	72.63
	<u>72.63</u>	<u>72.63</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

Note 23

	Year Ended 31 March 2021	Year Ended 31 March 2020
REVENUE FROM OPERATIONS		
Sale of products		
Finished goods - vehicles	51,893.87	105,325.44
Traded goods - spare parts	6,124.26	8,673.81
	<u>58,018.13</u>	<u>1,13,999.25</u>
Other operating revenues		
Sale of scrap	424.76	438.92
Rendering of services	309.79	386.25
Export incentives	89.72	58.91
Dealer support services	5.92	4.50
Royalty	74.70	119.82
Exchange gain on foreign exchange fluctuations (net)	44.12	59.03
Liabilities/provisions/allowances no longer required written back	181.08	348.83
	<u>1,130.09</u>	<u>1,416.26</u>
	<u>59,148.22</u>	<u>115,415.51</u>
Reconciliation of revenue recognised with contract price:		
Contracted Price	60,245.68	116,575.36
Less: Adjustment on account of incentives and discounts	1,412.38	1,626.62
Revenue from contract with customers *	<u>58,833.30</u>	<u>114,948.74</u>

* excludes export incentives, exchange gain on foreign exchange fluctuations and liabilities/provisions/allowances no longer required written back

Note 24

	Year Ended 31 March 2021	Year Ended 31 March 2020
OTHER INCOME		
Interest income on		
Bank deposits	148.35	60.70
Refund of Income Tax	-	179.92
Others	59.18	152.35
Net gain on sale of property, plant and equipment	17.84	18.71
Miscellaneous	223.25	102.62
	<u>448.62</u>	<u>514.30</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

Note 25

	Year Ended 31 March 2021	Year Ended 31 March 2020
COST OF MATERIALS CONSUMED		
Inventory of materials at the beginning of the year	9,873.79	9,235.72
Add: Purchase of materials	42,463.10	68,955.49
	<u>52,336.89</u>	<u>78,191.21</u>
Inventory of materials at the end of the year	8,244.49	9,873.79
	<u>44,092.40</u>	<u>68,317.42</u>

Note 26

	Year Ended 31 March 2021	Year Ended 31 March 2020
CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE		
Opening stock		
- Finished goods (Vehicles)	12,563.52	27,811.36
- Stock-in-trade (Spare parts)	1,121.33	958.96
- Work-in-progress	3,171.59	4,196.92
	<u>16,856.44</u>	<u>32,967.24</u>
Less : Closing stock		
- Finished goods (Vehicles)	15,191.11	12,563.52
- Stock-in-trade (Spare parts)	684.28	1,121.33
- Work-in-progress	1,723.07	3,171.59
	<u>17,598.46</u>	<u>16,856.44</u>
	<u>(742.02)</u>	<u>16,110.80</u>

Note 27

	Year Ended 31 March 2021	Year Ended 31 March 2020
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus and compensated absences	10,938.90	12,908.07
Contributions to provident and other funds (refer note 37)	1,432.09	1,481.76
Staff welfare	975.68	1,125.25
	<u>13,346.67</u>	<u>15,515.08</u>

Note 28

	Year Ended 31 March 2021	Year Ended 31 March 2020
FINANCE COSTS		
Interest expense on		
Financial liabilities measured at amortised cost	2,080.37	1,098.98
Others	72.52	100.93
Interest on defined benefit liability / asset (net)	67.26	121.65
Interest on lease liabilities	77.92	85.30
Unwinding of discount on warranty provisions	9.64	18.72
Other borrowing costs	26.59	37.58
	<u>2,334.30</u>	<u>1,463.16</u>

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

Note 29

	Year Ended 31 March 2021	Year Ended 31 March 2020
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment (refer note 3)	3,262.70	3,399.27
Depreciation of Right of use assets (refer note 3)	249.13	227.81
Amortisation of intangible assets (refer note 3)	1,104.91	444.63
	4,616.74	4,071.71

Note 30

	Year Ended 31 March 2021	Year Ended 31 March 2020
OTHER EXPENSES		
Consumption of stores and spares and loose tools	162.66	232.05
Repairs and maintenance:		
- Plant and Machinery	178.49	244.37
- Buildings	69.40	120.90
- Others	164.05	187.72
Power and fuel	604.85	833.41
Rent (refer note 32)	103.90	134.86
Rates and taxes	214.12	120.11
Legal and professional	96.90	240.77
Auditor's remuneration:		
Statutory audit	16.00	50.50
Tax audit	3.00	-
Limited review	24.00	18.90
Other services	1.50	3.25
Reimbursement of expenses	2.85	8.78
Insurance	163.83	148.05
Printing, stationery and other communication	67.43	92.17
Travelling and conveyance	203.41	695.19
Packing and freight outward	1,926.16	2,790.07
Warranty	51.68	-
Other selling and distribution expenses	505.32	1,049.25
Royalty	102.22	51.09
Testing and homologation	482.82	510.23
Property, plant and equipment and capital work-in-progress written off (net)	36.36	119.43
Bad debts / advances written off	26.52	2.60
Corporate social responsibility *	20.00	95.99
Miscellaneous	341.87	540.80
	5,569.34	8,290.49

*** Details of corporate social responsibility expenditure**

a. Amount required to be spent by the Company during the year	10.10	95.40
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	20.00	95.99
	20.00	95.99

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(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 2021	As at 31 March 2020
Income tax matters	1,824.46	1,751.65
Sales tax matters	1,017.29	334.55
Excise and service tax matters	34.43	21.01
Civil matters	481.52	482.32
	3,357.70	2,589.53

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 2021	As at 31 March 2020
Capital Commitments (net of advances) not provided for	1,253.72	497.67

32 Leases

(a) Lease liabilities presented in the Balance sheet are as follows:

	As at 31 March 2021	As at 31 March 2020
Current	187.41	190.18
Non-Current	693.16	840.45
	880.57	1,030.63

The maturity analysis of undiscounted lease liabilities amounting to Rs. 1,065.36 lakhs has been disclosed in Note 38 (A) (III) Financial risk management - liquidity risk.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

The following is the movement in lease liabilities during the year:-

	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	1,030.63	1,010.34
Additions	76.88	152.72
Finance cost accrued during the year	77.92	85.30
Payment of lease liabilities	270.39	217.73
Rent concession due to Covid-19	12.80	-
Lease modification	21.67	-
Balance as at end of the year	880.57	1,030.63

- (b) The detail of Right of use assets recognised during the year has been disclosed separately in note 3.
(c) Rental expense recorded for short-term leases was Rs. 103.90 lakhs (Previous year Rs. 134.86 lakhs) for the year ended 31 March 2021.

33 Earnings per share

	As at 31 March 2021	As at 31 March 2020
Basic earnings per share (Rs.)	(92.24)	(14.55)
Diluted earnings per share (Rs.)	(92.24)	(14.55)
Face value per share (Rs.)	10.00	10.00
Note:		
Loss for the year attributable to equity shareholders	(13,349.02)	(2,106.21)
Weighted average number of equity shares outstanding during the year [excluding 13,300 forfeited equity shares (previous year 13,300)] (in nos.)	1,44,71,646	1,44,71,646

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			
2020-2021	55,328.47	3,819.75	59,148.22
2019-2020	109,766.02	5,649.49	115,415.51

Notes:

- a. Overseas segment includes sales and services rendered to customers located outside India
b. Domestic segment includes sales and services rendered to customers located in India
c. The Company has its business operations primarily in India except capital advance of Nil (Previous Year Nil)
There are no other non-current assets outside India.

Major customer

No customer individually accounted for more than 10% of the revenue of the Company for financial year 2020-21, however in previous year revenue from one of the customers amounting to Rs. 13,087.67 lakhs individually accounted for more than 10% of the revenue of the Company.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

35 The Company has established a comprehensive system for 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:

Controlling Enterprise: Sumitomo Corporation, Japan

B. Other related parties with whom transaction have taken place during the year:

Subsidiary Company of Sumitomo Corporation, Japan (Controlling Enterprise)

- Sumitomo Corporation Thailand Ltd.

Key management personnel

Mr. Yugo Hashimoto - Managing Director & CEO

Mr. Gopal Bansal - Whole-time Director & CFO (upto 10 February 2021)

Mr. Rakesh Bhalla - Chief Financial Officer (w.e.f. 11 February 2021)

Mr. T Yamamoto - Whole-time Director – Quality Assurance

Mr. Parvesh Madan - Company Secretary

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

Mr. P.K. Nanda - Non Executive and Independent Director (upto 21 September 2019)

Mr. A.K. Thakur - Non Executive and Independent Director (upto 21 September 2019)

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

Mr. Sudhir Nayar - Non Executive and Independent Director

Mr. Chandra Shekhar Verma - Non Executive and Independent Director

C. Transactions with related parties and outstanding balances as at year-end:

(i) Controlling Enterprise

	Year ended 31 March 2021	Year ended 31 March 2020
Transactions		
a) Purchase of components and spares	22.62	54.38
b) Dividend paid	-	190.87
	As at 31 March 2021	As at 31 March 2020
Outstanding balances		
a) Advance for supply of goods	-	3.07
b) Other payables	(30.68)	(37.59)

The Controlling Enterprise has given a corporate guarantee as security against working capital facilities sanctioned by MUFG Bank Ltd., to the Company. The said facilities were not utilised by the Company during the year 2020-21.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

(ii) Subsidiary Company of Sumitomo Corporation, Japan (Controlling Enterprise)

	Year ended 31 March 2021	Year ended 31 March 2020
Transactions		
a) Sale of Finished Goods - Vehicles	10.64	-

(iii) Key management personnel

	Year ended 31 March 2021	Year ended 31 March 2020
Managerial remuneration:		
(a) Short-term employee benefits		
Mr. Yugo Hashimoto	55.69	80.44
Mr. T Yamamoto	41.68	56.75
Mr. Gopal Bansal	119.06	154.94
Mr. Rakesh Bhalla	6.18	-
Mr. Parvesh Madan	36.78	33.15

(b) Additionally, the Company had accrued and paid during the year ended 31 March 2020 a commission of Rs. 33.43 lakhs, pertaining to financial year 2018-19, to Mr. Gopal Bansal, the Whole time Director & CFO of the Company, after obtaining approval from the shareholders in the Annual General Meeting held on 30 September 2019.

(c) Managerial remuneration does not include provision for gratuity and compensated absences determined on an actuarial basis, as these are determined for the Company as a whole.

Sitting Fee and Commission - Independent Directors

	Year ended 31 March 2021	Year ended 31 March 2020
Mr. S.K. Tuteja		
- Sitting fee	10.20	10.80
- Commission	5.00	-
Mr. P.K. Nanda		
- Sitting fee	-	3.60
Mr. A.K. Thakur		
- Sitting fee	-	2.70
Dr. (Mrs.) Vasantha S Bharucha		
- Sitting fee	3.90	3.60
- Commission	5.00	-
Mr. Sudhir Nayar		
- Sitting fee	7.50	5.70
- Commission	5.00	-
Mr. Chandra Shekhar Verma		
- Sitting fee	6.30	2.70
- Commission	5.00	-

	As at 31 March 2021	As at 31 March 2020
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Remuneration payable at the year-end to Directors

- Non-Executive Directors	20.00	-
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NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

37 Employee benefits

(i) Net liabilities relating to employee benefits

	As at 31 March 2021	As at 31 March 2020
Non-current		
Liability for gratuity	-	758.09
Liability for compensated absences	3,266.45	2,802.69
	3,266.45	3,560.78
Current		
Liability for gratuity	483.86	885.00
Liability for compensated absences	373.98	972.84
Liability for superannuation	36.15	50.95
	893.99	1,908.79
Total	4,160.44	5,469.57

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.

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. 483.86 lakhs (previous year Rs. 885 lakhs) in contribution to its defined benefit plans in 2021-22.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

b) Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	5,299.65	4,761.91
Benefits paid	(483.61)	(384.23)
Current service cost	350.94	365.01
Interest cost	341.40	349.60
Actuarial (gains) / losses recognised in other comprehensive income		
- changes in demographic / financial assumptions*	-	321.33
- experience adjustment	(200.73)	(113.97)
Balance at the end of the year	5,307.65	5,299.65

* Segregation of financial and demographic assumptions is not available

c) Reconciliation of the present value of plan assets

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	3,656.57	2,471.71
Contributions paid into the plan	1,293.38	1,400.15
Benefits paid	(483.61)	(384.23)
Expected return income on plan assets	274.15	227.95
Remeasurement gain / (loss) - return on plan assets recognised in other comprehensive income	83.30	(59.01)
Balance at the end of the year	4,823.79	3,656.57

d) Expense recognised in profit or loss

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Current service cost	350.94	365.01
Interest cost	67.26	121.65
	418.20	486.66

e) Remeasurements recognised in other comprehensive income

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Actuarial loss / (gain) on defined benefit obligation	(200.73)	207.36
Remeasurement (gain) / loss - return on plan assets	(83.30)	59.01
	(284.03)	266.37

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.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

g) Actuarial assumptions:

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate (per annum)	6.75% p.a	6.75% 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 2012-14 (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:-

	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(182.36)	194.61	(183.06)	195.39
Future salary growth rate (1.0% movement)	389.92	(349.63)	391.52	(350.96)
Attrition rate (0.5% movement)	(26.69)	28.73	(27.15)	29.26

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.

Maturity profile of defined benefit obligation:

Expected cash flows (valued on undiscounted basis):

Particulars	As at 31 March 2021	As at 31 March 2020
Within 1 year	514.77	530.88
2-5 years	2,320.01	2,187.84
6-10 years	2,339.06	2,436.88
After 10 years	4,451.66	4,492.55

The weighted average duration of the defined benefit obligation of gratuity fund at 31 March 2021 is 15.07 years (previous year 15.60 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.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

The Company has recognised expense towards contribution to these plans as detailed below:

Particulars*	Year Ended 31 March 2021	Year Ended 31 March 2020
Provident fund	895.36	912.93
Superannuation fund	185.77	201.72
Employees' state insurance scheme	0.03	2.08
	1,081.16	1,116.73

* 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))

(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 market changes cannot be normally predicted with reasonable accuracy.

i. Foreign currency risk management:

The Company is exposed to foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and functional currency of the Company, i.e. 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.

Impact of Covid-19 pandemic: The Company basis its assessment believes that the probability of the occurrence of its forecasted transactions is not impacted by Covid-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

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:

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

As on 31 March 2021:

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	6,457.66	6,457.66	-	497.70	-	497.70	497.70

As on 31 March 2020:

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	10,196.64	10,170.30	26.34	6.34	-	6.34	(20.00)

- Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee by 1% against below currencies at 31 March 2021 and 31 March 2020 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 2021		31 March 2020	
	Rs. strengthens by 1%	Rs. Weakens by 1%	Rs. strengthens by 1%	Rs. Weakens by 1%
Impact on loss for the year				
USD	(4.98)	4.98	0.20	(0.20)

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. 25,257.66 lakhs (previous year Rs. 17,467.12 lakhs) were subject to variable interest rates, out of which, financial liabilities of Rs. 6,457.66 lakhs (previous year Rs. 10,170.30 lakhs) were hedged using cross currency interest rate swaps.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

-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 2021	31 March 2020
Impact on loss for the year	188.00	72.97

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 loan taken from bank carries variable rate of interest, hence, it is subject to interest rate risk since carrying amount or the future cash flows will fluctuate because of a change in market interest rates.

(II) Credit risk :

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

The Company primarily has 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 the 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 2021	31 March 2020
Dealers	2,571.18	1,976.77
Government institutions	837.09	1,452.37
Others	513.83	516.98
	3,922.10	3,946.12

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

Impact of Covid-19 pandemic: In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default considering emerging situations due to Covid-19 and it does not expect any significant loss on credit granted during the financial year that has not been provided for.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers

Movement in expected credit loss allowance

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Balance at the beginning of the year	453.87	636.46
Add: Incremental expected credit allowance	-	-
Less: Bad debts written off	73.89	27.33
Less: Reversal of provisions	15.66	155.26
Balance at the end of the year	364.32	453.87

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.

(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 short term borrowing limits of Rs. 36,500 lakhs from various banks to meet its liquidity needs, out of which Rs. 16,000 lakhs has been utilised as at 31 March 2021.

Impact of Covid-19 pandemic: The Company has considered the likelihood of increased liquidity risk considering emerging situations due to Covid-19. Based on its assessment of the cash that is expected to be generated from operations, the cash and cash equivalents and bank deposits which are available with the Company and the access to credit facilities from banks, the Company believes that it will continue to have sufficient liquidity and funds which will be required in the future to meet its obligations.

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 2021				
Trade payables	18,293.58	-	-	18,293.58
Lease liabilities	251.75	809.22	4.39	1,065.36
Other financial liabilities (excluding current maturities of borrowings)	1,405.31	-	1,129.25	2,534.56
Borrowings	20,569.21	4,688.45	-	25,257.66
	40,519.85	5,497.67	1,133.64	47,151.16

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
31 March 2020				
Trade payables	16,709.22	-	-	16,709.22
Lease liabilities	266.40	840.64	160.92	1,267.96
Other financial liabilities (excluding current maturities of borrowings)	2,729.10	-	1,226.50	3,955.60
Borrowings	7,983.78	9,483.34	-	17,467.12
	27,688.50	10,323.98	1,387.42	39,399.90

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 2021				
Cross currency interest rate swaps receivable	315.75	289.44	-	605.19
	315.75	289.44	-	605.19
31 March 2020				
Cross currency interest rate swaps receivable	405.54	777.29	-	1,182.83
	405.54	777.29	-	1,182.83

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 2021			As at 31 March 2020		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets							
Non-current							
Loans		-	-	203.52	-	-	298.18
Other financial assets							
- Cross currency interest rate swaps	2	-	289.44	-	-	777.29	-
- Others		-	-	24.57	-	-	109.81

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

	Level of hierarchy	As at 31 March 2021			As at 31 March 2020		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Current							
Trade receivable		-	-	3,922.10	-	-	3,946.12
Cash and cash equivalents		-	-	1,924.65	-	-	3,383.32
Bank balances other than cash and cash equivalents above		-	-	1,387.34	-	-	249.47
Loans		-	-	115.27	-	-	139.97
Other financial assets							
- Cross currency interest rate swaps	2	-	315.75	-	-	405.54	-
- Others		-	-	113.15	-	-	61.36
Total financial assets		-	605.19	7,690.60	-	1,182.83	8,188.23
Financial liabilities							
Non-current							
Borrowings		-	-	4,688.45	-	-	9,483.34
Lease liabilities		-	-	693.16	-	-	840.45
Other financial liabilities		-	-	1,129.25	-	-	1,226.50
Current							
Borrowings		-	-	16,000.00	-	-	3,296.82
Trade payables		-	-	18,293.58	-	-	16,709.22
Lease liabilities		-	-	187.41	-	-	190.18
Other financial liabilities		-	-	5,974.53	-	-	7,416.06
Total financial liabilities		-	-	46,966.38	-	-	39,162.57

Note:

- 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.
- Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- 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.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

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 2021 and 31 March 2020.

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.

39 Income Tax

(a)	Income tax recognised in profit or loss	Year ended 31 March 2021	Year ended 31 March 2020
	Current tax		
	In respect of current year	-	-
	In respect of prior years	-	(199.80)
		-	(199.80)
	Deferred tax		
	In respect of current year	11.93	(1,526.07)
		11.93	(1,526.07)
	Total income tax expense recognised in profit or loss	11.93	(1,725.87)
(b)	Income tax expense for the year reconciled to the accounting profit:	Year ended 31 March 2021	Year ended 31 March 2020
	Loss before tax	(13,337.09)	(3,832.08)
	Income tax rate	34.944%	34.944%
	Income tax expense	(4,660.52)	(1,339.08)
	Deferred tax asset not recognised on loss during the year	4,653.72	-
	Effect of Research and development expenses under section 35 (additional deduction)	-	(343.83)
	Effect of Non-deductible expenses/ income	6.80	54.03
	Current Tax related to prior years	-	(199.80)
	Others	11.93	102.81
	Income tax expense recognised in profit or loss	11.93	(1,725.87)

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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(c)	Income tax recognized in other comprehensive income	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax			
Arising on income and expenses recognised in other comprehensive income:			
	Remeasurements of defined benefit obligations	-	93.08
	Effective portion of loss on hedging instruments in cash flow hedge	-	37.18
	Total income tax recognised in other comprehensive income	-	130.26

(d) Analysis of deferred tax assets / liabilities

	As at 1 April 2019	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2020
Deferred tax (liabilities) / assets in relation to:				
Property, plant and equipment and intangible assets (net)*	(4,555.45)	(633.24)	-	(5,188.69)
Provisions- Employee benefits	1,822.17	(57.44)	93.08	1,857.81
Allowance for expected credit loss and others	290.59	(68.12)	-	222.47
Cash flow hedges	(210.06)	(240.45)	37.18	(413.33)
Unabsorbed Depreciation and carry forward losses	1,686.87	2,216.93	-	3,903.80
Unused tax credit (Mat credit entitlement)	780.13	-	-	780.13
Lease liabilities*	54.50	305.64	-	360.14
Other items	(7.58)	2.75	-	(4.83)
Total	(138.83)	1,526.07	130.26	1,517.50

* includes deferred tax impact on right of use asset and corresponding lease liability recognised on transition to Ind AS 116 with effect from 1 April 2019.

	As at 1 April 2020	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2021
Deferred tax (liabilities) / assets in relation to:				
Property, plant and equipment and intangible assets (net)	(5,188.69)	(34.36)	-	(5,223.05)
Provisions- Employee benefits	1,857.81	(450.87)	-	1,406.94
Allowance for expected credit loss and others	222.47	(35.71)	-	186.76
Cash flow hedges	(413.33)	201.85	-	(211.48)
Unabsorbed Depreciation and carry forward losses	3,903.80	368.22	-	4,272.02

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. Lakhs unless stated otherwise)

	As at 1 April 2020	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2021
Unused tax credit (Mat credit entitlement)	780.13	(11.93)	-	768.20
Lease liabilities	360.14	(52.43)	-	307.71
Other items	(4.83)	3.30	-	(1.53)
Total	1,517.50	(11.93)	-	1,505.57

(e) Unrecognised deferred tax assets	Year ended 31 March 2021	Year ended 31 March 2020
Unabsorbed depreciation and carry forward losses (net of other comprehensive income) [refer note (a) and (b) below]	13,317.64	-
Unrecognised deferred tax on above	4,653.72	-

Note:

- (a) Out of above, unabsorbed carried forward losses of Rs. 8,637.88 lakhs will expire in assessment year 2029-30. Unabsorbed depreciation of Rs. 4,679.76 lakhs do not have expiry.
- (b) The management has recognised deferred tax asset on carry forward of unused tax losses and unused tax credits to the extent of deferred tax liability during the year ended 31 March 2021 based on prudence.
- (c) The Government of India vide Taxation Laws (Amendment) Tax Ordinance, 2019 allowed an option to the domestic companies to adopt a lower tax rate of 22% plus applicable surcharge and cess as compared to the current higher tax rate of 30% plus applicable surcharge and cess. The said option to adopt lower tax rate is subject to foregoing certain specified deductions, incentives, carry forward of specified losses/ depreciation, minimum alternate tax etc. which are presently available to the Company. Hence, based on its assessment management considers it more tax efficient to continue with the higher tax rate option and has accordingly not adopted the lower tax rate during the year ended 31 March 2021. Consequently, deferred tax has been calculated at 30% plus applicable surcharge and cess.

- 40** The Company considers its property, plant and equipment and intangible assets as a single cash generating unit or CGU. The total carrying value of its CGU as at 31 March 2021 is Rs. 38,090.55 lakhs (refer note 3). Based on its assessment of the various factors that indicate impairment, the Company decided to test its CGU for impairment as per the requirements of Ind AS 36 on 'Impairment of Assets'. In accordance with the requirements of Ind AS 36, the Company was required to determine a recoverable amount of its CGU. The Company has considered fair value less costs to sell ('the fair value') of the CGU as its recoverable amount and engaged an independent third party valuer ('the Valuer') to arrive at this fair value.

The Valuer has adopted the sales comparison method under market approach for valuing land and has adopted the depreciated replacement cost method under cost approach to value key assets such as building and plant and machinery. Further, in respect of technical knowhow and software which have a definite life, the Valuer has considered their book value as being representative of their fair value.

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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Some of the key assumptions used by the Valuer for determining the fair value for significant assets are as follows:

- i. Land – smaller land parcels, parcels located in proximity to arterial roads, land parcels accessible via highways and industrial zoned land parcels with all approvals command a higher premium
- ii. Building – a life of 60 years and 30 years has been considered for RCC structures and shed structures respectively. Key building parameters such as physical and functional obsolescence, environmental factors etc. have also been considered for valuation.
- iii. Plant and Equipment - total economic life for machineries under various categories have been considered on the basis of regulations prescribed under Schedule II of Indian Companies Act, 2013. Further, a salvage value of 2-5% on the replacement cost, as of date of assessment, of plant and machinery and other equipment has been considered. Additionally, the nature of machineries, current trend in the relevant industry, age and future physical life (low residual life), etc. have also been considered.

In addition to the above, approx. 5% towards cost to sell or brokerage charges as well as other cost related to the transaction activities have been considered on plant and machinery and other assets to arrive at the net realizable value.

Based on all the above factors, as per the final report issued by the Valuer, the fair value of the CGU is higher than its carrying value and hence the Company has concluded that no impairment provision needs to be recorded in the financial statements.

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. 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 a 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 2021	As at 31 March 2020
Equity	25,556.82	38,486.82
Debt	25,257.66	17,467.12
Total	50,814.48	55,953.94

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

42 Research and development costs are as follows:

a. Revenue expenditure	Year Ended 31 March 2021	Year Ended 31 March 2020
Salaries, wages, bonus and compensated absences	942.88	889.43
Contribution to provident and other funds	81.01	70.61
Cost of materials consumed	210.50	223.63
Testing and homologation	255.02	197.48
Travelling and conveyance	11.91	43.82
Others	143.32	240.16
Total	1,644.64	1,665.13

b. Capital expenditure	Year Ended 31 March 2021	Year Ended 31 March 2020
Capitalised	6.14	302.76

43 (a) Covid-19 assessment

Consequent to the outbreak of Covid-19 pandemic, the Indian government had announced lockdown in March 2020 and subsequently, the lockdown was lifted by the government in a phased manner. However, the second wave of Covid-19 in April 2021 has significantly increased the number of Covid cases in India, resulting in re-imposition of localised lockdowns / restrictions in various states, which may continue to impact the Company's performance, will depend on ongoing and future developments.

The Company has considered the impact of Covid-19 pandemic on its business operations and financial position while preparing these financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, as at the date of approval of the financial statements, considered internal and external information for making this evaluation. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting and controls etc.

However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration, and the actual impact on these financial statements may differ from that estimated as at the date of approval of these financial statements. The auditors have given an emphasis on matter in their audit report.

(b) Going Concern

The Company's business activities were significantly impacted during the year ended 31 March 2021, as a result of Covid-19 pandemic, resulting in loss before tax of Rs 13,337.09 lakhs and cash used in operating activities of Rs. 4,665.85 lakhs. However, the accompanying financial statements have been prepared on a going concern basis as Management expects that the Company should be able to continue as a going concern for a foreseeable future in view of its strong net worth, established technical excellence and operational systems as well as identified future course of actions which Management considers to be realistic and feasible such as to protect revenues, cut costs, manage working capital balances, manage liquidity by deferring dividends, non compulsory capital

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in Rs. Lakhs unless stated otherwise)

expenditures etc. Hence, despite various uncertainties, in view of its Management and the Board of Directors, the Company will be able to meet its financial obligations in the foreseeable future based on the above actions, continued support from various stakeholders including its promoter group and through availability of financing from lenders as may be required to sustain its operations on a going concern basis and will be able to discharge its liabilities and realise the carrying amount of its assets as on 31 March 2021.

- 44** The Company has received some observations / concerns regarding certain unpaid service claims amounting to approx. Rs. 65 lakhs with inadequate supporting documentation. The Company decided to verify such observations / concerns through an internal fact-finding committee. Based on preliminary findings of the Committee, the Management is of the view that there is no evidence available which indicates any financial impropriety and the Management is confident that the possible impact, if any, of such concerns is confined to said unpaid service claims which are not material to the accompanying financial statements. This verification is currently ongoing and has taken time due to Covid-19 situation. The Company expects it to be completed by 15 July 2021. Consequently, no adjustment is required to be made to the financial statements for the quarter and year ended 31 March 2021.
- 45** The Code on Social Security, 2020 ('Code') relating to employee benefits, during employment and post-employment benefits, has received the Presidential assent in September 2020. This Code has been published in the Gazette of India. However, the effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. The Company will evaluate the impact of the Code and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.

As per our report of even date attached

For Walker Chandiook & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sandeep Mehta
Partner
Membership Number: 099410

Place: Chandigarh
Date: 19 May 2021

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

Rakesh Bhalla
Chief Financial Officer
FCMA: 09442
Place: Chandigarh

Parvesh Madan
Company Secretary
ACS: 31266
Place: Chandigarh

S.K. Tuteja
Chairman
DIN: 00594076
Place: Bengaluru

Yugo Hashimoto
Managing Director & CEO
DIN: 08165797
Place: Tokyo, Japan

Date: 19 May 2021

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

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of SML Isuzu Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.
3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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 ('ICAI') 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.

4. Emphasis of Matters

a) Uncertainties related to Covid-19

We draw attention to Note 43 to the accompanying financial statements, which describes the uncertainties relating to the effects of the COVID-19 pandemic and management's evaluation of its impact on the Company's operations and the accompanying financial statements as at 31 March 2021, the impact of which is significantly dependent on future operations, as they evolve. Our opinion is not modified in respect of this matter.

b) Ongoing fact finding process

We draw attention to Note 44 to the accompanying financial statements, which describes that there is an ongoing fact-finding process being carried out by the management through an internal committee set-up for the purpose in relation to certain observation/ concerns received by the Company. As further explained in the said note, based on its preliminary work done, the committee is of the view that there is no evidence available which indicates any material financial impropriety and the management is confident that the possible impact of such

allegations is confined to alleged transactions which are not material to the accompanying financial statements. Consequently, no adjustment is required to be made to the financial statements for the quarter and year ended 31 March 2021. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. 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.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><u>Going Concern:</u></p> <p>As disclosed in Note 43 of the financial statements, the Company has incurred a loss of INR 13,337.09 lakhs during the year ended 31 March 2021 and has negative cash flows from operations. Also, as at 31 March 2021, the current liabilities exceed its current assets by 7,790.96 lakhs.</p> <p>Further, the COVID-19 pandemic outbreak continues to impact the business operations of the Company.</p> <p>While the above indicates doubt about the company's ability to continue as a going concern, however, as detailed in aforesaid note to the accompanying financial statements, the Company has taken into consideration the following mitigating factors in its assessment determining of appropriateness of using the going concern basis of accounting:</p> <ul style="list-style-type: none"> • positive net worth position of Rs 25,556.82 lakhs; • unutilised sanctioned credit limits from banks and trade finance facilities; • cost cutting measures taken by the Company to manage its working capital; • managing liquidity by deferring non-compulsory capital expenditures, dividends, etc. <p>Management has prepared future cash flow forecasts taking into cognizance the above developments as future growth rate and market conditions including impact of COVID-19</p>	<p>Our audit procedures included, but were not limited to the following in relation to assessment of appropriateness of going concern basis of accounting:</p> <ol style="list-style-type: none"> a) Obtained an understanding of the management's process for identifying all events or conditions that could impact the company's ability to continue as a going concern, and the process followed to assess the mitigating factors existing for such events or conditions. b) Obtained management's future cash flow projections which include projected revenues and profits and tested the reasonableness of the assumptions underlying the preparation of these forecasts such as growth rate, market condition based on historical data trends and also considered the possible future impact of COVID-19 pandemic on such assumptions. c) Performed independent sensitivity analysis to the key assumptions mentioned above to determine inputs leading to high estimation uncertainty of the cash flow projections. d) In order to corroborate management's future business plans and to identify potential contradictory information we read the board minutes, supervisory board minutes and discussed the business plans with management. e) Reviewed the historical accuracy of the cash flow projections prepared by the management in prior periods. f) Inspected the terms of the approved unutilized loans sanction letters and trade finance facilities; and the amount available for drawdown.

Key audit matter	How our audit addressed the key audit matter
<p>pandemic, therein to assess whether the Company would be able operate as a going concern for a period of at least twelve months from the date of financial statements, and considering above mentioned mitigating factors management concluded that the going concern basis of accounting used for preparation of the accompanying financial statements is appropriate with no material uncertainty over going concern.</p> <p>We have considered the assessment of management's evaluation of going concern basis of accounting as a key audit matter due to the pervasive impact thereof on the financial statements and the significant judgements and assumptions that are inherently subjective and dependent on future events, involved in the overall conclusion.</p>	<p>g) Evaluated the appropriateness and adequacy of the disclosures made by the Company in the accompanying financial statements in respect of going concern.</p>
<p><u>Impairment of property, plant, and equipment and intangible assets</u></p> <p>Refer note 2 (o) for the accounting policy for impairments of assets.</p> <p>The Company considers its property, plant and equipment and intangible assets as a single cash generating unit (CGU). The total carrying value of its CGU as at 31 March 2021 is INR 38,090.55 lakhs.</p> <p>In accordance with Ind AS 36, Impairment of assets, the management identified that impairment indicators existed owing to the fact that the Company has been incurring losses and the impact of Covid-19 on the business operations of the Company.</p> <p>Due to existing impairment indicators, the Company has engaged an independent third-party valuer to assess the fair value of the CGU. Based on the report issued by this valuer, the fair value of the CGU is higher than its carrying value and hence the Company has concluded that no impairment provision needs to be recorded in the financial statements as at 31 March 2021.</p> <p>Fair value and value-in-use of such PPE for the determination of the recoverable amounts involves significant judgement and high estimation uncertainty.</p>	<p>Our audit procedures included, but were not limited to the following procedures:</p> <ul style="list-style-type: none"> a) Obtained an understanding of management's process and evaluated design and tested operating effectiveness of controls around identification of indicators of impairment (internal or external) under Ind AS, and around valuation of the CGU to determine its recoverable value. b) Assessed the professional competence, objectivity and capabilities of the valuation specialist engaged by the management. c) Assessed the appropriateness of methodology and valuation model used by the management's valuation specialist to estimate the recoverable value of the CGU. d) Assessed the reasonableness of management's estimates relating to expected useful lives of property, plant and equipment and intangible assets. e) Involved auditor's experts to assess the appropriateness of the approach and valuation model used by the independent valuer in determining the recoverable value of the CGU. f) Evaluated the appropriateness and adequacy of the disclosures made by the Company in accordance with the requirements of applicable Indian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Considering the materiality of the amounts involved, significant judgment and high estimation uncertainty in determining the fair value and value-in-use/recoverable value of such PPE and intangible assets and such estimates and judgements being inherently subjective, this matter is determined as a key audit matter for the current year audit.	

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

8. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is 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 financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

11. 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 Standards on Auditing 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.
12. As part of an audit in accordance with Standards on Auditing, 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;
13. 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.

14. 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.
15. 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.

Other Matter

16. The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, BSR & Associates LLP, who have expressed an unmodified opinion on those financial statements vide their audit report dated 21 July 2020.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I statement on the matters specified in paragraphs 3 and 4 of the Order.
19. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;
 - 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19 May 2021 as per Annexure II expressed unmodified opinion; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 31 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 21099410AAAACC1014

Place: Chandigarh

Date: 19 May 2021

Annexure I to the Independent Auditor's Report of even date to the members of SML Isuzu Limited, on the financial statements for the year ended 31 March 2021.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, 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 program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise, goods and services tax, and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the Statute	Nature of the Dues	Amount (Rs. lakhs)	Amount paid under protest (Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994	Duty of Excise	1.94	Nil	October 2004 - March 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, 1994	Duty of Excise	3.62	Nil	April 2008 - June 2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1994	Duty of Excise	13.42	Nil	Oct 2007 - June 2017	Commissioner (Appeals)
Central Excise Act, 1994	Duty of Excise	4.05	Nil	April 2010 - September 2011	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
	Sub - total (A)	34.43	Nil		
Central Sales Tax Act, 1956	Sales Tax	218.23	87.30	April 2000 - September 2000	Sales Tax Appellate Tribunal, Chandigarh
Central Sales Tax Act, 1956	Sales Tax	3.17	0.50	2012-13	Senior Joint Commissioner of Commercial Tax, West Bengal
Central Sales Tax Act, 1956	Sales Tax	7.84	Nil	2015-16	Senior Joint Commissioner of Commercial Tax, West Bengal
Punjab VAT Act, 2005	Value added tax	1.57	0.39	August 2007	Deputy Excise and Taxation Commissioner cum Joint Director Enforcement, Patiala
U.P. VAT Act, 2008	Sales Tax	15.94	7.20	1993-1994	Additional Commissioner (Appeals), Lucknow
U.P. VAT Act, 2008	Value added tax	900.00	Nil	2015-16 and 2016-17	Assistant Commissioner, Commercial Tax, UP
Kerala Value Added Tax Rules, 2005	Value added tax	1.42	0.43	2010-11	Assistant Commissioner Special Circle, Trivandrum
Kerala Value Added Tax Rules, 2005	Value added tax	93.40	28.02	2011-12	Assistant Commissioner Special Circle, Trivandrum
Kerala Value Added Tax Rules, 2005	Value added tax	2.56	0.76	2011-12	Assistant Commissioner Special Circle, Trivandrum
A P Value Added Tax Act 2005	Value added tax	3.55	0.88	2016-17	Assistant Officer and Deputy Commercial Tax officer Vijayawada

Name of the Statute	Nature of the Dues	Amount (Rs. lakhs)	Amount paid under protest (Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
The West Bengal Value Added Tax Rules, 2005	Value added tax	0.64	0.12	2009-10	West Bengal Commercial Taxes Appellate and Revisional Board
The West Bengal Value Added Tax Rules, 2005	Entry tax	1.13	0.84	2012-2013	West Bengal Commercial Taxes Appellate and Revisional Board, Bench VI
The West Bengal Value Added Tax Rules, 2005	Value added tax	2.01	Nil	2016-2017	Senior Joint Commissioner of Commercial Tax, West Bengal
	Sub - total (B)	1,251.46	126.44		
Income-tax Act, 1961	Income Tax	622.33	476.33	FY 2007-08	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	157.81	Nil	FY 2014-15	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)
Income-tax Act, 1961	Income Tax	737.75	Nil	FY 2016-17	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	84.77	Nil	FY 2017-18	Commissioner of Income Tax (Appeals)
	Sub-total (C)	1,824.46	698.13		
	Total (A+B+C)	3,110.35	824.57		

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. There are no loans or borrowings payable to government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit except for one instance of concerns received by the Company relating to certain service claims aggregating to approximately Rs 65 lakhs, which is currently being investigated as explained in Note 44 to the financial statements. While the verification is currently ongoing, based on its preliminary findings, the internal fact-finding committee set up for the purpose is of the view that there is no evidence available which indicates any material financial impropriety.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable IndAS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sandeep Mehta
Partner
Membership No.: 099410
UDIN: 21099410AAAACC1014

Place: Chandigarh
Date: 19 May 2021

Annexure II to the Independent Auditor's Report of even date to the members of SML Isuzu Limited on the financial statements for the year ended 31 March 2021

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

1. In conjunction with our audit of the financial statements of SML Isuzu Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's 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 financial controls stated in the Guidance Note issued by the ICAI established by the management of the Company. 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. 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 Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. 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 includes 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. 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

7. 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.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the Internal Financial Controls with reference to Financial Statements criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI established by the management of the Company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 21099410AAAACC1014

Place: Chandigarh

Date: 19 May 2021

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 ended on 31st March, 2021 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. Surender Kumar Tuteja	00594076	20/06/1998
2.	Mr. Sudhir Nayar	00200415	06/08/2013
3.	Mrs. Vasantha Suresh Bharucha	02163753	22/09/2014
4.	Mr. Pankaj Bajaj	00337925	29/07/2006
5.	Mr. Gota Iwanami	08094102	23/03/2018
6.	Mr. Eiichi Seto	02704734	28/05/2010
7.	Mr. Yugo Hashimoto	08165797	09/08/2018
8.	Mr. Tadanao Yamamoto	08291307	30/11/2018
9.	Mr. Chandra Shekhar Verma	00121756	22/09/2019
10.	Mr. Noboru Murakami	08803344	21/07/2020

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

Date : 10.05.2021
Place : Chandigarh
UDIN : F002191C000267786

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

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, 2021 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.

Date: 14th May, 2021

Yugo Hashimoto
Managing Director & CEO
Place: Tokyo, Japan

Rakesh Bhalla
Chief Financial Officer
Place: Chandigarh, India

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, 2021 in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Tokyo, Japan
Date: 5th May, 2021

YUGO HASHIMOTO
Managing Director & CEO

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting (AGM) of the Company will be held on **30th July, 2021 (Friday) at 1:00 P.M.** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business. The venue for the meeting shall be deemed to be the Registered Office of the Company situated at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab 144533.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended 31st March 2021 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Gota Iwanami (DIN 08094102), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Eiichi Seto (DIN 02704734), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. **Appointment of Mr. Takuro Horikoshi (DIN 09102449) as Director liable to retire by rotation.**

To consider and, if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Takuro Horikoshi (DIN 09102449), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th May, 2021, and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. **Appointment of Mr. Junya Yamanishi (DIN 09174162) 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. Junya Yamanishi (DIN 09174162), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 20th May, 2021 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

6. **Appointment of Mr. Junya Yamanishi (DIN 09174162) as Managing Director & Chief Executive Officer.**

To consider and, if thought fit, to pass with or without modification(s) the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 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. Junya Yamanishi (DIN 09174162), as Managing Director & Chief Executive Officer of the Company, for a period of five (5) years with effect from 20th May, 2021, on the terms & conditions as mentioned below :

A) SALARY

Rs. 5,25,000/- per month.

Salary to be increased within the range of Rs. 5,25,000/- per month to Rs. 8,00,000/- per month during the period of appointment, in such increments, effective 1st April each year, as may be decided by the Board.

B) COMMISSION

1% of net profits subject to a maximum of 100% of annual salary.

C) PERQUISITES AND ALLOWANCES

- i) Fully furnished accommodation along with reimbursement for Gas, Electricity and Water.
- ii) Medical reimbursement for self and family during stay in India.
- iii) Provision of a car with driver and telephone facility.

D) RETIRAL BENEFITS

Contribution to provident fund as per prevailing law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197 of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Junya Yamanishi, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Junya Yamanishi, the above remuneration as the minimum remuneration for a period not exceeding three years from the date of appointment by way of salary, perquisites and other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. Re-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 pursuant to 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 re-appointment of Mr. Tadanao Yamamoto (DIN 08291307), as Whole-time Director of the Company, designated as Director - Quality Assurance, for a period of one (1) year with effect from 30th November, 2020, 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 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."

8. Remuneration to Independent Directors in case of no profits / inadequate profits.

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 Section 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), remuneration, not exceeding the ceilings provided under Schedule V of the Companies Act, 2013, be paid to each Independent Director of the Company, over and above the sitting fees paid to them for attending Board meetings and Board sub-committee meetings, in case the Company has no profits or its profits are inadequate, during three financial years commencing from 1st April, 2020, in such amounts or proportion and in such manner as may be decided by the Board of Directors.

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. The Board of Directors of the Company at its meeting held on 19th May, 2021, considered and approved that the special businesses under Item Nos. 4 to 8, being unavoidable, be transacted at the 37th Annual General Meeting (AGM) of the Company.
2. Amidst the ongoing Covid-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular Nos. 14/2020, 17/2020 and 20/2020 dated 8th April, 2020, 13th April, 2020 and 5th May, 2020 followed by Circular No. 02/2021 dated 13th January, 2021 issued by the Ministry of Corporate Affairs (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 followed by Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021

(collectively referred to as "SEBI Circulars"), physical attendance of the Members at the Annual General Meeting (AGM) is not required and AGM be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC / OAVM.

Further, pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM. However, the Corporate Members are entitled to appoint authorized representatives to attend the meeting through VC / OAVM and participate and cast their votes through e-voting.

3. Members can join the AGM through the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 members on first come first served basis. However, this restriction is not applicable to Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairman of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA / SEBI Circulars, in view of prevailing situation, owing to difficulties involved in dispatching of physical copies of the financial statements including Report of Directors, Auditors' Report and other documents required to be attached therewith (collectively referred to as "Annual Report"), the Annual Report for Financial Year 2020-21 and Notice of 37th Annual General Meeting, are being sent only by e-mail to the Members whose e-mail address is registered with the Company or the Depository Participant(s).
6. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by sending a signed request letter mentioning their name, folio number & complete address, scanned copy of Share Certificate (front and back) and self-attested copy of PAN card to the Company at investors@smlisuzu.com. Members holding shares in dematerialised mode are requested to register/update their email addresses with their Depository Participants.
7. The Notice of Annual General Meeting, Audited Financial Statements for the year ended 31st March, 2021 together with Report of Directors and Auditors' Report are available on the website of the Company www.smlisuzu.com, on the website of BSE Limited at www.bseindia.com, on the website of National Stock Exchange of India Limited (NSE) at www.nseindia.com and also on the website of NSDL at www.evoting.nsdl.com.
8. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) is M/s MCS Share Transfer Agent Limited having their office at F-65, Okhla Industrial Area, Phase-1, New Delhi - 110020.
9. The Register of Members and Transfer Books of the Company will be closed from 23rd July, 2021 to 30th July, 2021 (both days inclusive) for the purpose of Annual General Meeting for the Financial Year ended 31st March, 2021.
10. 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, 2013 to the Investor Education and Protection Fund (IEPF). Further, amount of Unclaimed Dividend for FY 2013-14 is due for deposit to the IEPF on 28th October, 2021. 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

31st March, 2021 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 2012-13 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 and on the website of the IEPF www.iepf.gov.in

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.

11. 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.
12. 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.
13. 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.
14. **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.

15. Voting through electronic means (Remote e-voting) :

- 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 (as amended), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, 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. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. The facility of casting votes by a Member using remote e-voting / e-voting during AGM will be provided by NSDL.

"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 remote e-voting or e-voting at AGM is fixed as 23rd July, 2021.

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

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

STEP 1: ACCESS TO NSDL E-VOTING SYSTEM

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual shareholders holding securities in demat mode with NSDL.	1. If you are already registered for NSDL IDeAS facility , please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the " Beneficial Owner " icon under "Login" which is available under IDeAS section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	<p>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3. 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. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective E- Voting Service Provider (ESP) i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

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*** & 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 116093 then user ID is 116093001***

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 in 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) In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned below in this notice.
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.
 - iv) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

STEP 2: CAST YOUR VOTE ELECTRONICALLY AND JOIN GENERAL MEETING ON NSDL E-VOTING SYSTEM

How to cast your vote electronically and join General Meeting 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 – 116093) of SML Isuzu Limited. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join general Meeting”.
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 / Corporate 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. authorizing their representative to attend the AGM through VC / OAVM and to vote through remote e-voting. The said Resolution / Authority Letter shall be sent to the Scrutinizer by e-mail to kanwalcs@gmail.com with a copy marked to evoting@nsdl.co.in

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of NSDL's E-Voting website www.evoting.nsdl.com. You can also send your queries / grievances relating to e-voting to:
 - a. Name and Designation: Ms. Pallavi Mhatre, 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: 1800-1020-990 / 1800-22-4430
- III. **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**
 1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@smlisuzu.com
 2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@smlisuzu.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
 3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
 4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
- IV. The remote e-voting period commences on **26th July, 2021 (9:00 AM) and ends on 29th July, 2021 (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 July, 2021, 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 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 July, 2021.
- VI. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

- VII. Any person, who acquires shares of the Company and become Member of the Company after the Company sends the Notice by e-mail and holds shares as on the cut-off date i.e 23rd July, 2021, 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.
- VIII. Mr. Kanwaljit Singh Thanewal, a practicing Company Secretary (Membership No. F-5901) has been appointed by the Board of Directors of the Company as the Scrutinizer to scrutinize the remote e-voting process and e-voting at the Annual General Meeting in a fair and transparent manner.
- IX. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, unblock the votes cast through remote e-voting and e-voting at AGM 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.
- X. 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 two working days 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.
- XI. The resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. 30th July, 2021 subject to receipt of the requisite number of votes in favour of the resolutions.

The Instructions for Members for e-voting on the day of AGM

- I. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- II. Only those Members, who will present at the 37th AGM through VC / OAVM and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- IV. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of AGM shall be the same person mentioned for remote e-voting

Instructions for Members for attending AGM through VC / OAVM

- I. Members will be provided with a facility to attend AGM through VC / OAVM through NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same well before time by following the remote e-Voting instructions Mentioned in the notice to avoid last minute rush. Further member can also use the OTP based login for logging into the e-voting system of NSDL.
- II. Members are encouraged to join the Meeting through Laptops for better experience.
- III. Further, Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the Meeting.
- IV. Please note that Members connecting from mobile devices or tablets or through laptops etc. via mobile hotspot, may experience audio / video loss due to fluctuation in their respective network. It is therefore recommended to use stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

- V. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company (pmadan@smlisuzu.com) by 26th July, 2021.
- VI. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id Folio No., PAN, mobile number at investors@smlisuzu.com between 23rd July, 2021 to 26th July, 2021. The Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- VII. The Company reserves the right to restrict the number of speakers depending on the availability of time of AGM.
16. 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**.
17. All documents referred to in the accompanying Notice and the Explanatory Statement can be obtained for inspection by writing to the Company at its e-mail id investors@smlisuzu.com till the date of AGM.
18. During the 37th AGM, Members may access the scanned copy of the Register of Directors & Key Managerial Personnel and Register of Contracts or Arrangements in which Directors are interested, upon Log-in to NSDL e-voting system at www.evoting.nsdl.com.
19. Since the meeting will be held through VC / OAVM Facility, the route map is not annexed with this Notice.

Regd. Office & Works:

Village Asron, Distt. Shahid Bhagat Singh Nagar
(Nawanshahr), Punjab-144 533.
Email: investors@smlisuzu.com
CIN : L50101PB1983PLC005516
Website : www.smlisuzu.com

Dated: 1st June, 2021

By Order of the Board
for SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary
ACS-31266

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

Item No. 4

Mr. Takuro Horikoshi has been appointed by the Board, on the recommendation of its Nomination & Remuneration Committee (NRC), as an Additional Director with effect from 19th May, 2021. 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. Takuro Horikoshi is a graduate from Economics Department at University of Tokyo, Japan. He joined Sumitomo Corporation, Japan in April, 1992 and since then has held several positions in various departments including Steel Management Division Steel Business Department, Transport Equipment Department, Steel Business Division Plate & Construction Steel Products Business Department, Steel Business Investments Unit (Steel & Non-Ferrous Metal Group), Steel Pipe Division Structural Steel & Line Pipe Business Department.

Before moving to India, Mr. Horikoshi was General Manager, Plate & Construction Products Dept. Sumitomo Corporation, Japan. In April, 2021, he joined Sumitomo Corporation India Pvt. Ltd. (New Delhi) as Chairman & Managing Director.

The Company has received a Notice in writing from a Member in the prescribed manner, under Section 160 of the Act, as amended, proposing the candidature of Mr. Takuro Horikoshi for the office of Director of the Company, liable to retire by rotation.

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

Disclosure under applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings has been annexed hereto and marked as **Annexure A**.

It is the considered view of the Board that Mr. Horikoshi's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for the approval of the Members.

Except for Mr. Takuro Horikoshi, 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. 4.

Item No. 5 & 6

Mr. Junya Yamanishi has been appointed by the Board, on the recommendation of its Nomination & Remuneration Committee, as an Additional Director with effect from 20th May, 2021. 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. Yamanishi is a graduate in Engineering from The University of Tokyo. He joined Sumitomo Corporation, Japan in April, 1990 and since then has held several positions in various departments, mostly in the field of automotive manufacturing related business. Before joining SML Isuzu Limited, he was General Manager, Automotive Manufacturing Business Department 2 of Sumitomo Corporation, Tokyo (Japan). He has rich global experience of around 31 years with Sumitomo Corporation in various countries such as Japan, USA, Vietnam and Mexico.

The Company has received a Notice in writing from a Member in the prescribed manner, under Section 160 of the Act, as amended, proposing the candidature of Mr. Junya Yamanishi for the office of Director of the Company, not liable to retire by rotation.

Mr. Junya Yamanishi 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 (NRC), the Board appointed Mr. Junya Yamanishi as Managing Director & CEO of the Company for a period of five (5) years with effect from 20th May, 2021 subject to approval of the Members in the Annual General Meeting.

The Notice read with Explanatory Statement should be considered as written Memorandum setting out the terms of appointment of Mr. Junya Yamanishi as required under Section 190 of the Companies Act, 2013.

Disclosure under applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings has been annexed hereto and marked as **Annexure A**.

Statement as required under Schedule V of the Companies Act, 2013 with reference to Resolution at Item No. 6 has been annexed hereto and marked as **Annexure B**.

It is the considered view of the Board that Mr. Yamanishi's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Resolutions at Item No. 5 of the Notice as an Ordinary Resolution and at Item No. 6 of the Notice as a Special Resolution.

Except for Mr. Junya Yamanishi, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions set out at Item No. 5 & 6.

Item No. 7

Members of the Company, at the Annual General Meeting, held on 30th September, 2019, had approved the appointment of Mr. Tadanao Yamamoto, as Whole-time Director of the Company, designated as Director – Quality Assurance, for a period of two years with effect from 30th November, 2018.

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. Before joining the Company (SML Isuzu Limited) in November, 2018, he was Senior Vice President at Isuzu Motors India Private Limited, Chennai. He has a rich experience of 40 years in Quality Control and Manufacturing.

The Board of Directors, on the recommendation of its Nomination & Remuneration Committee, has unanimously approved the re-appointment of Mr. Tadanao Yamamoto as Whole-time Director of the Company designated as Director-Quality Assurance for a period of one year with effect from 30th November, 2020 subject to the approval of members in the General Meeting.

Mr. Yamamoto 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 period of office of Mr. Yamamoto shall be liable to determine by retirement of directors by rotation.

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

It is the considered view of the Board that having regard to Mr. Yamamoto's experience and contribution to the Company, his re-appointment as Director-Quality Assurance would be of immense value to the Company. Accordingly, the Board recommends passing of the Resolution at Item No. 7 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 as set out at Item No. 7.

Item No. 8

The Members of the Company, at the 32nd Annual General Meeting (AGM) held on 5th August, 2016, had authorised the Board of Directors for payment of commission to the Independent Directors, upto a sum not exceeding one percent of the net profits of the Company per annum, computed in the manner laid down in Section 198 and other applicable provisions, if any of the Companies Act, 2013 for each financial year commencing from 1st April, 2016.

The Ministry of Corporate Affairs (MCA), vide its Notification dated 18th March, 2021, has notified Sections 32 and 40 of the Companies (Amendment) Act, 2020 and also amended Schedule V of the Companies Act, 2013 (the Act), which provides for payment of remuneration, upto the ceilings specified in the said Schedule, to the Non-Executive Directors / Independent Directors in case the Company has no profits or its profits are inadequate, subject to the approval of the Members of the Company.

Commercial Vehicle Industry witnessed two consecutive years of steep volume decline – 29% and 21% in 2019-20 and 2020-21 respectively due to multiple headwinds such as revised axle norms, tighter financial conditions, BS-VI transition and the pandemic. In line with the Industry, the Company's sale volume also dropped significantly during FY 2020-21, which has adversely impacted the revenue and profits of the Company.

Considering the valuable contributions of the Independent Directors, the Board, on the recommendation of its Nomination & Remuneration Committee, has unanimously approved the payment of remuneration, not exceeding the ceilings provided under Schedule V of the Companies Act, 2013, to the Independent Directors in case the Company has no profits or its profits are inadequate, during three financial years commencing from 1st April, 2020. For FY 2020-21, the Board of Directors, on the recommendation of Nomination & Remuneration Committee, have recommended Rs. 5.0 lacs remuneration for each Independent Director of the Company. The payment of remuneration would be in addition to the sitting fees payable to them for attending Board meeting and Board sub-committee meetings.

The Board of Directors recommends Ordinary resolution set out in Item no. 8 of the Notice for approval by the Members.

Details of each of the existing Independent Directors, as prescribed 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**.

None of the Directors (except Independent Directors), Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

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	Eiichi Seto	Takuro Horikoshi
Date of Birth (Age)	31.07.1964 (57 years)	04.01.1959 (62 years)	22.08.1969 (52 years)
DIN No.	08094102	02704734	09102449
Original date of Appointment	23.03.2018	28.05.2010	19.05.2021
Qualification(s)	Graduate from Keio University, Japan	Bachelor's degree in Law, Waseda University, Japan	Graduate from Economics Department at University of Tokyo, Japan
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, Mobility Business Division.</p> <p>Mr. Iwanami has 33 years of rich global experience in the automotive business.</p>	<p>Mr. Seto was appointed as a Non-Executive Director of the Company on 28th May, 2010 and on 26th December, 2013 he became Managing Director & CEO. He resigned from the post of Managing Director & CEO w.e.f. 10th August, 2018. However, he continued as a Non-Executive Director of the Company.</p> <p>Mr. Seto joined Sumitomo Corporation in 1982 and has several years of experience in the motor vehicles department. In 1993, he was appointed as General Manager, Automotive Department in Sumitomo Corporation de Mexico and in 2004, he was also appointed as Vice President and General Manager, Detroit Office, Sumitomo Corporation of America. In 2007, he was appointed as Director and General Manager, Melbourne Office, Sumitomo Australia Private Limited. Further in 2009, he was also appointed as General Manager, Automotive Manufacturing Business Department, Sumitomo Corporation. He is currently Assistant to General Manager, Mobility Business Division.</p> <p>He has around 39 years of rich global experience in the automobile business.</p>	<p>Mr. Horikoshi has been appointed as an Additional Director of the Company w.e.f. 19th May, 2021.</p> <p>He joined Sumitomo Corporation, Japan in April, 1992 and since then has held several positions in various departments including Steel Management Division Steel Business Department, Transport Equipment Department, Steel Business Division Plate & Construction, Steel Products Business Department, Steel Business Investments Unit (Steel & Non-Ferrous Metal Group), Steel Pipe Division Structural Steel & Line Pipe Business Department.</p> <p>Before moving to India, Mr. Horikoshi was General Manager, Plate & Construction Products Dept. Sumitomo Corporation, Japan. In April, 2021, he joined Sumitomo Corporation India Pvt. Ltd. (New Delhi) as Chairman & Managing Director.</p>
Terms and Conditions of appointment/ re-appointment including detail of remuneration sought to be paid	Appointment / Re-appointment on rotational basis and no remuneration (including sitting fee) is payable.		
Details of remuneration last drawn (FY 2020-21)	Nil	Nil	Not Applicable
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2021	1. AIMO Holding AB 2. SC Abeam Automotive Consulting 3. Toyota Libya F.ZC. 4. Toyota Nigeria Limited 5. SC Automotive Engineering Co. Ltd	Sumisho Airbag Systems Co., Ltd	Not Applicable
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, 2021*	SML Isuzu Limited • Nomination & Remuneration Committee [M]	SML Isuzu Limited • Nomination & Remuneration Committee [M]	Not Applicable
No. of Board Meetings attended during FY 2020-21	6	6	Not Applicable
No. of shares held in the Company as on March 31, 2021	Nil	Nil	Not Applicable
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	Junya Yamanishi	Tadanao Yamamoto	S. K. Tuteja
Date of Birth (Age)	05.01.1968 (53 years)	23.01.1957 (64 years)	15.06.1945 (76 years)
DIN No.	09174162	08291307	00594076
Original date of Appointment	20.05.2021	30.11.2018	20.06.1998
Qualification(s)	Graduate in Engineering from The University of Tokyo, Japan	Graduate from Tokyo Science University, Japan	IAS (Retd.), M.Com, FCS
Experience (including expertise in specific functional area)	Mr. Yamanishi has been appointed as an Additional Director and Managing Director & CEO of the Company w.e.f 20th May, 2021. He joined Sumitomo Corporation, Japan in April, 1990 and since then has held several positions in various departments, mostly in the field of automotive manufacturing related business. Before joining SML Isuzu Limited, he was General Manager, Automotive Manufacturing Business Department 2 of Sumitomo Corporation, Tokyo (Japan). He has rich global experience of around 31 years with Sumitomo Corporation in various countries such as Japan, USA, Vietnam and Mexico.	Mr. Yamamoto was appointed as Whole-time Director of the Company designated as Director – Quality Assurance for a period of two years w.e.f. 30.11.2018. He joined Isuzu Motors Limited, Japan in 1980 as Assistant to Manager in Quality Control Dept. Before joining the Company (SML Isuzu Limited) in November 2018, he was Senior Vice President of Isuzu Motors India Private Limited, Chennai (India). He has a rich experience of 40 years in Quality Control and Manufacturing.	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. Mr. Tuteja's service career with the Government of Punjab and at the Centre covered key assignments 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. Mr. Tuteja has over 50 years of rich experience in diverse fields which include district administration, education, industry, trade, commerce, finance and company matters. He joined our Board on June 20, 1998 and was appointed as a Non-Executive Independent Chairman of the Company on June 29, 2005.
Terms and Conditions of appointment/ re-appointment including detail of remuneration sought to be paid	Terms and conditions of the appointment and detail of remuneration sought to be paid is indicated in Resolutions No. 5 & 6.	Terms and conditions of the re-appointment and detail of remuneration sought to be paid is indicated in Resolution No. 7	Upto commission of 1% of Net Profits OR within ceilings prescribed in Schedule V of the Companies Act in case of no profits/ inadequate profits (as per Resolution No. 8 of the Notice)
Details of remuneration last drawn (FY 2020-21)	Not Applicable	Rs. 41.68 lacs	Rs. 15.20 Lacs (including remuneration of Rs. 5.0 lacs proposed to be paid post shareholders' approval)
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2021	1. Hirotec Mexico S.A. de C.V. 2. Aventec SLP, S.A. de C.V. 3. Aventec Mexicana, S.A. de C.V. 4. HAL Vietnam Co., Ltd. 5. HAL Aluminum Mexico, S.A. de C.V. 6. HAL Aluminum Servicios, S.A. de C.V. 7. Sumisho Airbag Systems Co., Ltd.	None	<ul style="list-style-type: none"> • Shree Renuka Sugars Ltd. • A2Z Infra Engineering Ltd. • T Bhimjani Warehousing Cold Chain (P) Ltd. • Pegasus Assets Reconstruction (P) Ltd. • Daawat Foods Ltd. • Intas Pharmaceuticals Ltd. • Devenio Optimus Advisors (P) Ltd. • Norwest Estates (P) Ltd. • Red Carpet Retail (P) Ltd. • TFS Business Advisors India (P) Ltd. • QRG Medicare Ltd. • Nature Bio Foods Ltd. • Ecopure Specialties Ltd. • QRG Enterprises Limited • Cremica Food Industries Limited

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	Junya Yamanishi	Tadanao Yamamoto	S. K. Tuteja
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, 2021*	None	SML Isuzu Limited • Stakeholders' Relationship Committee [M] • Corporate Social Responsibility Committee [M]	SML Isuzu Limited • Audit Committee [C] • Stakeholders Relationship Committee [C] • Executive Committee [C] • Nomination & Remuneration Committee [M] A2Z Infra Engineering Limited • Audit Committee [M] • Nomination & Remuneration Committee [M] Shri Renuka Sugars Limited • Audit Committee [M] • Nomination & Remuneration Committee [C] • Corporate Social Responsibility Committee [C] Daawat Foods Ltd. • Audit Committee [C] • Nomination & Remuneration Committee [M] • Corporate Social Responsibility Committee [M] Intas Pharmaceuticals Limited • Audit Committee [M] • Nomination & Remuneration Committee [C] • Corporate Social Responsibility Committee [C] QRG Medicare Limited • Audit Committee [C] QRG Enterprises Limited • Audit Committee [M] • Nomination & Remuneration Committee [M] Nature Bio Foods Limited • Audit Committee [C] • Nomination & Remuneration Committee [C] • Corporate Social Responsibility Committee [C] Cremica Food Industries Limited • Audit Committee [M] • Nomination & Remuneration Committee [M]
No. of Board Meetings attended during FY 2020-21	Not Applicable	6	6
No. of shares held in the Company as on March 31, 2021	Nil	Nil	1400 equity shares
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	Sudhir Nayar	Chandra Shekhar Verma	Vasantha S. Bharucha
Date of Birth (Age)	29.01.1951 (70 years)	29.09.1959 (62 years)	07.10.1944 (76 years)
DIN No.	00200415	00121756	02163753
Original date of Appointment	06.08.2013	22.09.2019	22.09.2014
Qualification(s)	B.Tech, MBA	LLB, M.Com, MBA, FCS, FICWA	M.A. (Economics), Ph. D. (Economics)
Experience (including expertise in specific functional area)	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. 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.	Mr. Chandra Shekhar Verma 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, National Mineral Development, Corporation Ltd. His last assignment was as Chairman and Managing Director of Steel Authority of India Limited (SAIL). He was the first President of the Indian Steel Association. He has been the Governing Council Member of All India Management Association (AIMA).	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). 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. She has been consultant and adviser to International organizations like WTO, UNCTAD, ITC and the UNDP. Presently, she is a strategy consultant to various corporates.
Terms & Conditions of appointment/ re-appointment including detail of remuneration sought to be paid	Upto commission of 1% of Net Profits OR within ceilings prescribed in Schedule V of the Companies Act in case of no profits/ inadequate profits (as per Resolution No. 8 of the Notice)		
Details of remuneration last drawn (FY 2020-21)	Rs. 12.50 Lacs (including remuneration of Rs. 5.0 lacs proposed to be paid post shareholders' approval)	Rs. 11.30 lacs (including remuneration of Rs. 5.0 lacs proposed to be paid post shareholders' approval)	Rs. 8.90 Lacs (including remuneration of Rs. 5.0 lacs proposed to be paid post shareholders' approval)
Board Membership of other companies [ex-cluding SML ISUZU Limited] as on March 31, 2021	Nil	<ul style="list-style-type: none"> First Advantage Consulting Group Limited ITI Asset Management Limited Spartan Finvoyance Private Limited Premier Alcobev Private Limited 	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, 2021*	SML Isuzu Limited <ul style="list-style-type: none"> Risk Management Committee [C] Nomination & Remuneration Committee [C] Audit Committee [M] 	SML Isuzu Limited <ul style="list-style-type: none"> Risk Management Committee [M] Audit Committee [M] 	SML Isuzu Limited <ul style="list-style-type: none"> Corporate Social Responsibility Committee [C]
No. of Board Meetings attended during FY 2020-21	6	6	6
No. of shares held in the Company as on March 31, 2021	Nil	Nil	Nil
Relationship with other Directors and KMPs	None of the Directors of the Company are inter-se related to each other or with the Key Managerial Personnel of the Company		

* This include 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 Resolutions at Item No. 6, 7 & 8)

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, 2021:**

(Rs. Crores)

Particulars	FY 2020-21	FY 2019-20
Revenue from operations	591.5	1,154.2
Net Profit/ (Loss) in accordance with Section 197 of the Companies Act, 2013	(131.7)	(34.8)
Profit/ (Loss) Before Tax	(133.4)	(38.3)
Profit/ (Loss) After Tax	(133.5)	(21.1)
Net Worth	255.6	384.9

(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 and Past remuneration during the FY 2020-21**

Profile of the Directors including remuneration paid to them during FY 2020-21 is covered in Annexure A to the Notice of AGM.

(ii) **Recognition or awards:** Nil

(iii) **Job Profile and suitability:**

a) Mr. Junya Yamanishi

Mr. Junya Yamanishi, as Managing Director & CEO, will be overall in-charge of running the affairs of the Company under the supervision and control of the Board of Directors.

Taking into consideration his rich experience in the automobile industry (Refer Annexure A to the Notice), the Board of Directors has bestowed the above responsibilities to Mr. Yamanishi, effective from 20th May, 2021.

b) Mr. Tadanao Yamamoto

Mr. Tadanao Yamamoto, as Director – Quality Assurance, is responsible for Company's vehicle quality. He has around 40 years of experience in Quality Control and Manufacturing.

Taking into consideration his rich experience in the automobile industry (Refer Annexure A to the Notice), the Board of Directors has bestowed the above responsibilities to Mr. Yamamoto.

c) Independent Directors

Mr. S. K. Tuteja and Mr. Sudhir Nayar have been re-appointed as Independent Directors of the Company for a second term of five(5) consecutive years w.e.f. 22nd September, 2019.

Dr. (Mrs.) Vasantha S. Bharucha has been re-appointed as an Independent Director of the Company for a second term of three (3) consecutive years w.e.f. 22nd September, 2019.

Mr. C. S. Verma has been appointed as an Independent Director of the Company for a period of five (5) consecutive years w.e.f. 22nd September, 2019.

All the above mentioned Directors are persons of integrity and possess appropriate skills, expertise, knowledge and qualifications in their respective field which are beneficial to the interests of the Company.

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

As per the details given in the Resolution No. 6, 7 & 8 of the Notice.

(v) 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 the Directors (Mr. Junya Yamanishi, Mr. Tadanao Yamamoto, Mr. S. K. Tuteja, Mr. Sudhir Nayar, Mr. C.S. Verma and Dr. (Mrs.) Vasantha S. Bharucha), 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.

(vi) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the sitting fee / remuneration paid to them / proposed to be paid, Mr. Junya Yamanishi, Mr. Tadanao Yamamoto, Mr. S. K. Tuteja, Mr. Sudhir Nayar, Mr. C.S. Verma and Dr. (Mrs.) Vasantha S. Bharucha 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:

Commercial Vehicle Industry witnessed two consecutive years of steep volume decline - 29% and 21% in 2019-20 and 2020-21 respectively due to multiple headwinds such as revised axle norms, tighter financial conditions, BS-VI transition and the pandemic.

In line with the Industry, the sales volume of the Company also suffered, reaching 5,043 vehicles in FY 2020-21 compared to 10,533 in the previous fiscal - a decline of 52%. As a result, for the financial year ended 31st March, 2021, the Company incurred a higher loss (before tax) of Rs. 133.4 crores against loss of Rs. 38.3 crores incurred during the previous year.

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

The Company has taken various initiatives towards improvement in sales and reduction in costs as summarized below :

- a) Introduction of new products / variants such as Global Series Dual Cabin, FOH bus, SML Prestige 100 CFT Tipper, Reefer Truck, Sartaj 5252 Ambulance, etc.

- b) Strengthening of dealership network in neighboring countries like Nepal, Bhutan, Ghana, Bangladesh etc. which is expected to improve the Company's exports prospects.
- c) Relationship building with financiers for easy & faster loan clearance for customers.
- d) Sales promotion & brand building initiatives - incentive schemes for dealers & their salesmen to push more field work; mobile applications for handling customers queries & tracking progress of salesmen; 24*7 helpline; tie-up with ecommerce websites for improvement in brand visibility & to generate more queries etc.
- e) Cost Reduction being undertaken aggressively across all the Functions in the Company.

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

The aforesaid steps taken by the Company are expected to improve the Company's sales and profitability in near future.

(IV) Disclosures:

The information and disclosures of the remuneration package of all the Directors has been provided in the Corporate Governance Report, forming part of the Annual Report, under the heading "Remuneration to Directors" for the year ended 31st March, 2021.

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: 1st June, 2021

Notes

Notes

Travel In *Style...*



Hiroi
— Spacious by **SML**



SML ISUZU LTD.

(CIN : L50101PB1983PLC005516)

Registered Office & Works: Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr) - 144 533, Punjab

Tel. : 91 1881 270255 F: 91 1881 270223

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