

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
<b>Scrip Code: 505192</b>	<b>Scrip Code: SMLISUZU</b>

**Sub: Notice of 38th Annual General Meeting and Annual Report 2022**

Dear Sir,

We are pleased to enclose herewith a copy of Annual Report of SML ISUZU LIMITED for the financial year ended 31<sup>st</sup> March, 2022 including Notice of 38th Annual General Meeting (AGM).

As informed earlier, vide our communication dated 5<sup>th</sup> August, 2022, 38<sup>th</sup> AGM of the Company is scheduled on Wednesday, 21<sup>st</sup> September, 2022 at 11:30 AM 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.

Thanking you,

Yours faithfully,

**For SML ISUZU LIMITED**

(PARVESH MADAN)  
Company Secretary & Compliance Officer  
ACS-31266  
[pmadan@smlisuzu.com](mailto:pmadan@smlisuzu.com)

**SML ISUZU Limited****Regd. Office & Works:**

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

T +91 1881 270255 F +91 1881 270223

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

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Trucks &amp; Buses



# ANNUAL REPORT

# 2022



**SML ISUZU LIMITED**



## CSR INITIATIVES 2021-2022...



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



Vocational Education – Setting up of vocational labs in different area such as Beauty & wellness, Retail and Food production



Healthcare – Upgradation of Medical Infrastructure in Government Hospitals

# SML ISUZU LIMITED (FORMERLY SWARAJ MAZDA LIMITED)

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**BOARD OF DIRECTORS**

S.K. TUTEJA                - **Chairman**  
SUDHIR NAYAR  
DR. VASANTHA S. BHARUCHA  
CHANDRA SHEKHAR VERMA  
MASAKI MOROHOSHI  
EIICHI SETO  
KAZUO GODA  
TAKURO HORIKOSHI  
JUNYA YAMANISHI    - **Managing Director & CEO**

**CHIEF FINANCIAL OFFICER**

RAKESH BHALLA

**COMPANY SECRETARY**

PARVESH MADAN

**STATUTORY AUDITORS**    WALKER CHANDIOK & CO LLP  
**INTERNAL AUDITORS**        S. TANDON & ASSOCIATES

**LISTING OF SHARES**        BSE LIMITED  
                                      NATIONAL STOCK  
                                      EXCHANGE OF INDIA LIMITED

**BANKERS**                    AXIS 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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### **38TH ANNUAL GENERAL MEETING**

on Wednesday, 21st September, 2022

at 11:30 A.M. through

Video Conferencing / Other Audio Visual Means

## REPORT OF THE DIRECTORS

The Directors are pleased to present their Thirty-Eighth Annual Report together with audited financial statements for the financial year ended 31st March 2022.

### PERFORMANCE REVIEW

During FY 2021-22, Indian Economy witnessed GDP growth of 8.7% against contraction of 6.6% during FY 2020-21. GDP growth, during the year under review, was mainly driven by revival in manufacturing, mining, construction and service sector apart from sustained growth in the agricultural sector.

After two consecutive years of sharp volume contraction, the domestic CV Industry registered growth of 26.0% during the year under review with volumes reaching at 7,16,600. Light Commercial Vehicles (LCVs) increased by 16.7% with volumes at 4,76,000 and Medium & Heavy Commercial Vehicles (M&HCVs) increased by 49.7% with volumes at 2,40,600. The 5-12 ton GVW category, in which the Company principally operates, increased by 20.5% with volumes reaching at 78,600. **Your Company's sales volume increased by 46.6% (from 5043 in FY 2020-21 to 7392 in FY 2021-22) with higher share of trucks. The Company was able to increase its truck market share from 4.3% (FY 2019-20) to 7.1% (FY 2021-22).**

The CV Industry's growth, during the year under review, was supported by the replacement demand pent up due to the pandemic, increase in road construction & mining activities apart from increase in infrastructure spending by the Government. Further, upswing in the e-commerce sector, since the start of the pandemic, also contributed to the demand for the commercial vehicles. Although, the growth momentum, started during H2 FY 2020-21, was stalled during Q1 FY 2021-22 with sudden and severe onset of second wave of Covid-19, however, demand for commercial vehicles revived from Q2 FY 2021-22 onward with opening up of the economy. Disruptions in the domestic and global supply chain had a severe impact on the CV Industry during the year under review.

All-time high commodity prices had put enormous cost pressure on CV Industry and, accordingly, there have been several price increases across the segments, however, passing on the increase to the customers was never immediate and full. Therefore, despite increase in the sales volumes, financial performance of the Company was severely impacted during the year ended 31st March 2022 as summarized below :

(Rs. in Crores)

Year ended 31st March	2022	2021
<b>Sales Volume (No. of Vehicles)</b>	<b>7392</b>	<b>5043</b>
Sale of Products (Net) and Other Operating Revenues	924.17	591.04
<b>Profit / (Loss) before Other Income, Depreciation, Finance Costs and Tax</b>	<b>(41.20)</b>	<b>(68.79)</b>
Add: Other income	5.96	4.93
<b>Profit / (Loss) before Depreciation, Finance Costs and Tax</b>	<b>(35.24)</b>	<b>(63.86)</b>
Less: Depreciation and Amortization	43.52	46.17
<b>Profit / (Loss) before Finance Costs and Tax</b>	<b>(78.76)</b>	<b>(110.03)</b>
Less: Finance Costs	21.51	23.34
<b>Profit / (Loss) before Tax</b>	<b>(100.27)</b>	<b>(133.37)</b>
Less: Tax (Including Deferred Tax)	(0.51)	0.12
<b>Profit / (Loss) after Tax</b>	<b>(99.76)</b>	<b>(133.49)</b>
Add: Other Comprehensive Income / (Loss) [Net of Tax]	5.68	4.19
<b>Total comprehensive income for the year</b>	<b>(94.08)</b>	<b>(129.30)</b>

## **DIVIDEND**

Keeping in view the financial position of the Company, the Directors of your Company have not recommended any dividend for FY 2021-22.

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.

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**

The domestic CV Industry registered a healthy growth of 112.2% during Q1 FY 2022-23 with volumes reaching at 2,24,500 (Previous Year's - 1,05,800) aided by the low base of the previous year which was impacted severely due to the second wave of Covid-19.

The growth in CV Industry, during the quarter under review, was visible across all segments of trucks and buses. Truck segment was up 104.4%, supported by healthy demand from mining, steel, construction, agricultural & the allied sectors along with upswing in the e-commerce sector. With opening of educational institutions & offices, there was spurt in demand for the buses which registered a growth of 258.5%. The 5-12 ton GVW category, in which the Company principally operates, increased by 268.5% with volumes reaching at 28,700 (Previous Year's – 7,800).



**During Q1 FY 2022-23, Your Company's sales volume increased by 332.4% (from 812 in Q1 FY 2021-22 to 3511 in Q1 FY 2022-23).**

Going forward, the goods segment is expected to lead the recovery with support from construction & mining activities, government spending on infrastructure and deferred replacement demand. With opening of educational institutions and offices along with resumption of tourism, the bus segment volumes are expected to increase sequentially during rest of the year, although, it would take some time to reach at pre-covid levels.

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

## **DIRECTORS**

Mr. Noboru Murakami tendered his resignation as Director of the Company with effect from 5th August, 2021. The Board, at its Meeting held on 5th August, 2021, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, had appointed Mr. Kazuo Goda as an Additional Director of the Company with effect from 5th August, 2021, which has been subsequently approved by the Members of the Company through Postal Ballot on 27th June 2022.

Mr. Tadano Yamamoto (Director-Quality Assurance) had completed his tenure on 29th November, 2021. The Board, at its Meeting held on 12th November, 2021, recorded its deep appreciation for his valuable contributions to the Company.

Mr. Gota Iwanami tendered his resignation as Director of the Company with effect from 1st April, 2022. The Board, at its Meeting held on 25th March, 2022, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, had appointed Mr. Masaki Morohoshi as an Additional Director of the Company with effect from 1st April, 2022, which has been subsequently approved by the Members of the Company through Postal Ballot on 27th June 2022.

Mr. Kazuo Goda tendered his resignation as a Director of the Company with effect from 10th August, 2022. The Board, at its Meeting held on 5th August, 2022, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, has appointed Mr. Takashi Nishida as an Additional Director of the Company with effect from 11th August, 2022 subject to the approval by the Members at the ensuing Annual General Meeting of the Company.

The existing tenure of Dr. (Mrs.) Vasantha S. Bharucha, Independent Director, is completing on 21st September 2022. The Board, at its Meeting held on 5th August, 2022, recorded its deep appreciation for her valuable contributions to the Company.

Accordingly, the Board, on the recommendation of its Nomination & Remuneration Committee, at its meeting held on 5th August 2022, has proposed to the members of the Company the appointment of Ms. Atima Khanna as an Independent Director of the Company for five (5) years with effect from 22nd September, 2022.

At the last Annual General Meeting, held on 30th July 2021, the Members had approved the appointment of Mr. Takuro Horikoshi as Non-Executive Director and Mr. Junya Yamanishi as Director and MD & CEO. Further, the Members approved the re-appointment of Mr. Tadanao as Director – Quality Assurance (Whole-time Director).

Mr. Eiichi Seto retires by rotation and being eligible, offers himself for re-appointment.

Mr. Takuro Horikoshi 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. Junya Yamanishi, 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, 2022.

#### **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.

#### **EXTRACT OF 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\\_2022.pdf](https://smlisuzu.com/Upload/AGMNotice/AnnualReturn_2022.pdf)

#### **MEETINGS OF THE BOARD**

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

#### **AUDIT COMMITTEE**

As on 31st March, 2022, the Audit Committee comprises of three independent Directors - Mr. S.K. Tuteja, as Chairman, Mr. Sudhir Nayar and Mr. Chandra Shekhar Verma.

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](mailto:investors@smlisuzu.com).

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**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, 2022, 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 a Risk Management Committee (RMC) comprising two independent Directors and MD & CEO.

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 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 Chief Risk Officer (CRO) identifies and proposes action in respect of all risks 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 three Directors - Dr. (Mrs.) Vasantha S. Bharucha, Independent Director as the Chairman, Mr. Takuro Horikoshi, Non-Executive Director and Mr. Junya Yamanishi, Managing Director & CEO as its members.

On the recommendations of the CSR 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, 2022 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.

Further, the Company has not issued any sweat equity shares or equity shares with differential rights during the year under review.

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**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, 2022, 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, 2022 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; they have prepared the annual accounts on a going concern basis;
- (d) 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;
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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## **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 2021-22.

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

## **INTERNAL AUDITORS**

M/s. S. Tandon & Associates, Chartered Accountants (Firm Registration No. 006388N), was appointed as the Internal Auditors of the Company for Financial Year 2021-22.

## **STATUTORY AUDITORS**

M/s. Walker Chandiok & 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.

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 2021-22 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

**S.K. TUTEJA**  
Chairman

**JUNYA YAMANISHI**  
Managing Director & CEO

Dated: 5th August, 2022



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY REVIEW

FY 2021-22 has been yet another challenging year for the CV Industry. The growth momentum, which started in H2 FY 2020-21, was stalled in Q1 FY 2021-22 owing to the second wave of Covid-19 which was associated with unexpectedly higher rates of mortality. This time, the Covid-19 spread was not only limited to urban markets but also took rural India in its grasp. From Q2 onward, with ease of the lockdown restrictions, demand for commercial vehicles recovered, however, chip shortages, disruptions in the supply chain and sharp rise in the commodity prices restricted the Industry from unleashing the full growth potential.

During FY 2021-22, the domestic commercial vehicle (CV) Industry achieved sale of 7,16,600 vehicles -up 26.0% against FY 2020-21. Medium & Heavy Commercial Vehicles (M&HCVs) truck segment was up 49.2% with volume of 2,28,800 and Light Commercial Vehicles (LCVs) truck segment was up 15.2% with volume of 4,56,000. The growth in the truck segment was supported by gradual recovery in macroeconomic activity, replacement led demand and improved freight availability.

During the year under review, the bus segment remains the most impacted given the continued aversion of public transport due to the pandemic. With schools operating online for a major part of the year and many corporates continuing to encourage employees to work from home, both the school and the staff transportation segments had significantly lower than normal activity. Moreover, the tourist segment, night service and route permit bus segments witnessed very low occupancy for most of the year. The bus segment was up 63.6% with volume of 31,800. However, pre-covid level is yet to be achieved by the Industry which may take some time as the industry is still facing several constraints.

The Company's sales volume reached **7,392 vehicles in FY2021-22** (5,043 in FY2020-21) – **up 46.6 %**.

Segment	Domestic			Exports		
M&HCVs	2020-21	2021-22	% Change	2020-21	2021-22	% Change
Trucks	1,53,366	2,28,773	49.2%	13,508	25,682	90.1%
Buses	7,322	11,804	61.2%	4,040	6,499	60.9%
<b>Total M&amp;HCVs-A</b>	<b>1,60,688</b>	<b>2,40,577</b>	<b>49.7%</b>	<b>17,548</b>	<b>32,181</b>	<b>83.4%</b>
LCVs						
Trucks	3,95,783	4,56,032	15.2%	31,145	58,331	87.3%
Buses	12,088	19,957	65.1%	1,641	1,785	8.8%
<b>Total LCVs-B</b>	<b>4,07,871</b>	<b>4,75,989</b>	<b>16.7%</b>	<b>32,786</b>	<b>60,116</b>	<b>83.4%</b>
<b>Total (A+B)</b>	<b>5,68,559</b>	<b>7,16,566</b>	<b>26.0%</b>	<b>50,334</b>	<b>92,297</b>	<b>83.4%</b>

Source: SIAM Report March 2022

### 2. INDUSTRY OUTLOOK

Fiscal 2022-23 has started with a strong note. After two consecutive years of sharp contraction, the domestic CV Industry registered a healthy growth of 112.2% during Q1 FY 2022-23 aided by the low base of the previous year.

During Q1 FY 2022-23, M&HCVs truck segment has witnessed significant recovery with revival of demand from the steel, cement and mining sectors and pickup in economic activity. LCVs truck segment started recovering earlier than M&HCVs segment supported by healthy demand from the agricultural and the allied sectors along with upswing in the e-commerce sector. Bus segment also witnessed sequential growth in volumes backed by demand from the educational institutions and increased spending by the Government.

The goods segment is expected to lead the recovery over the near term supported by construction & mining activities, Government spending on infrastructure and deferred replacement demand. Further, Scrappage Policy and the upswing in the e-commerce sector are expected to add volumes. With opening of educational institutions and offices, the bus segment volumes are likely to revive sequentially, although it would take some time to reach at pre-covid levels.

Accordingly, the Industry expects the CV sales volume to grow by 12-15% in FY 2022-23 driven by improving freight demand, economic recovery and Government's thrust on infrastructure spending. M&HCVs truck volumes to grow by 15-20% and LCVs truck volumes to grow by 8-10% in FY 2022-23. And the bus segment is expected to grow by 30-35%.

However, rising fuel prices especially CNG and its consequential impact on the fleet operators, volatility in the commodity prices along with supply chain disruptions, hike in interest rates, chip shortages and geopolitical issues, will remain a concern for the Industry.

### 3. COMPANY PERFORMANCE

During FY 2021-22, the Company achieved sales volume of 7,392 vehicles as compared to 5,043 of previous year – **an increase of 46.6%** with higher share of cargo vehicles. Break up of sales is given hereunder:

(Nos.)

	2021-22	2020-21
Passenger vehicle (buses)	1,851	955
Cargo vehicles (trucks)	5,541	4,088
<b>Total</b>	<b>7,392</b>	<b>5,043</b>

Total Income for 2021-22, is Rs. 930.1 crores as against Rs. 596.0 crores in the preceding year, as detailed below:

(Rs. in Crores)

	2021-22	2020-21
Sale of Vehicles	833.0	519.0
Sale of Spare Parts	79.2	61.2
Other operating income	11.9	10.9
Other income	6.0	4.9
<b>Total Income</b>	<b>930.1</b>	<b>596.0</b>

Material cost at 81.4% (79.0%) of total income was higher as a result of persistently rising commodity prices during the year.

Employee costs at Rs. 132.8 crores (Rs. 133.5 crores) as a percentage works out to 14.3% (22.4%) of total income on account of increase in sales revenue during the year as detailed above.

Marketing costs (including allowance for doubtful trade receivables, bad debts / advances written off, packing & freight, warranty, sales promotion and royalty expense) at Rs. 40.5 crores (Rs. 26.1 crores) were 4.4% (4.4)% of total income.

Other operating & administrative expenses at Rs. 34.6 crores (Rs. 29.6 crores) made up 3.7% (5.0%) of total income.

Depreciation charge stood at Rs. 43.5 crores (Rs. 46.2 crores).

Operating loss of Rs. 35.3 crores is lower than last fiscal's Rs. 63.9 crores on account of increase in revenue as a result of higher sales volume as detailed above.

Finance costs were at Rs. 21.5 crores (Rs. 23.3 crores).

Under the continued impact of Covid-19 pandemic conditions on business, the Company could sell only 7,392 vehicles during the year under review as against 5,043 vehicles sold during the last financial year, resulting in net loss of Rs. 100.3 crores against previous year's Rs. 133.4 crores.

Net worth of the Company as on 31st March, 2022 is Rs. 161.5 crores against Rs. 255.6 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. 147.0 crores (Rs. 241.1 crores).

Year-end short term and long term borrowings (Term Loan and ECB loan including current maturities) from banks stood at Rs. 234.4 crores (Rs. 160.0 crores) and Rs. 56.1 crores (Rs. 92.6 crores) respectively.

Property, Plant & Equipment including Capital Work in progress, right of use assets, intangible assets under development and Intangible assets stood at Rs. 365.4 crores (Rs. 393.7 crores).

Inventories at the year-end at Rs. 296.0 crores increased from last year's level of Rs. 260.1 crores.

Year-end trade receivables were at Rs. 78.9 crores (Rs. 39.2 crores) and trade payables were Rs. 244.7 crores (Rs. 182.9 crores).

Cash & Bank Balances (including Fixed Deposits with Banks) were Rs. 13.6 crores (Rs. 33.1 crores).

#### KEY FINANCIAL RATIOS

Particulars	Year ended	
	31 March 2022	31 March 2021
(i) Debtors Turnover	15.65	15.02
(ii) Inventory Turnover	2.72	1.78
(iii) Interest Coverage Ratio	-1.64	-2.74
(iv) Current Ratio	0.71	0.82
(v) Debt Equity Ratio	1.80	0.99
(vi) Operating Profit/(Loss) Margin (%)	-3.81%	-10.80%
(vii) Net Profit/(Loss) Margin (%)	-10.79%	-22.59%
(viii) Return on net worth (%)	-45.12%	-40.38%

Inventory turnover is higher due to increase in sales volume to 7,392 vehicles against 5,043 vehicles sold during previous year as explained above.

Interest Coverage Ratio for the year ended 31st March, 2022 is negative because of Loss before depreciation, interest and tax of Rs. 35.3 crores incurred by the Company during the year.

Debt Equity Ratio was impacted due to higher level of outstanding short term borrowings Rs. 233.4 crores as at 31st March, 2022 against Rs. 160.0 crores as at 31st March, 2021.

Interest Coverage Ratio, Operating Profit/(Loss) Margin and Net Profit/(Loss) Margin for FY 2021-22 has improved as compared to last year due to higher sales during the year, resulting in lower loss before tax of Rs. 100.3 crores as compared to last year's loss before tax of Rs. 133.4 crores.

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#### **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 Auditors and the Statutory Auditors.

During the year, the Company appointed M/s S. Tandon & Associates (Chartered Accountants) as its Internal Auditor. The Internal Auditor has carried out audit 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 presented to the Audit Committee of the Board for its consideration and guidance. 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, 2022 was 916 (959).

#### **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.

The CV Industry is optimistic about growth in FY 2022-23 given favorable growth drivers.

The Government's thrust on improving public infrastructure through enhanced capital expenditure is expected to have a positive impact on the sales of commercial vehicles, especially the tipper and haulage segments.

With gradual opening of educational institutions & offices and resumption of tourism, the bus segment volumes are expected to revive sequentially. Moreover, the Government's focus on mobility solutions and other initiatives such as smart city program and inter-city transport system are expected to drive growth in the bus segment.

The 'Scrappage Policy' announced by the Government of India, is a welcome move as it will help in reducing the pollution and will boost the volumes by spurring replacement-led demand.

With a majority of the population already vaccinated and vaccines for kids underway, any adverse impact of new Covid variants on the economy is unlikely.



However, continued geopolitical issues across the world, disruptions in the supply chain, volatility in the commodity prices, chip shortages, elevated fuel prices and rising interest rates remains a concern for the Industry which may impact the growth.

The recent price increase in CNG fuel has severely impacted the demand for CNG vehicles as the gap between CNG and Diesel prices have reduced considerably impacting the economics of owning a CNG vehicle. In view of the environmental issues, Government is expected to reduce the duty structure of CNG in order to promote usage of the CNG fuel which will support the Industry as well as the Company which is having a good performing product in this category.

On exports 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 for its products. Currently, majority of Company's export volumes comes from the neighboring countries - Nepal, Bhutan and Bangladesh, which at present, are struggling with the economic downturns and have put restrictions on the imports of non-essentials.

Key challenges during the current fiscal and going forward for the Company would be to expand its product portfolio, capacity utilization, enhance operational efficiencies, manage its liquidity position and to comply with the new regulatory requirements 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.

During FY 2021-22, the commodity prices, especially steel prices, have increased significantly which has impacted the Company's margins, in line with the Industry, as the Company was not able to recover the increase fully due to the market conditions. The commodity prices are expected to remain volatile during the current fiscal with uncertain global economic conditions, supply disruptions and higher demand.

Apart from the above, the Industry Players are working on stringent regulatory requirements announced by the Government such as - IOBD II (Integrated On-board Diagnostics for both CNG and Diesel vehicles), Electronic Stability Control (ESC), Fire Alarm & protection system, etc. which 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 will 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.

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## 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; one whole-time Director and four non-executive Directors. Out of total four non-executive Directors, three are from the Promoter group, Sumitomo Corporation, Japan and one is from Isuzu Motors, Japan, the Company's technical adviser and having 15% shareholding in the Company. 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](http://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 is a professional and has been an employee of the Company's Promoter group - Sumitomo Corporation.

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

### MEETINGS OF THE BOARD

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

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

### INFORMATION ON MEETINGS, ATTENDANCE AND MEMBERSHIP

During the year, 5 Board Meetings were held on 19th May, 2021, 5th August, 2021, 12th November, 2021, 10th February, 2022 and 25th March, 2022. In 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 1st November 2021 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, 2022 are given below:

Name of Director (DIN No.)	Category	Board Meetings during 2021-22		Attendance at the AGM held on 30.07.2021	Directorships in other Public Companies* (as on 31.03.2022)	No. of Committee Positions in Companies* including SML ISUZU LIMITED (as on 31.03.2022)	
		Meetings Held	Board Meetings Attended			Chairman	Member
Mr. Surender Kumar Tuteja Chairman (00594076)	Independent Non-Executive	5	5	Yes	7	2	9
Mr. Sudhir Nayar (00200415)	Independent Non-Executive	5	5	Yes	-	-	1
Dr. (Mrs.) Vasantha S. Bharucha (02163753)	Independent Non-Executive	5	5	Yes	-	-	-
Mr. Chandra Shekhar Verma (00121756)	Independent Non-Executive	5	5	Yes	2	-	2
Mr. Gota Iwanami (08094102) (ceased w.e.f 01.04.2022)	Non-Executive	5	5	Yes	-	-	-
Mr. Masaki Morohoshi (07302404) (appointed w.e.f. 01.04.2022)	Non-Executive	NA	NA	NA	NA	NA	NA
Mr. Eiichi Seto (02704734)	Non-Executive	5	5	Yes	-	-	1
Mr. Kazuo Goda (07572151) (appointed w.e.f 05.08.2021)	Non-Executive	5	3	NA	-	-	-
Mr. Takuro Horikoshi (09102449) (appointed w.e.f.19.05.2021)	Non-Executive	5	5	Yes	-	-	-
Mr. Pankaj Bajaj (00337925) (ceased w.e.f. 03.06.2021 due to demise)	Non-Executive	NA	NA	NA	NA	NA	NA
Mr. Noboru Murakami (08803344) (ceased w.e.f 05.08.2021)	Non-Executive	5	2	No	NA	NA	NA
Mr. Yugo Hashimoto (08165797) Managing Director & CEO (ceased w.e.f. 19.05.2021)	Executive	5	1	NA	NA	NA	NA
Mr. Junya Yamanishi (09174162) Managing Director & CEO (appointed w.e.f. 20.05.2021)	Executive	5	4	Yes	-	-	1
Mr. Tadanao Yamamoto (08291307) Director-Quality Assurance (ceased w.e.f. 29.11.2021)	Executive	5	3	Yes	NA	NA	NA

\* Excludes Directorships in Private, 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, 2022, 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 (resigned w.e.f 01.04.2022)	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 Multi Commodity Exchange of India Limited	Independent Director Independent Director
Mr. Masaki Morohoshi (07302404) (appointed w.e.f 01.04.2022)	SML Isuzu Limited	Non-Executive Director
Mr. Gota Iwanami (08094102) (ceased w.e.f 01.04.2022)	SML Isuzu Limited	Non-Executive Director
Mr. Eiichi Seto (02704734)	SML Isuzu Limited	Non-Executive Director
Mr. Kazuo Goda (07572151)	SML Isuzu Limited	Non-Executive Director
Mr. Takuro Horikoshi (09102449)	SML Isuzu Limited	Non-Executive Director
Mr. Junya Yamanishi, Managing Director & CEO (09174162)	SML Isuzu Limited	Whole-Time Director

## CODE OF CONDUCT

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

The Code is available on the website of the Company [www.smlisuzu.com](http://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, 2022. A copy of the certificate was placed before the Board of Directors at their meeting held on 20th May, 2022 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. Masaki Morohoshi	General Management, Corporate Matters, Sales Administration, Business Strategy and Global Automotive Business
6	Mr. Eiichi Seto	General Management, Business Strategy and Global Automotive Manufacturing Business
7	Mr. Kazuo Goda	General Management, Business Strategy, Global Automotive Business - Business Development, Operations and Sales
8	Mr. Takuro Horikoshi	Business Strategy, General Management and Marketing Management- International
9	Mr. Junya Yamanishi	General Management, Business Strategy and Global Automotive Manufacturing Business

## 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.

## AUDIT COMMITTEE

The members of Audit Committee possess vast experience in and knowledge of corporate affairs and finance. During the financial year under review, six meetings of Audit Committee were held on 18th May, 2021, 22th July, 2021, 4th August, 2021, 11th November, 2021, 9th February, 2022 and 25th March, 2022. During the year, the Audit Committee also passed one resolution by circulation dated 24th September, 2021 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 30th July, 2021. The Committee also met on 19th May, 2022, prior to the finalization of the Accounts for FY 2021-22.

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 the year 2021-22
Mr. S.K.Tuteja, Chairman	Independent, Non-Executive	6
Mr. Sudhir Nayar	Independent, Non-Executive	6
Mr. Chandra Shekhar Verma	Independent, Non-Executive	6

Audit Committee meetings are usually attended by the Managing Director & CEO, the Chief Financial Officer, Internal Auditors, the Company Secretary and 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 one Non-Executive Director and MD & CEO 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, 2022, 8 meetings of the Committee were held on 23rd April, 2021, 28th June, 2021, 30th July, 2021, 1st September, 2021, 18th October, 2021, 17th January, 2022, 9th March, 2022 and 30th March, 2022.

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 the year 2021-22
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	8
Mr. Eiichi Seto (appointed w.e.f 30.11.2021)	Non-Executive	3
Mr. Junya Yamanishi (appointed w.e.f. 20.05.2021)	Executive (Managing Director & CEO)	7
Mr. Yugo Hashimoto (ceased w.e.f. 19.05.2021)	Executive (Managing Director & CEO)	1
Mr. Tadanao Yamamoto (ceased w.e.f. 29.11. 2021)	Executive (Director-Quality Assurance)	5

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

The Company received 268 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 2022.

The Company had received 5 complaints from the shareholders and all 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 with two Independent Directors and one Non-Executive Director. 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:

<b>Name of the Member</b>	<b>Category</b>	<b>No. of meetings attended during the year 2021-22</b>
Mr. Sudhir Nayar, Chairman	Independent, Non-Executive	5
Mr. S. K. Tuteja	Independent, Non-Executive	5
Mr. Masaki Morohoshi (appointed w.e.f 01.04.2022)	Non-Executive	NA
Mr. Gota Iwanami (ceased w.e.f 31.03.2022)	Non-Executive	4
Mr. Eiichi Seto (ceased w.e.f 01.01.2022)	Non-Executive	4

During the year, five meetings of the Committee were held on 19th May, 2021, 5th August, 2021, 12th November, 2021, 23rd December, 2021 and 25th March, 2022.

### **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 was taken at the last Annual General Meeting held on 30th July, 2021 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 2021-22.

### Whole-time Directors

(Amount in Rs.)

Name of Director	Salary (Basic & DA)	Allowances (including HRA, Leave Travel & Special Allowances)	Commission for the FY 2020-21	Contribution to Provident and other Funds	Other Perquisites	Stock Option	Total	Service Contract (Tenure)
<b>Junya Yamanishi</b> Managing Director & CEO (w.e.f. 20.05.2021)	27,26,613	-	-	-	10,22,286	-	37,48,899	Upto 19.05.2026
<b>Yugo Hashimoto</b> Managing Director & CEO (upto 19.05.2021)	4,23,387	-	-	-	2,65,171	-	6,88,558	Ceased w.e.f. 19.05.2021 (Refer Note a)
<b>Tadanao Yamamoto</b> Director-Quality Assurance (upto 29.11.2021)	18,24,000	-	-	-	5,21,638	-	23,45,638	Ceased w.e.f. 29.11.2021

Notes :

- Resigned from the Board of the Company with effect from 19th May, 2021.
- 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	10,30,000	5,00,000
Mr. Sudhir Nayar	6,70,000	5,00,000
Dr. (Mrs.) Vasantha S. Bharucha	3,70,000	5,00,000
Mr. Chandra Shekhar Verma	5,20,000	5,00,000

\*Related to financial year 2021-22 and paid in financial year 2022-23

### 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/CSRPolicy.aspx>

The annual report on CSR activities, for FY 2021-22, 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 2021-22
Dr. (Mrs.) Vasantha S. Bharucha, Chairman	Independent, Non-Executive	3
Mr. Takuro Horikoshi (appointed w.e.f. 30.11.2021)	Non-Executive	2
Mr. Junya Yamanishi (appointed w.e.f. 20.05.2021)	Executive (Managing Director & CEO)	2
Mr. Yugo Hashimoto (ceased w.e.f. 19.05.2021)	Executive (Managing Director & CEO)	1
Mr. Tadanao Yamamoto (ceased w.e.f. 29.11.2021)	Executive (Director-Quality Assurance)	1

During the year, three meetings were held on 18th May, 2021, 7th January, 2022 and 24th March, 2022.

### 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 2021-22
Mr. Sudhir Nayar, Chairman	Independent, Non-Executive	2
Mr. Chandra Shekhar Verma	Independent, Non-Executive	2
Mr. Pankaj Bajaj (ceased w.e.f. 03.06.2021 due to death)	Non -Executive	-
Mr. Junya Yamanishi (appointed w.e.f. 05.08.2021)	Executive (Managing Director & CEO)	1

During the year, two meetings were held on 18th May, 2021 and 29th October, 2021.

#### Executive Committee

The Executive Committee was 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 2021-22
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	6
Mr. Junya Yamanishi (appointed w.e.f. 20.05.2021)	Executive (Managing Director & CEO)	5
Mr. Yugo Hashimoto (ceased w.e.f. 19.05.2021)	Executive (Managing Director & CEO)	1

During the year, six meetings were held on 19th April, 2021, 6th July, 2021, 28th September, 2021, 29th October, 2021, 25th November, 2021 and 25th February, 2022.

#### DISCLOSURES

##### 1. Details of General Meetings

###### (i) Annual General Meetings:-

Financial Year	Date	Time	Venue	Special Resolutions passed
2018-19	30.09.2019	01:00 PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr) Punjab	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. S.K.Tuteja (DIN 00594076) as an Independent Director</li> <li>2. Continuation of appointment of Mr.S.K.Tuteja (DIN 00594076) as an Independent Director.</li> <li>3. Re-appointment of Mr. Sudhir Nayar (DIN 00200415) as an Independent Director</li> <li>4. Re-appointment of Dr. (Mrs.) Vasantha S.Bharucha (DIN 02163753) as an Independent Director</li> <li>5. Continuation of appointment of Dr. (Mrs.) Vasantha S.Bharucha (DIN 02163753) as an Independent Director.</li> <li>6. Re-appointment of Mr. Gopal Bansal (DIN 06836592) as Whole-time Director designated as Whole-time Director &amp; Chief Financial Officer.</li> <li>7. Appointment of Mr. Tadanao Yamamoto (DIN 08291307) as Whole-time Director designated as Director-Quality Assurance</li> </ol>

Financial Year	Date	Time	Venue	Special Resolutions passed
2019-20	24.08.2020	11:00 AM	Through VC/OAVM (Deemed Venue - Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab)	NIL
2020-21	30.07.2021	1:00 PM	Through VC/OAVM (Deemed Venue - Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab)	1. Appointment of Mr. Junya Yamanishi (DIN 09174162) as Managing Director & Chief Executive Officer 2. Re-appointment of Mr. Tadao Yamamoto (DIN 08291307) as Whole-time Director designated as Director – Quality Assurance

No Special Resolution was passed through postal ballot last year. Also, no Special Resolutions are proposed to be conducted through postal ballot.

The Company sought the approval of Members through postal ballot notice dated 20th May 2022 for appointment of Mr. Kazuo Goda as Non-Executive Director of the Company, who was appointed by the Board as Additional Director w.e.f. 5th August 2021, and appointment of Mr. Masaki Morohoshi as Non-Executive Director of the Company, who was appointed by the Board as Additional Director w.e.f. 1st April 2022, by way of Ordinary Resolutions. The said Postal Ballot concluded on 27th June 2022. The aforesaid resolutions were duly passed and the results of the postal ballot were announced on 29th June 2022. Mr. Kanwaljit Singh Thanewal, a Practising Company Secretary, (Membership No: 5901; CP No. 5870) was appointed as the Scrutinizer for conducting Postal Ballot process through remote e-voting, in a fair and transparent manner.

**(ii) Extraordinary General Meeting:**

No extraordinary general meeting was held during financial year 2021-22.

**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. 64.19 lacs (including out of pocket expense) for financial year 2021-22, 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 2021-22	Nil
Number of complaints disposed off during the financial year 2021-22	Nil
Number of complaints pending as on end of the financial year 2021-22	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 2022.

**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](http://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](http://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](http://www.smlisuzu.com)

**iii) Modified opinion(s) in Audit Report**

The Company continues to adopt best practices to ensure regime of unqualified financial statements.

**iv) Separate posts of Chairman and CEO**

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

**v) Reporting of Internal Auditor**

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

**16. Policy on determining Material Subsidiary**

The Company has no subsidiary.

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## SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

Date	:	<b>21st September, 2022 (Wednesday)</b>
Time	:	<b>11:30 A.M.</b>
Venue	:	<b>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-144533)</b>

### 2. Calendar (tentative) for Financial Results

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

Quarter ended on 30th June, 2022	:	5th August, 2022
Quarter ending 30th Sept., 2022	:	1st/2nd week of Nov, 2022
Quarter ending 31st Dec., 2022	:	1st/2nd week of Feb, 2023
Year ending 31st March, 2023	:	1st/2nd week of May, 2023

- |                               |   |  |
|-------------------------------|---|--|
| 3. Book Closure               | : | 14th September, 2022 to 21st September, 2022 (Both days inclusive) |
| 4. Dividend Payment date      | : | No dividend recommend by the Board for FY 2021-22                  |
| 5. Listing on Stock Exchanges | : | <b>BSE Limited (BSE)</b>   |

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 2022-23 for both these stock exchanges has been paid.

- |               |   |                       |                      |
|---------------|---|-----------------------|----------------------|
| 6. Stock Code | : | <b>BSE -505192</b>    | <b>NSE -SMLISUZU</b> |
| 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, 2022, 98.55% 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.

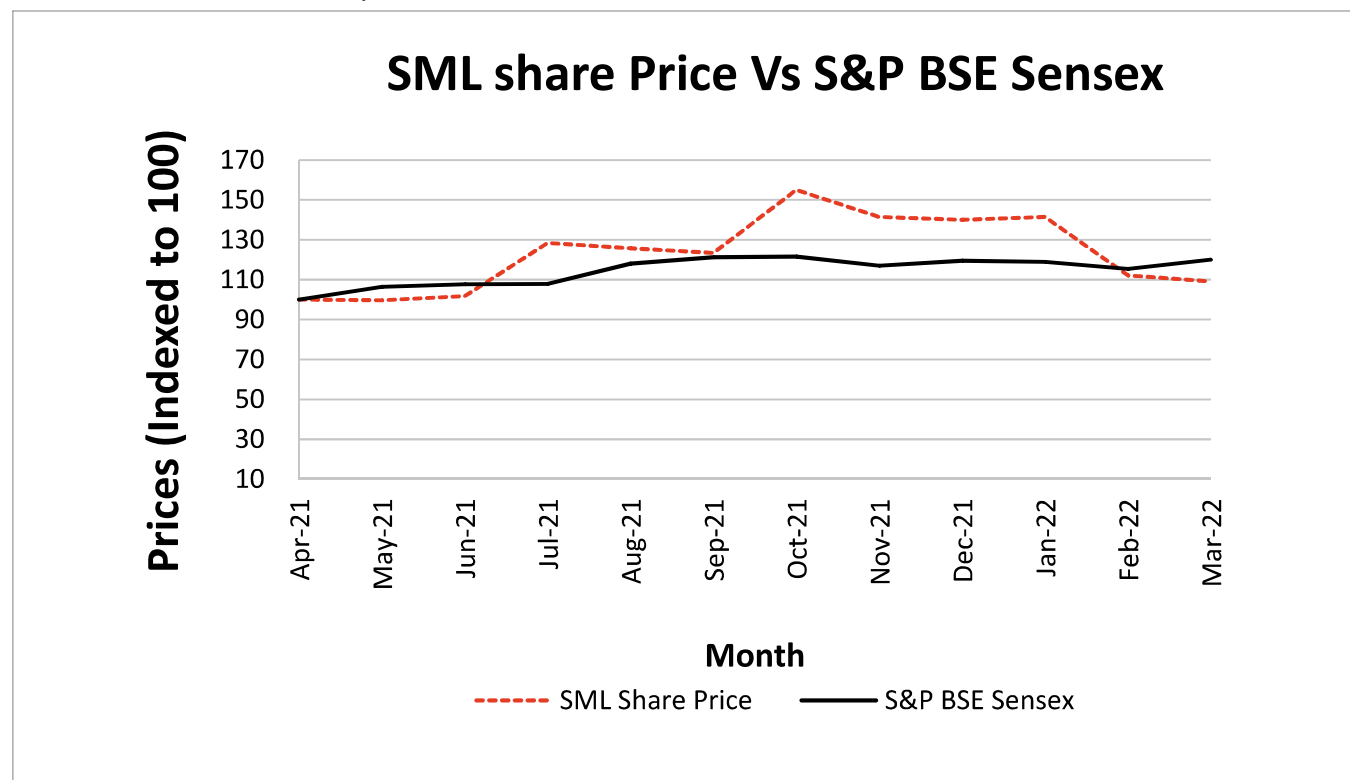
## 9. Stock Market Data

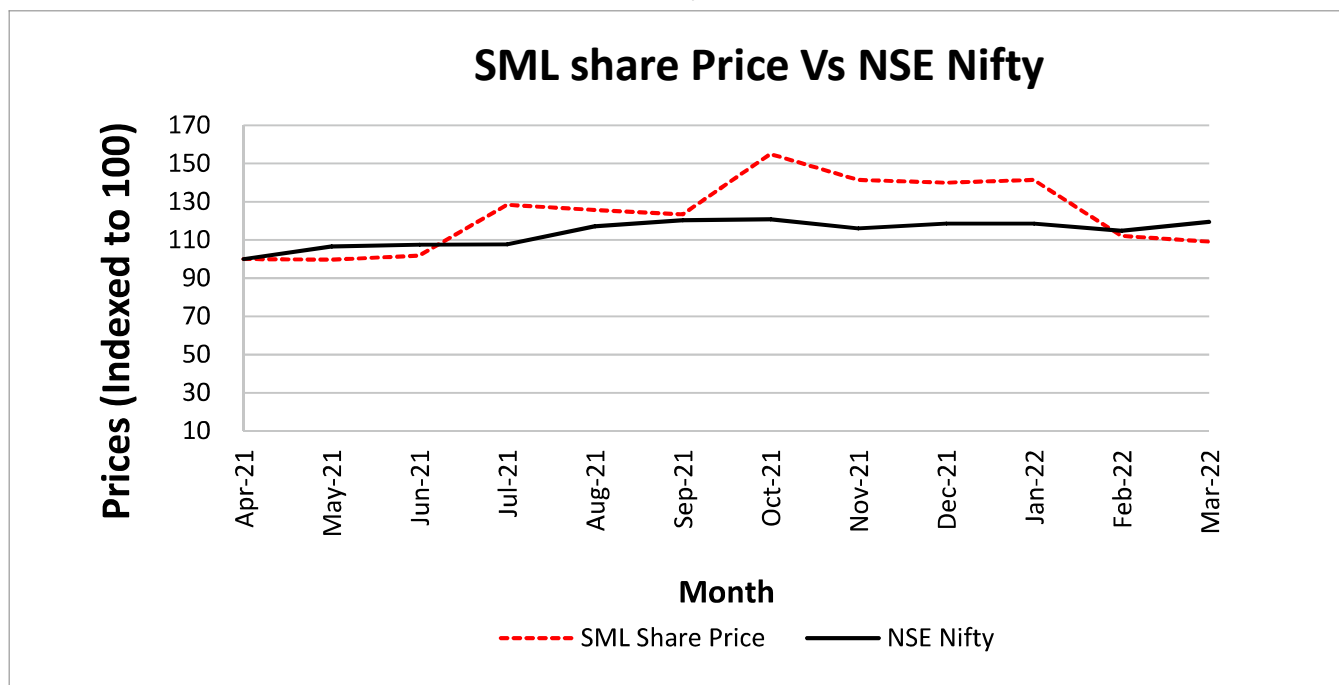
Month wise high and low price for one equity share of Rs. 10 at BSE and NSE is given below:

Month	BSE Limited (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
<b>2021</b>				
April	485	430	485	430
May	485	435	484	435
June	500	447	500	447
July	697	465	697	463
August	637	542	638	552
September	607	522	607	522
October	788	555	789	554
November	843	627	845	631
December	699	590	699	590
<b>2022</b>				
January	724	585	723	613
February	680	498	685	496
March	598	471	530	475

## 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 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 2021-22 was 1190 (Previous Year 700)

**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 2014 to IEPF. Further, amount of Unclaimed Dividend for financial year 2014-15 is due for deposit to the IEPF on 30th October, 2022. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 31st March, 2022 on the website of the Company ([www.smlisuzu.com](http://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 2021-22, the Company had transferred 9964 equity shares in respect of FY 2013-14 to the IEPF Account after following the prescribed procedure.

Members who have not encashed their Dividends in respect of financial year 2014-15 & 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](http://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](http://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 : [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@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 has a long term rating of A+ (A Plus). Recently, the short term rating of the Company has been downgraded from A1 + ('A one Plus') to A1 ('A one') by ICRA due to expected increase in the Company's debt levels in the near term mainly due to capex requirements on account of regulatory projects i.e. IOBD II (Integrated On-board Diagnostics for both CNG and Diesel), Electronic Stability Control and other product development projects.

**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. 3580 Lacs	4450 Ton	Nil	Nil	Nil	Nil	Nil
Castings (Steel)	Rs. 3632 Lacs	3892 Ton	Nil	Nil	Nil	Nil	Nil
Aluminium	Rs. 114 Lacs	38 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 2022, no shares were lying under the Demat Suspense Account/Unclaimed Suspense Account.

**20. Shareholding Pattern as on 31st March, 2022**

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	1	43.96	63,62,306
Foreign Body Corporate	1	15.00	21,70,747
Mutual Funds & UTI	1	0.93	1,34,730
FII/Banks	1	0.01	850
Foreign Portfolio Investors	6	1.70	2,46,282
Alternate Investment Fund	0	0.00	0
NBFCs registered with RBI	1	0.00	113
Other Bodies Corporate	250	2.29	3,31,403
Trust	5	0.05	7,890
NRI	673	1.01	1,46,033
IEPF Authority MCA	1	1.55	2,24,892
Individuals	29375	33.49	48,46,400
<b>TOTAL</b>	<b>30315</b>	<b>100.00</b>	<b>1,44,71,646</b>

**21. Distribution of Shareholding as on 31st March, 2022**

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Shareholding
1-500	29464	1830245	12.6
501-1,000	504	390491	2.7
1,001-2,000	208	307502	2.1
2,001-3,000	66	166757	1.2
3,001-4,000	18	64372	0.4
4,001-5,000	22	104532	0.7
5,001-10,000	34	244445	1.7
10,001-50,000	21	424156	2.9
50,001-100,000	2	200000	1.4
100,000 above	8	10739146	74.2
<b>TOTAL</b>	<b>30347</b>	<b>14,471,646</b>	<b>100.00</b>

**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](mailto:helpdeskdelhi@mcsregistrars.com)

**Compliance Officer & Company Secretary**

**Mr. Parvesh Madan**

SML Isuzu Limited

SCO: 204-205

Sector 34 - A

Chandigarh - 160 135

Tele : 0172-2647700-10

Fax : 0172-2615111

Email : [pmadan@smlisuzu.com](mailto:pmadan@smlisuzu.com)

[investors@smlisuzu.com](mailto:investors@smlisuzu.com)

**24. Website Address : [www.smlisuzu.com](http://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, 2022, 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, 2022.

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 : 26.07.2022  
Place : Chandigarh  
UDIN : F002191D000686226

**AJAY K. ARORA**  
A. ARORA & CO.  
FCS No. 2191  
C P No.: 993  
Peer Review Cert No. 2120/2022

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## **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.



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## **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 (2021-22)**

- Mr. Yugo Hashimoto, Managing Director & CEO (ceased w.e.f. 19th May, 2021)	3.12
- Mr. Junya Yamanishi, Managing Director & CEO (appointed w.e.f. 20th May, 2021)	3.12
- Mr. Tadanao Yamamoto, Director Quality Assurance (ceased w.e.f. 29th Nov, 2021)	2.71

**(ii) Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year (2021-22)**

- Mr. Yugo Hashimoto, Managing Director & CEO (ceased w.e.f. 19th May, 2021)	NIL
- Mr. Junya Yamanishi, Managing Director & CEO (appointed w.e.f. 20th May, 2021)	NIL
- Mr. Tadanao Yamamoto, Director Quality Assurance (ceased w.e.f. 29th Nov, 2021)	NIL
- Mr. Rakesh Bhalla, Chief Financial Officer	0.30%
- Mr. Parvesh Madan, Company Secretary	3.48%

**(iii) Percentage increase in the median remuneration of employees in the financial year (2021-22)** 5.46%

**(iv) Number of permanent employees on the rolls of the company** 916

**(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	1.89%
- Average increase in remuneration of employees other than the Managerial Personnel	6.55%

**(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 2021-22

#### 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 meeting held during the year 2021-22	No. of meeting attended during the year 2021-22
1	Dr. (Mrs.) Vasantha S. Bharucha Chairman	Independent, Non-Executive	3	3
2	Mr. Yugo Hashimoto (ceased w.e.f. 19.05.2021)	Executive (Managing Director & CEO)	3	1
3	Mr. Takuro Horikoshi (appointed w.e.f. 30.11.2021)	Non-Executive	3	2
4	Mr. Tadanao Yamamoto (ceased w.e.f. 29.11.2021)	Executive (Director-Quality Assurance)	3	1
5	Mr. Junya Yamanishi (appointed w.e.f. 20.05.2021)	Executive (Managing Director & CEO)	3	2

#### 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: <https://smlisuzu.com/StaticFiles/CSRProjects2022-23.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)
1	FY 2020-21	9.9 Lacs	NA

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

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

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

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

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

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. 19.9 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.	<b>Girls Education</b> Support provided to under privileged girls students in terms of School Fees and Books.	Education	Yes	Chandigarh (UT)		8.0	Direct	NA	
2.	<b>Vocational Education</b> Setting up / Upgradation of vocational training labs- Food production, Beauty & Wellness, Retail and IT for enhancing skills for economically backward section of the society.	Vocational Education	Yes	Chandigarh (UT)/ Punjab		4.2	Direct	NA	
3.	<b>Medical Infrastructure</b> Upgraded PGIMER- (Govt Hospital) - Advanced Pediatric Centre, Blood Transfusion Deptt & Emergency Wing.	Health care	Yes	Chandigarh (UT)		7.7	Direct	NA	
<b>Total</b>						<b>19.9</b>			

- (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. 19.9 lakhs
- (g) Excess amount for set off, if any :

Sl No.	Particular	Amount (Rs. Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	NIL
(ii)	Total amount spent for the Financial Year 2021-22	19.9
(iii)	Excess amount spent for the financial year [(ii)-(i)]	19.9
(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)]	19.9

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 the 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 |

**Vasantha S. Bharucha**  
*Chairman, CSR Committee*

**Junya Yamanishi**  
*Managing Director & CEO*

Dated : 20th May, 2022  
Place : Chandigarh

## ANNEXURE D TO DIRECTORS' REPORT

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[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, 2022 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, 2022 under the provisions of below mentioned regulations, which were shared with me:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (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 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021: Not Applicable during the financial year under review.
  - 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 (Issue and Listing of Non-Convertible Securities) Regulations, 2021: Not applicable during the financial year under review.
- h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
- i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- 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 Vehicle).
- (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 9,964 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.

Date : 26.07.2022  
Place : Chandigarh  
UDIN : F002191D000686138

**AJAY K. ARORA**  
A. ARORA & CO.  
FCS No. 2191  
C P No.: 993  
Peer Review Cert No. 2120/2022

## 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 is going on as a continual effort to conserve electrical energy.
- Tube fixtures replaced in SPD to save electrical energy (108W fixtures replaced with 56 W LED battens).
- More than 1500 points identified and corrected to stop compressed air leakage.
- 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 has installed rooftop solar plant of 1 MWp at chassis plant to harness alternate energy resources.

##### 3. Capital investment on energy conservation equipments

Capital Investment: Rs. 372.90 lakhs

#### B. TECHNOLOGY ABSORPTION

##### (i) The efforts made towards technology absorption:

- Up-gradation of brakes in buses with Electronic stability control as per compliances is in progress.
- Up-gradation of Diesel & CNG engines / vehicles to meet IOBD 2 compliance requirements is in progress.
- Installation of PNG pipe line for duel fuel system is in progress.

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

- Development of BS VI engines diesel and CNG as per IOBD will improve in service control of emission on the vehicle.
- Implementation of the electronic stability control of the brake system in buses will improve safety of passengers.

##### (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	39.79
(b) Recurring	1445.36
<b>(c) Total</b>	<b>1485.15</b>
(d) R&D expenditure as a %age of total income	1.6%

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	5097.90
Payment in foreign currency	697.78

## ANNEXURE F TO DIRECTORS' REPORT

**BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2021-22**  
[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	<a href="http://www.smlisuzu.com">www.smlisuzu.com</a>
5	E-mail id	<a href="mailto:investors@smlisuzu.com">investors@smlisuzu.com</a>
6	Financial Year reported	1st April 2021 to 31st March 2022
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<b>NIC Code</b>
		<b>Description</b>
		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  Distributors / Dealers:  (b) Number of National Locations	The Company has Distributors / Dealers in following Locations: <ul style="list-style-type: none"> <li>• Bangladesh</li> <li>• Nepal</li> <li>• Bhutan</li> <li>• Ghana</li> </ul> <ul style="list-style-type: none"> <li>• Manufacturing Plant at Punjab</li> <li>• 11 Zonal offices</li> <li>• 230 Dealer Network locations</li> <li>• 209 Service Network locations</li> </ul>
10.	Markets served by the Company – Local / State / National / International	All

## SECTION B: FINANCIAL DETAILS OF THE COMPANY (FY 2021-22)

1.	Paid up capital	Rs. 14.47 crores
2.	Total Turnover	Rs. 924.17 crores
3.	Total Profit / (Loss) after tax	(Rs. 100.27 crores)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 19.9 lacs
5.	List of activities in which expenditure in 4 above has been incurred	a. Education support to under privileged Girls students 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](mailto:junya.yamanishi@smlisuzu.com)

### 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 &amp; 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 &amp; procedures are formulated having regard to business needs, controls and compliance with applicable laws &amp; regulations and are approved and signed by the Managing Director &amp; 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><a href="https://smlisuzu.com/Financials/CorporatePolicies.aspx">https://smlisuzu.com/Financials/CorporatePolicies.aspx</a></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 BR performance of the Company will be assessed 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?**

Business Responsibility Report will be published annually. This report can be accessed at web-link [https://smlisuzu.com/Upload/AGMNotice/BRR\\_2022.pdf](https://smlisuzu.com/Upload/AGMNotice/BRR_2022.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, five (5) complaints were received from the shareholders, which were resolved to the satisfaction of the shareholders. The complaints received during the year were pertaining to issue of duplicate share certificates, delay in validation of dividend warrant, etc.

**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), ISO 45001: 2018 (Occupational Health and Safety Management System) and ISO 27001 (Information Security 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?**

Tracking of such reduction is not possible as it is highly dependent on individual customer's driving habits / usage of the 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 on QCD (Quality Cost & Delivery) towards optimizing the usage of raw materials and other resources. Besides, other optimization areas include efficient logistics, savings in usage of energy, reusable 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 have direct - on-line (DOL) system for components implemented by involving suppliers and sustained through supplier visits and their 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 wellbeing of all employees**

Employees' data as on 31st March, 2022 is provided herein below :

- |  |   |      |
|--|---|------|
| <b>1. Please indicate the Total number of employees (on-rolls)</b>   | - | 916  |
| <b>2. Please indicate the Total number of employees hired on temporary/contractual/casual basis</b>                  | - | 1373 |
| <b>3. Please indicate the Number of permanent women employees</b>  | - | 12   |
| <b>4. Please indicate the Number of permanent employees with disabilities</b>  | - | 4    |
| <b>5. Do you have an employee association that is recognized by Management.</b>                                      |   |      |
| Yes, all permanent workers are members of SMLI Workers Union (affiliated with Centre of Indian Trade Unions (CITU)). |   |      |
| <b>6. What percentage of your permanent employees is members of this recognized employee association</b>             | - | 34%  |

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                    | : | 58% |
| (b) Permanent Women Employees              | : | 25% |
| (c) Casual/Temporary/Contractual Employees | : | 74% |
| (d) Employees with Disabilities            | : | 50% |

**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 2021-22.

## **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. 19.9 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 2021-22, total 58 customers' complaints were received, which were resolved to the satisfaction of the customers. No complaint was pending as on 31st March, 2022.

- 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 2022, 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 2022

(All amounts in Rs. Lakhs unless stated otherwise)

	Note No.	As at 31 March 2022	As at 31 March 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	29,343.34	32,059.59
Capital work-in-progress	3	474.84	202.61
Right of use assets	3	607.34	770.02
Intangible assets	3	4,944.74	6,030.96
Intangible assets under development	3	1,165.82	303.00
Financial assets			
- Loans	4A	22.89	77.71
- Other financial assets	5A	227.47	439.82
Deferred tax assets (net)	19	1,505.57	1,505.57
Income tax assets (net)	6	292.06	694.65
Other non-current assets	7	949.82	1,171.50
<b>Total non-current assets</b>		<b>39,533.89</b>	<b>43,255.43</b>
<b>Current assets</b>			
Inventories	8	29,599.21	26,006.44
Financial assets			
- Trade receivables	9	7,891.82	3,922.10
- Cash and cash equivalents	10	1,111.02	1,924.65
- Bank balances other than cash and cash equivalents	11	251.62	1,387.34
- Loans	4B	60.71	85.43
- Other financial assets	5B	660.96	458.74
Other current assets	12	2,473.29	2,583.49
<b>Total current assets</b>		<b>42,048.63</b>	<b>36,368.19</b>
<b>Total assets</b>		<b>81,582.52</b>	<b>79,623.62</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13	1,447.88	1,447.88
Other equity	14	14,700.62	24,108.94
<b>Total equity</b>		<b>16,148.50</b>	<b>25,556.82</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	15A	903.22	4,688.45
- Lease liabilities	32	559.23	693.16
- Other financial liabilities	16A	1,090.55	1,129.25
Provisions	18A	3,442.49	3,316.94
Other non-current liabilities	20	99.95	79.85
<b>Total non-current liabilities</b>		<b>6,095.44</b>	<b>9,907.65</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	15B	28,153.66	20,569.21
- Trade payables	21		
(a) total outstanding dues of micro enterprises and small enterprises		647.43	339.45
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		23,827.37	17,954.13
- Lease liabilities	32	160.54	187.41
- Other financial liabilities	16B	1,173.17	1,405.32
Other current liabilities	17	4,398.61	2,328.22
Provisions	18B	943.17	1,302.78
Current tax liabilities (net)	22	34.63	72.63
<b>Total current liabilities</b>		<b>59,338.58</b>	<b>44,159.15</b>
<b>Total liabilities</b>		<b>65,434.02</b>	<b>54,066.80</b>
<b>Total equity and liabilities</b>		<b>81,582.52</b>	<b>79,623.62</b>
Significant accounting policies	2		
Notes to the Ind AS financial statements	1-48		

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

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

Rakesh Bhalla

Chief Financial Officer

FCMA: 09442

S.K. Tuteja

Chairman

DIN: 00594076

Sandeep Mehta

Partner

Membership Number: 099410

Parvesh Madan

Company Secretary

ACS: 31266

Junya Yamanishi

Managing Director & CEO

DIN: 09174162

Place: Chandigarh

Date: 20 May 2022

Place: Chandigarh

Date: 20 May 2022

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

	Note No.	Year Ended 31 March 2022	Year ended 31 March 2021
<b>Income:</b>			
Revenue from operations	23	92,416.98	59,104.10
Other income	24	596.36	492.74
<b>Total income</b>		<b>93,013.34</b>	<b>59,596.84</b>
<b>Expenses:</b>			
Cost of materials consumed	25	72,397.58	44,092.40
Purchase of stock-in-trade		5,439.61	3,716.50
Changes in inventories of finished goods, work in progress and stock-in-trade	26	(2,092.10)	(742.02)
Employee benefits expense	27	13,278.09	13,346.67
Finance costs	28	2,151.34	2,334.30
Depreciation and amortisation expense	29	4,352.58	4,616.74
Other expenses	30	7,512.87	5,569.34
<b>Total expenses</b>		<b>1,03,039.97</b>	<b>72,933.93</b>
<b>Loss before tax</b>		<b>(10,026.63)</b>	<b>(13,337.09)</b>
Tax expense:	39		
Current tax		-	-
Tax adjustment related to prior years		(50.58)	-
Deferred tax credit		-	11.93
<b>Income tax expense</b>		<b>(50.58)</b>	<b>11.93</b>
<b>Loss for the year</b>		<b>(9,976.05)</b>	<b>(13,349.02)</b>
<b>Other comprehensive income</b>	14		
<b>A. (i) Items that will not be reclassified to profit or loss</b>			
- Re-measurement gains on defined benefit plans		493.11	284.03
<b>(ii) Income tax related to items that will not be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>493.11</b>	<b>284.03</b>
<b>B. (i) Items that will be reclassified to profit or loss</b>			
- Effective portion of gains on hedging instruments in cash flow hedges		74.62	134.99
<b>(ii) Income tax related to items that will be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>
<b>Net other comprehensive income to be reclassified to profit or loss</b>		<b>74.62</b>	<b>134.99</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(9,408.32)</b>	<b>(12,930.00)</b>
<b>Basic and diluted earnings / (loss) per share in Rupees</b>	33	<b>(68.94)</b>	<b>(92.24)</b>
<b>(Face value of ₹ 10 per share)</b>			
Significant accounting policies	2		
Notes to the Ind AS financial statements	1-48		

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

For and on behalf of the Board of Directors of SML Isuzu Limited  
Rakesh Bhalla  
Chief Financial Officer  
FCMA: 09442

S.K. Tuteja  
Chairman  
DIN: 00594076

Sandeep Mehta  
Partner  
Membership Number: 099410

Parvesh Madan  
Company Secretary  
ACS: 31266

Junya Yamanishi  
Managing Director & CEO  
DIN: 09174162

Place: Chandigarh  
Date: 20 May 2022

Place: Chandigarh  
Date: 20 May 2022

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(10,026.63)	(13,337.09)
Adjustments for :		
Depreciation and amortization expense	4,352.58	4,616.74
Unrealised loss / (gain) on foreign exchange fluctuation	0.97	(6.06)
Finance costs	2,151.34	2,334.30
Interest income	(421.00)	(207.53)
Property, plant and equipment written off (net)	74.85	36.36
Net gain on sale of property, plant and equipment	(4.56)	(17.84)
Rent concession / gain on lease modification	(1.83)	(5.84)
Provision for inventories (written back) / written down	(58.87)	101.12
Bad debts / advances written off	4.25	26.52
Liabilities/provisions/allowances no longer required written back	(265.29)	(181.08)
<b>Operating loss before working capital changes</b>	<b>(4,194.19)</b>	<b>(6,640.40)</b>
Adjustments for changes in :		
Trade receivables	(3,778.81)	97.98
Inventories	(3,533.90)	783.41
Other non-current and current financial assets	(109.80)	(22.00)
Other non-current and current loans	79.55	109.47
Other non-current and current assets	64.49	592.39
Trade payables	6,231.25	1,671.06
Non-current and current provisions	222.45	(1,467.78)
Other non-current and current financial liabilities	2.40	(300.00)
Other non-current and current liabilities	2,099.51	562.10
<b>CASH USED IN OPERATIONS</b>	<b>(2,917.05)</b>	<b>(4,613.77)</b>
Less: Direct tax (refund) / paid [net]	(1,055.79)	52.08
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,861.26)</b>	<b>(4,665.85)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Payment for property, plant and equipment, intangible assets, capital work in progress and intangible assets under development	(1,902.41)	(1,948.42)
Proceeds from sale of property, plant and equipment	4.81	18.42
Maturity of / (investment) in bank deposits [having original maturity of more than three months]	1,042.11	(1,084.97)
Interest received	160.66	193.67
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(694.83)</b>	<b>(2,821.30)</b>

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term borrowings taken during the year	1,000.00	-
Long-term borrowings repaid during the year	(4,387.30)	(4,200.00)
Repayment of lease liabilities	(203.62)	(192.47)
Short-term borrowings taken during the year (net)	7,442.42	12,703.18
Dividend transferred to Investor Education and Protection Fund	(10.06)	(25.27)
Dividend paid	(0.85)	(1.00)
Withdrawal from unpaid dividend accounts	10.91	26.27
Finance costs paid	(2,109.04)	(2,282.23)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>1,742.46</b>	<b>6,028.48</b>
Net decrease in cash and cash equivalents	(813.63)	(1,458.67)
Cash and cash equivalents at the beginning of the year	1,924.65	3,383.32
Cash and cash equivalents at the end of the year	1,111.02	1,924.65
<b>Notes to the Cash Flow Statement :-</b>		
1. Components of cash and cash equivalents		
Cash in hand	-	0.08
Balances with banks		
- Bank deposits (original maturity of 3 months or less)	43.69	1,017.10
- Current accounts	1,067.33	907.47
	<b>1,111.02</b>	<b>1,924.65</b>
2. 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".		
3. Reconciliation of movements of liabilities (including cross currency interest rate swap) to cash flows arising from financing activities :-		
At the beginning of the year (current and non-current)	25,586.43	17,393.13
Interest accrued for the period	2,114.73	2,257.40
Net cash inflows [net of interest paid]	1,742.46	6,028.48
Lease liabilities - Additions during the year	61.38	76.88
Change in fair value	(74.62)	(134.99)
Rent concession / Lease modification	(18.56)	(34.47)
At the end of the year (current and non-current)	29,411.82	25,586.43

As per our report of even date attached  
For Walker Chandiook & Co LLP  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

For and on behalf of the Board of Directors of SML Isuzu Limited  
Rakesh Bhalla  
Chief Financial Officer  
FCMA: 09442

S.K. Tuteja  
Chairman  
DIN: 00594076

Sandeep Mehta  
Partner  
Membership Number: 099410

Parvesh Madan  
Company Secretary  
ACS: 31266

Junya Yamanishi  
Managing Director & CEO  
DIN: 09174162

Place: Chandigarh  
Date: 20 May 2022

Place: Chandigarh  
Date: 20 May 2022

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

A. Equity share capital	Note	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning of the year		1,447.88	1,447.88
Balance at the end of the year	13	1,447.88	1,447.88

### B. Other equity

Particulars	Reserves and surplus			Other comprehensive income	Total other equity
	Securities premium (Refer note 14)	General reserve (Refer note 14)	Retained earnings (Refer note 14)	Cash flow hedge reserve (Refer note 14)	
Balance as at 1 April 2020	7,452.88	10,202.51	19,538.17	(154.62)	37,038.94
Profit / (loss) for the year	-	-	(13,349.02)	-	(13,349.02)
Other comprehensive income, net of tax	-	-	284.03	134.99	419.02
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(13,064.99)</b>	<b>134.99</b>	<b>(12,930.00)</b>
Balance as at 31 March 2021	7,452.88	10,202.51	6,473.18	(19.63)	24,108.94
Balance as at 1 April 2021	7,452.88	10,202.51	6,473.18	(19.63)	24,108.94
Profit / (loss) for the year	-	-	(9,976.05)	-	(9,976.05)
Other comprehensive income, net of tax	-	-	493.11	74.62	567.73
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(9,482.94)</b>	<b>74.62</b>	<b>(9,408.32)</b>
Balance as at 31 March 2022	7,452.88	10,202.51	(3,009.76)	54.99	14,700.62

#### 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 1-48

#### 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

For and on behalf of the Board of Directors of SML Isuzu Limited  
Rakesh Bhalla  
Chief Financial Officer  
FCMA: 09442

S.K. Tuteja  
Chairman  
DIN: 00594076

Sandeep Mehta  
Partner  
Membership Number: 099410

Parvesh Madan  
Company Secretary  
ACS: 31266

Junya Yamanishi  
Managing Director & CEO  
DIN: 09174162

Place: Chandigarh  
Date: 20 May 2022

Place: Chandigarh  
Date: 20 May 2022

**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(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 2022 have been prepared as per the requirements of amended Schedule III (Division II) of the Companies Act, 2013 applicable w.e.f. 1 April 2021.

**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 45(b) in relation to going concern.

The financial statements were authorized for issue by the Company's Board of Directors on 20 May 2022.

*(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:

<b>Items</b>	<b>Measurement basis</b>
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 2022****(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 45 (a) – Impact of Covid-19 pandemic
- Note 45 (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)

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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**

**(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 Accounting Standard adopted by the Company*

No new accounting standard has been implemented by the Company during the year ending 31 March 2022.

**(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.

*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.

**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

*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. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(All amounts in Rs. Lakhs unless stated otherwise)**

*(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.

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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**

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

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

**(e) Employee benefits**

*Short-term employee benefits*

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

*Post-employment benefits*

- Defined contribution plans

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

- Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by 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 2022**  
**(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.



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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**

(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.

**(l) 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 2022**  
**(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.

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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(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 2022**  
**(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.

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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(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 2022**  
**(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.

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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(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 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.



**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(All amounts in Rs. Lakhs unless stated otherwise)**

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.

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.

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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(All amounts in Rs. Lakhs unless stated otherwise)**

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.

**(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.

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**Notes forming part of the Ind AS financial statements for the year ended 31 March 2022**  
**(All amounts in Rs. Lakhs unless stated otherwise)**

**(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**

**Ind AS 16 – Property Plant and equipment**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets**

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2022, although early adoption is permitted. The Company has evaluated the amendment and there is no impact on its financial statements.

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(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	Furniture and fixtures	Office equipment	Vehicles	Computers	Total	Capital Work in Progress ^
<b>GROSS BLOCK</b>									
Balance as at 1 April 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
<b>Balance as at 31 March 2021</b>	<b>283.92</b>	<b>12,757.72</b>	<b>30,140.15</b>	<b>1,257.05</b>	<b>328.99</b>	<b>878.66</b>	<b>945.55</b>	<b>46,592.04</b>	<b>202.61</b>
<b>Additions during the year</b>	<b>-</b>	<b>-</b>	<b>321.97</b>	<b>3.40</b>	<b>5.24</b>	<b>55.71</b>	<b>31.57</b>	<b>417.89</b>	<b>594.20</b>
<b>Disposals / Adjustments</b>	<b>-</b>	<b>0.98</b>	<b>141.78</b>	<b>17.73</b>	<b>5.32</b>	<b>24.82</b>	<b>8.66</b>	<b>199.29</b>	<b>321.97</b>
<b>Balance as at 31 March 2022</b>	<b>283.92</b>	<b>12,756.74</b>	<b>30,320.34</b>	<b>1,242.72</b>	<b>328.91</b>	<b>909.55</b>	<b>968.46</b>	<b>46,810.64</b>	<b>474.84</b>
<b>ACCUMULATED DEPRECIATION</b>									
Balance as at 1 April 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	-
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>2,555.54</b>	<b>9,435.17</b>	<b>785.95</b>	<b>287.44</b>	<b>676.46</b>	<b>791.89</b>	<b>14,532.45</b>	<b>-</b>
<b>Charge during the year</b>	<b>-</b>	<b>561.45</b>	<b>2,162.36</b>	<b>172.57</b>	<b>23.08</b>	<b>65.06</b>	<b>74.51</b>	<b>3,059.03</b>	<b>-</b>
<b>Disposals / Adjustments</b>	<b>-</b>	<b>0.28</b>	<b>73.18</b>	<b>12.54</b>	<b>5.32</b>	<b>24.45</b>	<b>8.41</b>	<b>124.18</b>	<b>-</b>
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>3,116.71</b>	<b>11,524.35</b>	<b>945.98</b>	<b>305.20</b>	<b>717.07</b>	<b>857.99</b>	<b>17,467.30</b>	<b>-</b>
<b>NET BLOCK</b>									
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
<b>Balance as at 31 March 2022</b>	<b>283.92</b>	<b>9,640.03</b>	<b>18,795.99</b>	<b>296.74</b>	<b>23.71</b>	<b>192.48</b>	<b>110.47</b>	<b>29,343.34</b>	<b>474.84</b>

**Intangible assets**

	Softwares	Technical know-how	Total	Intangible assets under development ^
<b>GROSS BLOCK - Acquired</b>				
Balance as at 1 April 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
<b>Balance as at 31 March 2021</b>	<b>1,073.63</b>	<b>7,228.35</b>	<b>8,301.98</b>	<b>303.00</b>
<b>Additions during the year #</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>862.82</b>
<b>Disposals / Adjustments</b>	<b>-</b>	<b>41.28</b>	<b>41.28</b>	<b>-</b>
<b>Balance as at 31 March 2022</b>	<b>1,073.63</b>	<b>7,187.07</b>	<b>8,260.70</b>	<b>1,165.82</b>

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

	Softwares	Technical know-how	Total	Intangible assets underdevelopment <sup>^</sup>
<b>ACCUMULATED AMORTISATION</b>				
Balance as at 1 April 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	-
<b>Balance as at 31 March 2021</b>	<b>448.25</b>	<b>1,822.77</b>	<b>2,271.02</b>	<b>-</b>
<b>Charge during the year</b>	<b>110.36</b>	<b>975.86</b>	<b>1,086.22</b>	<b>-</b>
<b>Disposals / Adjustments</b>	<b>-</b>	<b>41.28</b>	<b>41.28</b>	<b>-</b>
<b>Balance as at 31 March 2022</b>	<b>558.61</b>	<b>2,757.35</b>	<b>3,315.96</b>	<b>-</b>
<b>NET BLOCK</b>				
Balance as at 31 March 2021	625.38	5,405.58	6,030.96	303.00
<b>Balance as at 31 March 2022</b>	<b>515.02</b>	<b>4,429.72</b>	<b>4,944.74</b>	<b>1,165.82</b>
<b>Right of use assets **</b>				
	Buildings	Plant and equipment	Total	
<b>GROSS BLOCK</b>				
Balance as at 1 April 2020	957.02	241.31	1,198.33	
Additions during the year	-	76.88	76.88	
Disposals / Adjustments	12.55	28.49	41.04	
<b>Balance as at 31 March 2021</b>	<b>944.47</b>	<b>289.70</b>	<b>1,234.17</b>	
<b>Additions during the year</b>	<b>-</b>	<b>61.37</b>	<b>61.37</b>	
<b>Disposals / Adjustments</b>	<b>16.72</b>	<b>-</b>	<b>16.72</b>	
<b>Balance as at 31 March 2022</b>	<b>927.75</b>	<b>351.07</b>	<b>1,278.82</b>	
<b>ACCUMULATED DEPRECIATION</b>				
Balance as at 1 April 2020	180.60	46.83	227.43	
Charge during the year	193.79	55.34	249.13	
Disposals / Adjustments	-	12.41	12.41	
<b>Balance as at 31 March 2021</b>	<b>374.39</b>	<b>89.76</b>	<b>464.15</b>	
<b>Charge during the year</b>	<b>144.51</b>	<b>62.82</b>	<b>207.33</b>	
<b>Disposals / Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Balance as at 31 March 2022</b>	<b>518.90</b>	<b>152.58</b>	<b>671.48</b>	
<b>NET BLOCK</b>				
Balance as at 31 March 2021	570.08	199.94	770.02	
<b>Balance as at 31 March 2022</b>	<b>408.85</b>	<b>198.49</b>	<b>607.34</b>	

**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 Rs. 28.04 lakhs (previous year Nil) in intangible assets under development, with a capitalisation rate of 7.50% (previous year Nil).
- <sup>^</sup> 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 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Capital work in progress ageing schedule**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>					
Projects in progress	454.87	3.17	4.60	12.20	474.84
<b>As at 31 March 2021</b>					
Projects in progress	97.79	39.04	18.30	47.48	202.61

**Intangible assets under development ageing schedule**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>					
Projects in progress	862.82	303.00	-	-	1,165.82
<b>As at 31 March 2021</b>					
Projects in progress	303.00	-	-	-	303.00

# NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

## Note 4

	As at 31 March 2022	As at 31 March 2021
<b>LOANS *</b>		
<b>A. Non-current</b>		
Loan to employees considered good - unsecured	22.89	77.71
	<u>22.89</u>	<u>77.71</u>
<b>B. Current</b>		
Loan and advances to employees considered good - unsecured	60.71	85.43
	<u>60.71</u>	<u>85.43</u>
	<u>83.60</u>	<u>163.14</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 2022	As at 31 March 2021
<b>OTHER FINANCIAL ASSETS *</b>		
<b>A. Non-current</b>		
Other bank balances:		
- Bank deposits (due to mature after twelve months from the reporting date)	106.89	21.21
Earmarked balances **	-	2.99
Interest accrued but not due on bank deposits	3.93	0.37
Security deposits	116.65	125.81
Cross currency interest rate swaps used for hedging #	-	289.44
	<u>227.47</u>	<u>439.82</u>
<b>B. Current</b>		
Interest accrued but not due on deposits	5.92	30.74
Royalty income receivable	9.68	8.26
Export incentive receivable	173.88	74.15
Security deposits	18.35	29.84
Cross currency interest rate swaps used for hedging #	423.92	315.75
Other receivables (refer note 36)	29.21	-
	<u>660.96</u>	<u>458.74</u>
	<u>888.43</u>	<u>898.56</u>

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

\*\* 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 2022

(All amounts in Rs. Lakhs unless stated otherwise)

## Note 6

	As at 31 March 2022	As at 31 March 2021
<b>INCOME TAX ASSETS (NET)</b>		
Advance income-tax and tax deducted at source (net of provision for income tax)	<b>292.06</b>	694.65
	<b>292.06</b>	694.65

## Note 7

	As at 31 March 2022	As at 31 March 2021
<b>OTHER NON-CURRENT ASSETS</b>		
(Unsecured considered good unless stated otherwise)		
Balance with government authorities	<b>91.02</b>	388.84
Capital advances	<b>110.88</b>	15.10
Prepaid expenses and other advances	<b>29.89</b>	38.94
Amount paid under protest to government authorities		
- Income tax	<b>716.75</b>	698.13
- Sales tax / VAT		
Considered good	<b>1.28</b>	30.49
Considered doubtful	-	87.30
Less: Allowance for doubtful advances	-	87.30
	<b>1.28</b>	30.49
	<b>949.82</b>	1,171.50

## Note 8

	As at 31 March 2022	As at 31 March 2021
<b>INVENTORIES**</b>		
(valued at cost or net realisable value, whichever is lower)		
Raw materials*	<b>9,723.24</b>	8,244.49
Work-in-progress	<b>2,674.21</b>	1,723.07
Finished goods (vehicles) *	<b>16,273.23</b>	15,191.11
Stock-in-trade (spare parts)*	<b>743.12</b>	684.28
Stores and spares*	<b>174.93</b>	159.40
Loose tools *	<b>10.48</b>	4.09
	<b>29,599.21</b>	26,006.44
* Includes goods / stock-in-transit:		
- Raw materials	<b>463.12</b>	793.08
- Finished goods (vehicles)	<b>1,991.47</b>	1,064.03
- Stock-in-trade (spare parts)	<b>9.02</b>	15.79
- Stores and spares	<b>0.06</b>	0.29
- Loose tools	<b>0.49</b>	0.55

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

**Note:** The net inventory written back during the year amounted to Rs. 58.87 lakhs (previous year write down Rs. 101.12 lakhs)

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 9**

	As at 31 March 2022	As at 31 March 2021
<b>TRADE RECEIVABLES **</b>		
Trade receivables considered good - secured	234.32	358.97
Trade receivables considered good - unsecured	7,711.00	3,658.23
Trade receivables which have significant increase in credit risk	0.40	-
Trade receivables - credit impaired	269.00	269.22
	<b>8,214.72</b>	<b>4,286.42</b>
Less: Allowance for expected credit losses	<b>322.90</b>	<b>364.32</b>
	<b>7,891.82</b>	<b>3,922.10</b>

\* 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

**Trade Receivables ageing schedule**

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled dues	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>								
(i) Undisputed Trade receivables - considered good	-	6,855.02	696.28	207.23	181.75	1.41	3.63	7,945.32
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	0.40	0.40
(iii) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	269.00	269.00
<b>Sub total</b>	-	<b>6,855.02</b>	<b>696.28</b>	<b>207.23</b>	<b>181.75</b>	<b>1.41</b>	<b>273.03</b>	<b>8,214.72</b>
Less: Allowance for expected credit losses								<b>322.90</b>
<b>Total</b>								<b>7,891.82</b>
<b>As at 31 March 2021</b>								
(i) Undisputed Trade receivables - considered good	-	3,138.61	327.06	20.61	138.38	0.13	392.63	4,017.42
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	269.00	269.00
<b>Sub total</b>	-	<b>3,138.61</b>	<b>327.06</b>	<b>20.61</b>	<b>138.38</b>	<b>0.13</b>	<b>661.63</b>	<b>4,286.42</b>
Less: Allowance for expected credit losses								<b>364.32</b>
<b>Total</b>								<b>3,922.10</b>

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 10**

	As at 31 March 2022	As at 31 March 2021
<b>CASH AND CASH EQUIVALENTS *</b>		
Balances with banks		
- in deposit accounts (original maturity of three months or less) **	43.69	1,017.10
- in current accounts	1,067.33	907.47
Cash on hand	-	0.08
	<u>1,111.02</u>	<u>1,924.65</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. 43.69 Lakhs (previous year Rs. 42.10 Lakhs) on account of deposits held as margin money against bank guarantees.

**Note 11**

	As at 31 March 2022	As at 31 March 2021
<b>BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS *</b>		
Bank deposits (with original maturity of more than three months and due to mature within twelve months from the reporting date)	137.87	1,266.71
Unpaid dividend accounts	85.51	96.41
Earmarked balances #	28.24	24.22
	<u>251.62</u>	<u>1,387.34</u>

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

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

**Note 12**

	As at 31 March 2022	As at 31 March 2021
<b>OTHER CURRENT ASSETS</b> (Unsecured considered good unless stated otherwise)		
Balance with government authorities	949.73	1,652.80
Advances for supply of goods	1,265.97	652.86
Prepaid expenses and other advances	257.59	277.69
Others	-	0.14
	<u>2,473.29</u>	<u>2,583.49</u>

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 13**

	As at 31 March 2022		As at 31 March 2021	
EQUITY SHARE CAPITAL				
1. Details of Share Capital				
	<u>No. of shares</u>	<u>Amount</u>	<u>No. of shares</u>	<u>Amount</u>
Authorised				
Equity shares of Rs. 10 each	4,00,00,000	4,000.00	4,00,00,000	4,000.00
	4,00,00,000	4,000.00	4,00,00,000	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 2022		As at 31 March 2021	
<b>Particulars</b>	<u>No. of shares</u>	<u>Amount</u>	<u>No. of shares</u>	<u>Amount</u>
Balance at the beginning and at the end of the year	<u>1,44,71,646</u>	<u>1,447.17</u>	<u>1,44,71,646</u>	<u>1,447.17</u>

**4. Details of promoters shareholding - Shares held by promoters at the end of the year**

	As at 31 March 2022			As at 31 March 2021		
<b>Promoter name</b>	<b>No. of shares held</b>	<b>% of total shares</b>	<b>% Change during the year</b>	<b>No. of shares held</b>	<b>% of equity shares</b>	<b>% Change during the year</b>
1. Sumitomo Corporation, Japan	<u>63,62,306</u>	<u>43.96%</u>	<u>-</u>	<u>63,62,306</u>	<u>43.96%</u>	<u>-</u>

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

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

Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	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%
Navodya Enterprises (Sachin Bansal & Vivek Bansal partner of Navodya Enterprises) [Refer Note below]	9,18,000	6.34%	-	-

**Note:** As per the declaration submitted by Navodya Enterprises under SEBI (SAST) Regulations, 2011 :

- As on 31st March 2022 - Total shareholding 17,58,100 shares (12.1486%) : Navodya Enterprises (Acquirer) along with Person Acting in Concert (PAC) - SPV Traders, Anandam Enterprises, Sapna Gupta & Sachin Bansal.
- As on 31st March 2021 - Total shareholding 8,50,000 shares (5.53%) : Navodya Enterprises (Acquirer) along with Person Acting in Concert (PAC) - Anandam Enterprises & Sapna Gupta.

- 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 2022	As at 31 March 2021
<b>OTHER EQUITY</b>		
<b>i. Securities premium</b>		
Balance at the beginning of the year	7,452.88	7,452.88
Add: Movement during the year	-	-
<b>Balance at the end of the year</b>	<b>7,452.88</b>	<b>7,452.88</b>
<b>ii. General reserve</b>		
Balance at the beginning of the year	10,202.51	10,202.51
Add : Amount transferred from surplus	-	-
<b>Balance at the end of the year</b>	<b>10,202.51</b>	<b>10,202.51</b>
<b>iii. Retained earnings</b>		
Balance at the beginning of the year	6,473.18	19,538.17
Add: Loss for the year	(9,976.05)	(13,349.02)
Add: Other comprehensive income / (loss), net of tax	493.11	284.03
<b>Balance at the end of the year</b>	<b>(3,009.76)</b>	<b>6,473.18</b>
<b>iv. Other comprehensive income</b>		
<b>Cash flow hedge reserve (net of tax)</b>		
Balance at the beginning of the year	(19.63)	(154.62)
Net movement of cash flow hedge (net of tax)	74.62	134.99
<b>Balance at the end of the year</b>	<b>54.99</b>	<b>(19.63)</b>
<b>v. Summary of components of Other Equity</b>		
Securities premium account (i)	7,452.88	7,452.88
General reserve (ii)	10,202.51	10,202.51
Retained earnings (iii)	(3,009.76)	6,473.18
Other comprehensive income - Cash flow hedge reserve (iv)	54.99	(19.63)
	<b>14,700.62</b>	<b>24,108.94</b>

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 15**

	As at 31 March 2022	As at 31 March 2021
<b>BORROWINGS *</b>		
<b>A. Non-current</b>		
Term loan - unsecured **		
- From bank	5,614.46	9,257.66
Less: Current maturities of term loan [refer note 15 (B)]	(4,711.24)	(4,569.21)
	<b>903.22</b>	<b>4,688.45</b>

\* 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. 3,201.76 lakhs (USD 42.24 lakhs) as at 31 March 2022 [previous year Rs. 6,457.66 lakhs (USD 88.34 lakhs)]. (ii) outstanding term loan amounting to Rs. 1,600.00 lakhs (previous year Rs. 2,800.00 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. (iii) outstanding term loan amounting to Rs. 812.70 lakhs from Axis Bank which carries fixed interest rate of 7.50% p.a, repayable in quarterly instalments commencing from 5 October 2021 and ending on 31 March 2025. The lender has a negative lien on fixed assets of the Company.

	As at 31 March 2022	As at 31 March 2021
<b>B. Current</b>		
Loans repayable on demand		
Cash credit from banks - secured (i) *	442.42	-
Other loans from banks - secured (ii) *	3,500.00	-
Other loans from banks - unsecured (iii)	19,500.00	16,000.00
Current maturities of term loan [refer to note 15(A)]	4,711.24	4,569.21
	<b>28,153.66</b>	<b>20,569.21</b>

(i) The cash credit limits sanctioned by the bankers are secured by a parri passu charge on the Company's current assets. These carry floating interest rate of 6.50% during 2021-22.

(ii) Other loans from banks – secured represents working capital demand loan taken from Axis Bank and HDFC bank, secured by parri passu charge on current assets of the Company. These carry an interest rate ranging from 5.44% to 6.00% per annum.

(iii) Other loans from banks – unsecured represents working capital demand loan / working capital loan taken from Mizuho Bank, Axis Bank and HDFC Bank. These carry an interest rate ranging from 5.44% to 6.00% per annum (previous year 5.50% to 8.20% per annum).

\* The Company has borrowings from banks on the basis of security of current assets and quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 16**

	As at 31 March 2022	As at 31 March 2021
<b>OTHER FINANCIAL LIABILITIES *</b>		
<b>A. Non-current</b>		
Security deposits from dealers	1,090.55	1,129.25
	<u>1,090.55</u>	<u>1,129.25</u>
<b>B. Current</b>		
Capital creditors^	346.01	599.70
Unpaid dividends	85.51	96.41
Interest accrued but not due on borrowings	59.09	53.40
Payable to employees	604.61	592.26
Payable to non-executive directors (refer note 36)	20.00	20.00
Security deposit from others	57.95	43.55
	<u>1,173.17</u>	<u>1,405.32</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 2022	As at 31 March 2021
<b>OTHER CURRENT LIABILITIES</b>		
Advance from customers	2,474.43	1,172.63
Revenue received in advance	159.56	183.36
Statutory dues	1,764.62	972.23
	<u>4,398.61</u>	<u>2,328.22</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 2022	As at 31 March 2021
Advance from customers *	2,474.43	1,172.63
Revenue received in advance (current) *	159.56	183.36
Revenue received in advance (non-current) [refer note 20]	99.95	79.85
	<u>2,733.94</u>	<u>1,435.84</u>

\*During the year, the Company has recognised revenue of Rs.1,081.88 lakhs and Rs.183.36 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 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 18**

	As at 31 March 2022	As at 31 March 2021
<b>PROVISIONS</b>		
<b>A. Non-current</b>		
Provisions for employee benefits (refer to note 37)		
Gratuity	245.04	-
Compensated absences	3,099.41	3,266.45
	<b>3,344.45</b>	<b>3,266.45</b>
Other provisions		
Provision for warranties*	98.04	50.49
	<b>3,442.49</b>	<b>3,316.94</b>
<b>B. Current</b>		
Provisions for employee benefits (refer to note 37)		
Gratuity	100.00	483.86
Compensated absences	384.85	373.98
Superannuation	37.14	36.15
	<b>521.99</b>	<b>893.99</b>
Other provisions		
Provision for warranties*	243.27	197.73
Provision for liquidated damages**	145.29	141.97
Provision for contingencies ***	32.62	69.09
	<b>421.18</b>	<b>408.79</b>
	<b>943.17</b>	<b>1,302.78</b>

**Movement of Other Provisions**

Particulars	Warranties*	Liquidated Damages**	Contingencies***
Balance as on 1 April 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	-	-
<b>Balance as on 31 March 2021</b>	<b>248.22</b>	<b>141.97</b>	<b>69.09</b>
Accrued / (reversed) during the year [net] #	574.61	3.32	(12.63)
Amount utilized during the year	485.56	-	23.84
Unwinding of discount	4.04	-	-
<b>Balance as on 31 March 2022</b>	<b>341.31</b>	<b>145.29</b>	<b>32.62</b>

# net of reversal of unutilised provisions during the year for warranty Rs. 50 lakhs (previous year Rs. 131.85 lakhs), liquidated damages Rs. 5.52 lakhs (previous year Rs. 3.12 lakhs) and contingencies Rs. 12.63 lakhs (previous year nil).

\* 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, which range from two to five 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.

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 19**

	As at 31 March 2022	As at 31 March 2021
<b>DEFERRED TAX ASSETS (NET) *</b>		
Deferred tax liabilities	5,207.55	5,436.05
Deferred tax assets	(6,713.12)	(6,941.62)
	<u>(1,505.57)</u>	<u>(1,505.57)</u>

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

**Note 20**

	As at 31 March 2022	As at 31 March 2021
<b>OTHER NON-CURRENT LIABILITIES</b>		
Revenue received in advance (refer note 17)	99.95	79.85
	<u>99.95</u>	<u>79.85</u>

**Note 21**

	As at 31 March 2022	As at 31 March 2021
<b>TRADE PAYABLES *#</b>		
Total outstanding dues of micro enterprises and small enterprises	647.43	339.45
Total outstanding dues of creditors other than micro enterprises and small enterprises**	23,827.37	17,954.13
	<u>24,474.80</u>	<u>18,293.58</u>

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

\*\* includes Rs. 7.53 lakhs (previous year 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 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) The amounts remaining unpaid to micro enterprises and small enterprises as at the end of the year		
- Principal ^	705.45	352.15
- 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. 58.02 lakhs (previous year Rs. 12.70 lakhs) pertaining to capital creditors (refer note 16 B)

**Ageing of trade payables**

	Outstanding for following periods from due date of payment						
Particulars	Unbilled dues*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022							
(i) MSME	0.45	646.98	-	-	-	-	647.43
(ii) Others	1,675.97	12,005.15	10,025.12	79.15	3.82	38.16	23,827.37
Total	1,676.42	12,652.13	10,025.12	79.15	3.82	38.16	24,474.80
As at 31 March 2021							
(i) MSME	0.13	339.32	-	-	-	-	339.45
(ii) Others	1,658.82	11,812.37	4,349.50	108.74	2.34	22.36	17,954.13
Total	1,658.95	12,151.69	4,349.50	108.74	2.34	22.36	18,293.58

\* Includes dues recognised on account of provisions at the year end

**Note 22**

	As at 31 March 2022	As at 31 March 2021
<b>CURRENT TAX LIABILITIES (NET)</b>		
Provision for Income Tax (net of Advance Tax)	34.63	72.63
	<b>34.63</b>	<b>72.63</b>

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

### Note 23

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>REVENUE FROM OPERATIONS</b>		
Sale of products (Goods transferred at a point in time)		
Finished goods - vehicles	83,303.95	51,893.87
Traded goods - spare parts	7,923.96	6,124.26
	<u>91,227.91</u>	<u>58,018.13</u>
Other operating revenues*		
Sale of scrap	442.64	424.76
Rendering of services	195.71	309.79
Export incentives	178.00	89.72
Dealer support services	-	5.92
Royalty	107.43	74.70
Liabilities/provisions/allowances no longer required written back	265.29	181.08
	<u>1,189.07</u>	<u>1,085.97</u>
	<u>92,416.98</u>	<u>59,104.10</u>

\* Other operating revenues have been recognised at a point in time for the year ended 31 March 2022 and 31 March 2021, excluding revenue from rendering of services Rs. 195.71 lakhs (previous year Rs. 309.79 lakhs) which is recognised over a period of time.

#### Reconciliation of revenue recognised with contract price:

Contracted Price	92,933.74	59,430.51
Less: Adjustment on account of incentives and discounts	1,705.83	1,412.38
Revenue from contract with customers	<u>91,227.91</u>	<u>58,018.13</u>

### Note 24

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>OTHER INCOME</b>		
Interest income on		
Bank deposits carried at amortised cost	53.32	148.35
Refund of Income Tax	281.61	-
Others	86.07	59.18
Net gain on sale of property, plant and equipment	4.56	17.84
Exchange gain on foreign exchange fluctuations (net)	124.78	44.12
Miscellaneous	46.02	223.25
	<u>596.36</u>	<u>492.74</u>

# NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

## Note 25

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>COST OF MATERIALS CONSUMED</b>		
Inventory of materials at the beginning of the year	8,244.49	9,873.79
Add: Purchase of materials	73,876.33	42,463.10
	82,120.82	52,336.89
Inventory of materials at the end of the year	9,723.24	8,244.49
	72,397.58	44,092.40

## Note 26

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
Opening 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
	17,598.46	16,856.44
Less : Closing stock		
- Finished goods (Vehicles)	16,273.23	15,191.11
- Stock-in-trade (Spare parts)	743.12	684.28
- Work-in-progress	2,674.21	1,723.07
	19,690.56	17,598.46
	(2,092.10)	(742.02)

## Note 27

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus and compensated absences	10,940.20	10,938.90
Contributions to provident and other funds (refer note 37)	1,323.59	1,432.09
Staff welfare	1,014.30	975.68
	13,278.09	13,346.67

## Note 28

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>FINANCE COSTS</b>		
Interest expense on		
Financial liabilities measured at amortised cost	1,982.26	2,080.37
Others	17.99	72.52
Interest on defined benefit liability / asset (net)	32.57	67.26
Interest on lease liabilities	65.51	77.92
Unwinding of discount on warranty provisions	4.04	9.64
Other borrowing costs (refer note 36)	48.97	26.59
	2,151.34	2,334.30

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

**Note 29**

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of property, plant and equipment (refer note 3)	<b>3,059.03</b>	3,262.70
Depreciation of Right of use assets (refer note 3)	<b>207.33</b>	249.13
Amortisation of intangible assets (refer note 3)	<b>1,086.22</b>	1,104.91
	<b>4,352.58</b>	4,616.74

**Note 30**

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>OTHER EXPENSES</b>		
Consumption of stores and spares and loose tools	<b>233.28</b>	162.66
Repairs and maintenance:		
- Plant and Machinery	<b>282.36</b>	178.49
- Buildings	<b>78.96</b>	69.40
- Others	<b>170.51</b>	164.05
Power and fuel	<b>792.98</b>	604.85
Rent (refer note 32)	<b>94.26</b>	103.90
Rates and taxes	<b>161.43</b>	214.12
Legal and professional	<b>125.03</b>	96.90
Auditor's remuneration:		
Statutory audit	<b>17.60</b>	16.00
Tax audit	<b>3.00</b>	3.00
Limited review	<b>26.40</b>	24.00
Other services	<b>15.26</b>	1.50
Reimbursement of expenses	<b>1.93</b>	2.85
Insurance	<b>181.67</b>	163.83
Printing, stationery and other communication	<b>74.48</b>	67.43
Travelling and conveyance	<b>361.89</b>	203.41
Packing and freight outward	<b>2,827.00</b>	1,926.16
Warranty	<b>574.61</b>	51.68
Other selling and distribution expenses	<b>502.20</b>	505.32
Royalty	<b>142.05</b>	102.22
Testing and homologation	<b>377.42</b>	482.82
Property, plant and equipment written off (net)	<b>74.85</b>	36.36
Bad debts / advances written off	<b>4.25</b>	26.52
Corporate social responsibility (refer note 43)	<b>19.87</b>	20.00
Miscellaneous	<b>369.58</b>	341.87
	<b>7,512.87</b>	5,569.34

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(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 2022	As at 31 March 2021
Income tax matters	3,112.42	1,824.46
Sales tax and GST matters	164.41	1,017.29
Excise and service tax matters	32.49	34.43
Civil matters	609.26	481.52
	<b>3,918.58</b>	<b>3,357.70</b>

In respect of the matters above pending at various authorities, 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 2022	As at 31 March 2021
Capital Commitments (net of advances) not provided for	1,720.95	1,253.72

### 32 Leases

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

	As at 31 March 2022	As at 31 March 2021
Current	160.54	187.41
Non-Current	559.23	693.16
	<b>719.77</b>	<b>880.57</b>

The maturity analysis of undiscounted lease liabilities amounting to Rs. 853.24 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 2022

(All amounts in Rs. Lakhs unless stated otherwise)

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

	Year Ended 31 March 2022	Year Ended 31 March 2021
Balance as at beginning of the year	880.57	1,030.63
Additions	61.37	76.88
Finance cost accrued during the year	65.51	77.92
Payment of lease liabilities	(269.12)	(270.39)
Rent concession due to Covid-19	(1.55)	(12.80)
Lease modification	(17.01)	(21.67)
<b>Balance as at end of the year</b>	<b>719.77</b>	<b>880.57</b>

- (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. 94.26 lakhs (Previous year Rs. 103.90 lakhs) for the year ended 31 March 2022.

### 33 Earnings per share

	As at 31 March 2022	As at 31 March 2021
Basic earnings per share (Rs.)	(68.94)	(92.24)
Diluted earnings per share (Rs.)	(68.94)	(92.24)
Face value per share (Rs.)	10.00	10.00

**Note:**

Loss for the year attributable to equity shareholders	(9,976.05)	(13,349.02)
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
<b>Revenue from operations</b>			
<b>2021-2022</b>	<b>85,003.28</b>	<b>7,413.70</b>	<b>92,416.98</b>
2020-2021	55,284.35	3,819.75	59,104.10

**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 2021-22 and 2020-21.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(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 (upto 19 May 2021)

Mr. Junya Yamanishi - Managing Director & CEO (w.e.f. 20 May 2021)

Mr. Tadanao Yamamoto - Whole-time Director – Quality Assurance (upto 29 November 2021)

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

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

Mr. Parvesh Madan - Company Secretary

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

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 2022	Year ended 31 March 2021
<b>Transactions</b>		
a) Purchase of components and spares	<b>38.65</b>	22.62
b) Other borrowing costs (refer note 28) *	<b>23.91</b>	-
* pertains to corporate guarantee charges (net of tax deducted at source) towards security given by Controlling enterprise against working capital loan facilities sanctioned by MUFG Bank Ltd. Rs. 7,700 lakhs and Mizuho Bank Ltd. Rs. 20,000 lakhs to the Company and utilised during the year ending 31 March 2022.		
	As at 31 March 2022	As at 31 March 2021
<b>Outstanding balances</b>		
a) Trade payables	<b>7.53</b>	-
b) Other receivables / (payables)	<b>29.21</b>	(30.68)

# NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

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

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Transactions</b>		
a) Sale of Finished Goods - Vehicles	-	10.64

## (iii) Key management personnel

	Year ended 31 March 2022	Year ended 31 March 2021
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### Managerial remuneration:

#### (a) Short-term employee benefits

Mr. Yugo Hashimoto	6.89	55.69
Mr. Junya Yamanishi	37.49	-
Mr. T Yamamoto	28.02	41.68
Mr. Gopal Bansal	-	119.06
Mr. Rakesh Bhalla	58.67	6.18
Mr. Parvesh Madan	36.06	36.78

(b) 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 2022	Year ended 31 March 2021
Mr. S.K. Tuteja		
- Sitting fee	10.30	10.20
- Commission	5.00	5.00
Dr. (Mrs.) Vasantha S. Bharucha		
- Sitting fee	3.70	3.90
- Commission	5.00	5.00
Mr. Sudhir Nayar		
- Sitting fee	6.70	7.50
- Commission	5.00	5.00
Mr. Chandra Shekhar Verma		
- Sitting fee	5.20	6.30
- Commission	5.00	5.00

	As at 31 March 2022	As at 31 March 2021
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### Remuneration payable at the year-end to Directors

- Non-Executive Directors	20.00	20.00
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## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

### 37 Employee benefits

#### (i) Net liabilities relating to employee benefits

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Liability for gratuity	245.04	-
Liability for compensated absences	3,099.41	3,266.45
	<b>3,344.45</b>	<b>3,266.45</b>
<b>Current</b>		
Liability for gratuity	100.00	483.86
Liability for compensated absences	384.85	373.98
Liability for superannuation	37.14	36.15
	<b>521.99</b>	<b>893.99</b>
<b>Total</b>	<b>3,866.44</b>	<b>4,160.44</b>

For details about the related employee benefit expenses, refer to note 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. 100 lakhs (previous year Rs. 483.86 lakhs) in contribution to its defined benefit plans in 2022-23.

# NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

## b) Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	5,307.65	5,299.65
Benefits paid	(355.24)	(483.61)
Current service cost	324.38	350.94
Interest cost	346.28	341.40
Actuarial (gains) / losses recognised in other comprehensive income		
- changes in demographic / financial assumptions*	(141.18)	-
- experience adjustment	(325.82)	(200.73)
<b>Balance at the end of the year</b>	<b>5,156.07</b>	<b>5,307.65</b>

\* Segregation of financial and demographic assumptions is not available

## c) Reconciliation of the present value of plan assets

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	4,823.79	3,656.57
Contributions paid into the plan	2.66	1,293.38
Benefits paid	(355.24)	(483.61)
Expected return income on plan assets	313.71	274.15
Remeasurement gain / (loss) - return on plan assets recognised in other comprehensive income	26.11	83.30
<b>Balance at the end of the year</b>	<b>4,811.03</b>	<b>4,823.79</b>

## d) Expense recognised in profit or loss

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Current service cost	324.38	350.94
Interest cost	32.57	67.26
	<b>356.95</b>	<b>418.20</b>

## e) Remeasurements recognised in other comprehensive income

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Actuarial (gain) / loss on defined benefit obligation	(467.00)	(200.73)
Remeasurement (gain) / loss - return on plan assets	(26.11)	(83.30)
	<b>(493.11)</b>	<b>(284.03)</b>

## 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 2022

(All amounts in Rs. Lakhs unless stated otherwise)

## g) Actuarial assumptions:

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate (per annum)	7.14% 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 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(171.09)	182.30	(182.36)	194.61
Future salary growth rate (1.0% movement)	366.38	(329.39)	389.92	(349.63)
Attrition rate (0.5% movement)	(20.27)	21.75	(26.69)	28.73

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 2022	As at 31 March 2021
Within 1 year	511.39	514.77
2-5 years	2,376.18	2,320.01
6-10 years	2,253.83	2,339.06
After 10 years	4,381.50	4,451.66

The weighted average duration of the defined benefit obligation of gratuity fund at 31 March 2022 is 14.41 years (previous year 15.07 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 2022

(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 2022	Year Ended 31 March 2021
Provident fund	832.93	895.36
Superannuation fund	166.29	185.77
Employees' state insurance scheme	-	0.03
	999.22	1,081.16

\* 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 2022

(All amounts in Rs. Lakhs unless stated otherwise)

As on 31 March 2022:

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	3,201.76	3,201.76	-	423.98	-	423.98	423.98
EUR	1.79	-	1.79	-	-	-	(1.79)

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

## Disclosure of effects of Cash flow hedge on financial position (Hedge Accounting)

Type of hedge and risks	Nominal Value	Carrying amount of hedging instrument - Asset/(Liability)	Maturity date	Hedge ratio	Change in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
<b>As at 31 March 2022</b> <b>Cash flow hedge</b> <i>Foreign currency risk</i> - ECB Loan	2,750.00	423.92	3 October 2022	1:1	(181.27)	(3,255.89)
<b>As at 31 March 2021</b> <b>Cash flow hedge</b> <i>Foreign currency risk</i> - ECB Loan	5,750.00	605.19	3 October 2022	1:1	(577.64)	(3,712.64)

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

### Disclosure of effects of Cash flow hedge on financial performance

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
<b>As at 31 March 2022</b> <b>Cash flow hedge</b> <i>Foreign currency risk</i> - ECB Loan	(335.67)	-	410.29	Other expenses
<b>As at 31 March 2021</b> <b>Cash flow hedge</b> <i>Foreign currency risk</i> - ECB Loan	(298.40)	-	433.39	Other expenses

### - Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee by 1% against below currencies at 31 March 2022 and 31 March 2021 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 2022		31 March 2021	
	Rs. strengthens by 1%	Rs. Weakens by 1%	Rs. strengthens by 1%	Rs. Weakens by 1%
<b>Impact on loss for the year</b>				
<b>USD</b>	(4.24)	4.24	(4.98)	4.98
<b>EURO</b>	0.02	(0.02)	-	-

### 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. 29,056.88 lakhs (previous year Rs. 25,257.66 lakhs) were subject to variable interest rates, out of which, financial liabilities of Rs. 3,201.76 lakhs (previous year Rs. 6,457.66 lakhs) were hedged using cross currency interest rate swaps.

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(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 2022	31 March 2021
Impact on loss for the year	258.55	188.00

The Company's long term external commercial borrowings carries floating rate of interest and same is hedged by the Company using cross currency interest rate swaps. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. The Company's long term 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 2022	31 March 2021
Dealers	4,663.85	2,571.18
Government institutions	2,501.93	837.09
Others	726.04	513.83
	7,891.82	3,922.10

Age analysis of Trade receivables is as follows:

	As at 31 March 2022			As at 31 March 2021		
	Gross	Allowance	Net	Gross	Allowance	Net
Not due	6,855.02	-	6,855.02	3,138.61	-	3,138.61
Due less than 6 months	696.28	6.00	690.28	327.06	5.90	321.16
Due more than 6 months	663.42	316.90	346.52	820.75	358.42	462.33
	8,214.72	322.90	7,891.82	4,286.42	364.32	3,922.10

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts in Rs. Lakhs unless stated otherwise)

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. 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 2022	Year Ended 31 March 2021
Balance at the beginning of the year	364.32	453.87
Less: Bad debts written off	-	73.89
Less: Reversal of provisions	41.42	15.66
<b>Balance at the end of the year</b>	<b>322.90</b>	<b>364.32</b>

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 and there were no indications that defaults in payment obligations would occur.

### (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. 45,200 lakhs from various banks to meet its liquidity needs, out of which Rs. 23,442.42 lakhs has been utilised as at 31 March 2022.

*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
<b>31 March 2022</b>				
Trade payables	24,474.81	-	-	24,474.81
Lease liabilities	212.83	636.95	3.45	853.24
Other financial liabilities (excluding current maturities of borrowings)	1,173.17	-	1,090.55	2,263.72
Borrowings	28,153.66	903.22	-	29,056.88
	<b>54,014.47</b>	<b>1,540.17</b>	<b>1,094.00</b>	<b>56,648.65</b>

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(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
<b>31 March 2021</b>				
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)	1,405.32	-	1,129.25	2,534.57
Borrowings	20,569.21	4,688.45	-	25,257.66
	40,519.86	5,497.67	1,133.64	47,151.17

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
<b>31 March 2022</b>				
Cross currency interest rate swaps receivable	423.92	-	-	423.92
	423.92	-	-	423.92
<b>31 March 2021</b>				
Cross currency interest rate swaps receivable	315.75	289.44	-	605.19
	315.75	289.44	-	605.19

**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 2022			As at 31 March 2021		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>							
<b>Non-current</b>							
Loans		-	-	22.89	-	-	77.71
Other financial assets							
- Cross currency interest rate swaps	2	-	-	-	-	289.44	-
- Others		-	-	227.47	-	-	150.38

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

	Level of hierarchy	As at 31 March 2022			As at 31 March 2021		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Current</b>							
Trade receivable		-	-	7,891.82	-	-	3,922.10
Cash and cash equivalents		-	-	1,111.02	-	-	1,924.65
Bank balances other than cash and cash equivalents above		-	-	251.62	-	-	1,387.34
Loans		-	-	60.71	-	-	85.43
Other financial assets							
- Cross currency interest rate swaps	2	-	423.92	-	-	315.75	-
- Others		-	-	237.04	-	-	142.99
<b>Total financial assets</b>		-	423.92	9,802.57	-	605.19	7,690.60
<b>Financial liabilities</b>							
<b>Non-current</b>							
Borrowings		-	-	903.22	-	-	4,688.45
Lease liabilities		-	-	559.23	-	-	693.16
Other financial liabilities		-	-	1,090.55	-	-	1,129.25
<b>Current</b>							
Borrowings		-	-	28,153.66	-	-	20,569.21
Trade payables		-	-	24,474.80	-	-	18,293.59
Lease liabilities		-	-	160.54	-	-	187.41
Other financial liabilities		-	-	1,173.17	-	-	1,405.32
<b>Total financial liabilities</b>		-	-	56,515.17	-	-	46,966.39

**Note:**

(i) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

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

(iii) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

Level 1: The fair value of financial instruments that are quoted in active markets are determined on the basis of quoted price for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques based on observable market data.

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
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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 2022 and 31 March 2021.

**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 2022	Year ended 31 March 2021
<b>Current tax</b>		
In respect of current year	-	-
In respect of prior years	(50.58)	-
	(50.58)	-
<b>Deferred tax</b>		
In respect of current year	-	11.93
	-	11.93
<b>Total income tax expense recognised in profit or loss</b>	(50.58)	11.93
(b) Income tax expense for the year reconciled to the accounting profit:	Year ended 31 March 2022	Year ended 31 March 2021
Loss before tax	(10,026.63)	(13,337.09)
Income tax rate	34.944%	34.944%
Income tax expense	(3,503.70)	(4,660.52)
Deferred tax asset not recognised on loss during the year	3,451.27	4,653.72
Effect of Non-deductible expenses/ income	6.94	6.80
Current Tax related to prior years	(50.58)	-
Others	45.49	11.93
<b>Income tax expense recognised in profit or loss</b>	(50.58)	11.93



**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>(c) Income tax recognized in other comprehensive income</b>		
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurements of defined benefit obligations	-	-
Effective portion of loss on hedging instruments in cash flow hedge	-	-
<b>Total income tax recognised in other comprehensive income</b>	<b>-</b>	<b>-</b>

**(d) Analysis of deferred tax assets / liabilities**

	As at 1 April 2020	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2021
<b>Deferred tax (liabilities) / assets in relation to:</b>				
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
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)
<b>Total</b>	<b>1,517.50</b>	<b>(11.93)</b>	<b>-</b>	<b>1,505.57</b>

	As at 1 April 2021	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2022
<b>Deferred tax (liabilities) / assets in relation to:</b>				
Property, plant and equipment and intangible assets (net)	(5,223.05)	166.61	-	(5,056.44)
Provisions- Employee benefits	1,406.94	(55.85)	-	1,351.09
Allowance for expected credit loss and others	186.76	(25.01)	-	161.75
Cash flow hedges	(211.48)	63.34	-	(148.14)
Unabsorbed Depreciation and carry forward losses	4,272.02	(91.45)	-	4,180.57
Unused tax credit (Mat credit entitlement)	768.20	-	-	768.20
Lease liabilities	307.71	(56.20)	-	251.51
Other items	(1.53)	(1.44)	-	(2.97)
<b>Total</b>	<b>1,505.57</b>	<b>-</b>	<b>-</b>	<b>1,505.57</b>

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
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(e)	Unrecognised deferred tax assets	As at 31 March 2022	As at 31 March 2021
	Unabsorbed depreciation and carry forward losses (net of other comprehensive income) [refer note (a) and (b) below]	23,455.91	13,317.64
	Unrecognised deferred tax on above	8,196.43	4,653.72

**Note:**

- (a) Out of above, unabsorbed carried forward losses of Rs. 8,899.57 lakhs will expire in assessment year 2029-30 and Rs. 6,014.92 lakhs will expire in assessment year 2030-31. Unabsorbed depreciation of Rs. 8,541.42 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 2022 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 2022. 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 2022 is Rs. 34,288.08 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.

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.

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
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- 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 2022	As at 31 March 2021
Borrowings (current and non-current)*	29,056.88	25,257.66
Less: Cash and cash equivalents	1,111.02	1,924.65
Net debt (A)	27,945.86	23,333.01
Total Equity (B)	16,148.50	25,556.82
Net debt to equity ratio (A/B)	1.73	0.91

- \* The Company is required to comply with certain covenants under the agreement executed for some of its long term borrowings. During the financial year ended 31 March 2022, for borrowings aggregating to Rs. 2,412.70 lakhs, some of the financial covenants have not been met by the Company primarily due to Covid-19 impact and the lenders have the option to recall the said borrowings. The lender has waived off the requirement of meeting the financial covenants for the year ended 31 March 2022 on borrowing amounting to Rs. 1,600 lakhs, hence, maturities of said loan due after 12 months of the reporting date has been classified as non-current liability as at 31 March 2022. Also, for remaining borrowings of Rs. 812.70 lakhs, the other lender has not waived off the breach of covenants, however, as it is minor breach of covenant and the lender has not recalled the loan upto the date of approval of these financial statements, the outstanding balance of said loan due after 12 months of the reporting date is disclosed as non-current liability as at 31 March 2022.

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
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**42 Research and development costs are as follows:**

<b>a. Revenue expenditure</b>	<b>Year Ended 31 March 2022</b>	<b>Year Ended 31 March 2021</b>
Salaries, wages, bonus and compensated absences	<b>795.09</b>	942.88
Contribution to provident and other funds	<b>82.97</b>	81.01
Cost of materials consumed	<b>166.95</b>	210.50
Testing and homologation	<b>155.76</b>	255.02
Travelling and conveyance	<b>21.54</b>	11.91
Others	<b>223.05</b>	143.32
<b>Total</b>	<b>1,445.36</b>	1,644.64

<b>b. Capital expenditure</b>	<b>Year Ended 31 March 2022</b>	<b>Year Ended 31 March 2021</b>
Capitalised	<b>39.79</b>	6.14

**43 Details of corporate social responsibility expenditure**

<b>Particulars</b>	<b>Year Ended 31 March 2022</b>	<b>Year Ended 31 March 2021</b>
(i) Amount required to be spent by the company during the year	-	10.10
(ii) Amount of expenditure incurred	<b>19.87</b>	20.00
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Reason for shortfall	-	-
(vi) Nature of CSR activities	Girls Education, Vocational Education, Medical Infrastructure	Girls Education, Vocational Education, Medical Infrastructure
(vii) details of related party transactions	-	-

**44 Key Financial Ratios**

<b>Particulars</b>	<b>Numerator</b>	<b>Denominator</b>	<b>Year Ended 31 March 2022</b>	<b>Year Ended 31 March 2021</b>	<b>Change</b>	<b>Reason where change more than 25%</b>
(i) Current Ratio	Current assets	Current liabilities	<b>0.71</b>	0.82	-14%	

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
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Particulars	Numerator	Denominator	Year Ended 31 March 2022	Year Ended 31 March 2021	Change	Reason where change more than 25%
(ii) Debt Equity Ratio	Total borrowings (current and non-current)	Total equity	<b>1.80</b>	0.99	82%	Lower total equity by 37% as a result of loss after tax during the year and higher loans repayable on demand from banks
(iii) DSCR	Earning available for debt service *	Debt service **	<b>- 0.52</b>	- 0.98	- 47%	Due to lower Loss before depreciation, interest and after tax by 46% included in Earning available for debt service
(iv) Return on Equity Ratio (%)	Profit/(loss) after tax	Total equity	<b>- 61.8%</b>	- 52.2%	18%	
(v) Inventory Turnover	Cost of goods sold	Average total inventory	<b>2.72</b>	1.78	53%	Higher cost of goods sold by 61% due to increase in sales level
(vi) Debtors Turnover	Revenue from operations	Average trade receivables	<b>15.65</b>	15.02	4%	
(vii) Trade payables turnover ratio	Purchase of materials & stock-in-trade	Average trade payables	<b>3.71</b>	2.64	41%	Higher purchase of materials and stock-in-trade by 74% and 46% respectively due to increase in sales level

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
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Particulars	Numerator	Denominator	Year Ended 31 March 2022	Year Ended 31 March 2021	Change	Reason where change more than 25%
(viii) Net Capital turnover ratio	Revenue from operations	Total current assets - Total current liabilities	- 5.35	- 7.59	- 30%	Due to increase in revenue from operations by 56% and working capital by 122%
(ix) Net Profit/(loss) Margin (%)	Profit/(loss) after tax	Revenue from operations	- 10.8%	- 22.6%	- 52%	Due to increase in revenue from operations by 56% and decrease in loss after tax by 25%
(x) Return on capital employed (%)	Profit/(loss) before interest and tax	Capital employed ***	- 18.2%	- 22.8%	- 20%	
(xi) Return on investment (%)	-	-	N.A.	N.A.	-	

\* Earning available for debt service = profit/(loss) after tax + depreciation + finance costs + property, plant and equipment written off (net) + gain/(loss) on sale of property, plant and equipment + bad debts/advances written off

\*\* Debt service = finance costs + principal repayments of long term borrowings + rent expense

\*\*\* Capital employed = total equity + total borrowings (current and non-current) - right of use assets - intangible assets - intangible assets under development

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**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
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**45 (a) Covid-19 assessment**

The second wave of Covid-19 in April 2021 had significantly increased the number of Covid cases in India, resulting in re-imposition of localised lockdowns / restrictions in various states. The Company's operations were suspended / slowed down during the lockdown period and were gradually resumed subsequently with requisite precautions. However, the third wave of the pandemic during fourth quarter of 2021-22 has not materially impacted the ongoing recovery.

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 these 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 Statutory 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 2022 as a result of Covid-19 pandemic, resulting in loss before tax of Rs. 10,026.63 lakhs and cash used in operating activities of Rs. 1,861.26 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, manage non compulsory capital 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 2022.

- 46 (a)** The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**(b)** The Company has not received any funds from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**  
(All amounts in Rs. Lakhs unless stated otherwise)

- 47** 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.
- 48** Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1 April 2021.

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: 20 May 2022

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

Rakesh Bhalla

Chief Financial Officer

FCMA: 09442

Parvesh Madan  
Company Secretary  
ACS: 31266

S.K. Tuteja

Chairman

DIN: 00594076

Junya Yamanishi  
Managing Director & CEO  
DIN: 09174162

Place: Chandigarh  
Date: 20 May 2022

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## 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 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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.

#### Emphasis of Matter – Uncertainties related to Covid-19

4. We draw attention to Note 45 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 2022, the impact of which is significantly dependent on future operations, as they evolve. Our opinion is not modified in respect of this matter.

#### Key Audit Matter

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><b><u>Going Concern:</u></b></p> <p>As disclosed in Note 45 (b) of the financial statements, the Company has incurred a loss (Before tax) of INR 10,026.63 lakhs during the year ended 31 March 2022 and has negative cash flows from operations. Also, as at 31 March 2022, the current liabilities exceed its current assets by 17,289.95 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"> <li>• positive net worth position of Rs 16,148.50 lakhs;</li> <li>• un-utilised sanctioned credit limits from banks and trade finance facilities;</li> <li>• cost cutting measures taken by the Company to manage its working capital;</li> <li>• managing liquidity by deferring non compulsory capital expenditures, dividends, etc.</li> </ul> <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 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>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"> <li>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.</li> <li>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.</li> <li>Performed independent sensitivity analysis to the key assumptions mentioned above to determine inputs leading to high estimation uncertainty of the cash flow projections.</li> <li>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.</li> <li>Reviewed the historical accuracy of the cash flow projections prepared by the management in prior periods.</li> <li>Inspected the terms of the approved unutilized loans sanction letters and trade finance facilities; and the amount available for drawdown.</li> <li>Evaluated the appropriateness and adequacy of the disclosures made by the Company in the accompanying financial statements in respect of going concern.</li> </ol>

### **Impairment of property, plant, and equipment and intangible assets**

Refer note 2 (o) for the accounting policy for impairments of assets.

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 2022 is INR 34,288.08 lakhs.

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.

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 2022.

Fair value and value-in-use of such PPE for the determination of the recoverable amounts involves significant judgement and high estimation uncertainty.

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.

Our audit procedures included, but were not limited to the following procedures:

- 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.

Evaluated the appropriateness and adequacy of the disclosures made by the Company in accordance with the requirements of applicable Indian Accounting Standards.

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

7. The Company's Board of Directors are 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 are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors are 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, specified under section 143(10) of the Act 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 system 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.

#### **Report on Other Legal and Regulatory Requirements**

16. 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.
17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
18. 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 2022 from being appointed as a director in terms of section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an 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 2022;
    - 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 2022;
    - 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 2022;

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- iv. a. The management has represented that, to the best of its knowledge and belief as disclosed in note 46 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 46 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

UDIN: 22099410AJHDDC7081

**Place:** Chandigarh**Date:** 20 May 2022



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**Annexure I referred to in Paragraph 17 of 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 2022**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (I) (a) (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (ii) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically 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 property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (including investment properties) held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or Intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit and inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- (b) The Company has a working capital limit in excess of Rs 500 lakhs sanctioned by banks based on the security of current assets during the year. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were not subject to review.
- (iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.

- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (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/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays 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) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

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	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 to June 2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1994	Duty of Excise	13.42	Nil	October 2007 to June 2017	Commissioner (Appeals)
Central Excise Act, 1994	Duty of Excise	4.05	Nil	April 2010 to September 2011	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
	<b>Sub - Total (A)</b>	<b>32.49</b>	<b>Nil</b>		
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	0.57	2015-16	Senior Joint Commissioner of Commercial Tax, West Bengal
Punjab VAT Act, 2005	Value added tax	1.57	0.39	2007-08	Deputy Excise and Taxation Commissioner cum Joint Director Enforcement, Patiala

Name of the Statute	Nature of the Dues	Amount (₹ lakhs)	Amount paid under protest (₹ lakhs)	Period to which the amount relates	Forum where dispute is pending
U.P. VAT Act, 2008	Value added tax	143.67	Nil	2015-16 and 2016-17	Assistant Commissioner, Commercial Tax, UP
A P Value Added Tax Act 2005	Value added tax	3.55	0.88	2016-17	Assistant Officer and Deputy Commercial Tax officer Vijayawada
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	2012-13	West Bengal Commercial Taxes Appellate and Revisional Board, Bench VI
The West Bengal Value Added Tax Rules, 2005	Value added tax	2.01	Nil	2016-17	Senior Joint Commissioner of Commercial Tax, West Bengal
CGST Act, 2017	Goods & Service Tax	0.40	Nil	2017-18 & 2018-19	Asst. Commissioner -Kerala
Kerala Value Added Tax Rules, 2003.	Value added tax	0.43	0.12	2011-2012	The Deputy Commissioner Special Circle -III Ernakulam
	<b>Sub - Total (B)</b>	<b>164.41</b>	<b>3.42</b>		
Income-tax Act, 1961	Income Tax	622.34	Nil	FY 2007-08	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	157.82	Nil	FY 2014-15	Honorable High Court of Punjab and Haryana
Income-tax Act, 1961	Income Tax	96.85	Nil	FY 2014-15	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	221.81	221.81	FY 2015-16	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	737.75	494.93	FY 2016-17	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	280.51	Nil	FY 2017-18	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	995.34	Nil	FY 2019-20	Commissioner of Income Tax (Appeals)
	<b>Sub-Total (C)</b>	<b>3,112.42</b>	<b>716.74</b>		
	<b>Total (A+B+C)</b>	<b>3,309.32</b>	<b>720.16</b>		

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks or other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) The whistle blower complaint received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act].
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses in the current financial year and in the immediately preceding financial years amounting to Rs. 5867.55 lakhs and Rs 8755.43 lakhs respectively.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, The Company does not fulfill the criteria as specified under section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and according, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

UDIN: 22099410AJHDDC7081

**Place:** Chandigarh

**Date:** 20 May 2022

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**Annexure II 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 2022, 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 is responsible for establishing and maintaining internal financial controls based on 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.

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**

5. 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**

6. 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**

7. 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 2022, based on 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: 22099410AJHDDC7081

**Place:** Chandigarh

**Date:** 20 May 2022



## 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](http://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, 2022 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 Tuteja Kumar	00594076	20/06/1998
2.	Mr. Sudhir Nayar	00200415	06/08/2013
3.	Mrs. Vasantha Suresh Bharucha	02163753	22/09/2014
4.	Mr. Chandra Shekhar Verma	00121756	22/09/2019
5.	Mr. Gota Iwanami*	08094102	23/03/2018
6.	Mr. Eiichi Seto	02704734	28/05/2010
7.	Mr. Takuro Horikoshi	09102449	19/05/2021
8.	Mr. Junya Yamanishi	09174162	20/05/2021
9.	Mr. Kazuo Goda	07572151	05/08/2021

\*Ceased to be a Director of the company w.e.f. 01.04.2022 on account of his resignation.

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 : 26.07.2022  
Place : Chandigarh  
UDIN : F002191D000686171

**Ajay K. Arora**  
(Proprietor)  
M No. 2191  
C P No. 993  
Peer Review Cert No. 2120/2022

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## **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, 2022 and to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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 :
- Significant changes, if any, in internal control over financial reporting during the year;
  - 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
  - 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.

**Junya Yamanishi**  
Managing Director & CEO  
Place: Chandigarh, India

**Rakesh Bhalla**  
Chief Financial Officer  
Place: Chandigarh, India

**Date :** 17th May, 2022

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

I, Junya Yamanishi, 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, 2022 in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Place:** Chandigarh, India  
**Date :** 10th May, 2022

**Junya Yamanishi**  
Managing Director & CEO

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting (AGM) of the Company will be held on **21st September, 2022 (Wednesday) at 11:30 AM** 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 2022 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Eiichi Seto (DIN 02704734), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Takuro Horikoshi (DIN 09102449), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

**4. Appointment of Mr. Takashi Nishida (DIN 09699655) 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. Takashi Nishida (DIN 09699655), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 11th August, 2022, 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 Ms. Atima Khanna (DIN 07145114) as an Independent Director.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Ms. Atima Khanna (DIN 07145114), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, being so eligible, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five (5) consecutive years commencing from 22nd September, 2022.

### 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 5th August, 2022, considered and approved that the special businesses under Item Nos. 4 and 5, being unavoidable, be transacted at the 38th Annual General Meeting (AGM) of the Company.

2. The Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2021 dated 13th January, 2021, 21/2021 dated 14th December, 2021 and 2/2022 dated 5th May, 2022 (collectively referred to as "MCA Circulars") read with Securities and Exchange Board of India ("SEBI") circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 (collectively referred to as "SEBI Circulars"), permitted the companies for holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 14.

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 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 on 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, the Annual Report for Financial Year 2021-22 and Notice of 38th Annual General Meeting, are being sent only through 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 form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Act, read with the Rules made thereunder are requested to send the prescribed Form SH-13 to the Corporate/Registered Office of the Company. Any change or cancellation of the nomination already given is to be submitted in Form SH-14. Form SH-13 and Form SH-14 are available on the Company's website in the Investors Section for download.
7. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number, ECS mandate, nominations, power of attorney, bank account details, etc., to their Depository Participant(s) in case the shares are held by them in electronic form and to Company's RTA-M/s MCS Share Transfer Agent Limited having their office at F-65, Okhla Industrial Area, Phase-1, New Delhi - 110020 in case the shares are held in physical form.

Members are requested to note that SEBI vide circular dated November 3, 2021 has mandated that Members holding shares in physical mode are required to update the following with the Company/RTA:

- PAN;
- KYC details containing address, mobile number, e-mail address, bank account details;
- Nomination details or declaration to opt out

Members holding shares in physical mode, who have not registered their above particulars are requested to register the same with the Company/RTA in prescribed Form ISR-1. Any clarifications in this regard may be addressed to the RTA at [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com)

Folios wherein any one of PAN, KYC and Nomination are not available on or before April 01, 2023, shall be frozen and those shareholders will not be eligible to lodge grievance or avail service request from the RTA or be eligible for receipt of dividend in physical mode. After December 31, 2025 or such due date as notified, the frozen folios shall be referred by RTA/Company to the Administering Authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.

8. The Notice of Annual General Meeting, Audited Financial Statements for the year ended 31st March, 2022 together with Report of Directors and Auditors' Report are available on the website of the Company [www.smlisuzu.com](http://www.smlisuzu.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com), on the website of National Stock Exchange of India Limited (NSE) at [www.nseindia.com](http://www.nseindia.com) and also on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
9. 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.
10. The Register of Members and Transfer Books of the Company will be closed from 14th September, 2022 to 21st September, 2022 (both days inclusive) for the purpose of Annual General Meeting for the Financial Year ended 31st March, 2022.
11. 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, 2014 to the Investor Education and Protection Fund (IEPF). Further, amount of Unclaimed Dividend for FY 2014-15 is due for deposit to the IEPF on 30th October, 2022. 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, 2022 on the website of the Company ([www.smlisuzu.com](http://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 2013-14 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](http://www.smlisuzu.com) and on the website of the IEPF [www.iepf.gov.in](http://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](http://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.

12. 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.

13. Members are requested to consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

**14. 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 14th September, 2022. **The remote e-voting period commences on 17th September, 2022 (9:00 AM) and ends on 20th September, 2022 (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 14th September, 2022**, may cast their vote electronically.

**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**


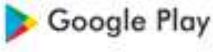

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

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 <b>NSDL IDeAS facility</b> , please visit the e Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the <b>"Beneficial Owner"</b> icon under "Login" which is available under <b>IDeAS</b> 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



Type of shareholders	Login Method
	<p>will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> 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 &amp; voting during the meeting.</p> <ol style="list-style-type: none"> <li><b>If the user is not registered for IDeAS e-Services</b>, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>. Upon successful registration, please follow steps given above.</li> <li>Visit the <b>e-Voting website of NSDL</b>. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 &amp; voting during the meeting.</li> <li><b>Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</b></li> </ol> <div style="text-align: center;">   </div> <div style="text-align: center;"> <p><b>NSDL Mobile App is available on</b></p>   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi</li> <li>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.</li> </ol>



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; 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.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>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 &amp; voting during the meeting.</li> </ol>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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 ‘Shareholder/Member’ 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:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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](http://www.evoting.nsdl.com).
  - ii) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto: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 – 120967**) 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**

- I. (i) 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](mailto:kanwalcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) . They can also upload their Board Resolution/ Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
- (ii) 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](http://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](http://www.evoting.nsdl.com). You can also send your queries / grievances relating to e-voting to:
  - a. Name and Designation: Ms. Pallavi Mhatre, Senior 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](mailto: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](mailto: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](mailto: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](mailto: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 **17th September, 2022 (9:00 AM) and ends on 20th September, 2022 (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 14th September, 2022**, 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, 14th September, 2022.
- 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 14th September, 2022, may obtain the Login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA at [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com) or to the Company at [investors@smlisuzu.com](mailto:investors@smlisuzu.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 favor 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](http://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. 21st September, 2022 subject to receipt of the requisite number of votes in favor 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 38th 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. After successful login, Members will be able to see the link of 'VC/OAVM' placed under the tab 'Join General Meeting' against the company's name. 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 Company Secretary ([Investors@smlisuzu.com](mailto:Investors@smlisuzu.com)) by 17th September, 2022.
- 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](mailto:investors@smlisuzu.com) between 14th September, 2022 to 17th September, 2022. 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.
15. 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**.
16. 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](mailto:investors@smlisuzu.com) till the date of AGM.
17. During the 38th 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](http://www.evoting.nsdl.com).
18. 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](mailto:investors@smlisuzu.com)  
CIN : L50101PB1983PLC005516  
Website : [www.smlisuzu.com](http://www.smlisuzu.com)

Dated: 5th August, 2022

By Order of the Board  
for SML ISUZU LIMITED

(PARVESH MADAN)  
Company Secretary  
ACS-31266



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

### **Item No. 4**

Mr. Kazuo Goda tendered his resignation as Director of the Company w.e.f. 10th August, 2022.

Mr. Takashi Nishida has been appointed by the Board, on the recommendation of its Nomination & Remuneration Committee (NRC), as an Additional Director with effect from 11th August, 2022 against the vacancy caused due to the resignation of Mr. Kazuo Goda. 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. Takashi Nishida, aged 48 years, is a graduate from Keio University, Japan. He joined Isuzu Motors Limited (Japan) in April, 1996 and since then has held several positions in various departments/locations including Domestic Service & Parts Sales Department, Sales Planning & Administration, International Sales Department and Personnel Administration Department. He has around 26 years of rich experience in various Departments.

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

Mr. Takashi Nishida 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. Nishida'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. Takashi Nishida, 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**

The existing tenure of Dr. (Mrs.) V. S. Bharucha, Independent Director, is completing on 21st September, 2022.

The Board, on the recommendation of its Nomination & Remuneration Committee, has proposed to the Members of the Company, the appointment of Ms. Atima Khanna as an Independent Director of the Company for five(5) years w.e.f. 22nd September, 2022. She holds office upto the date of ensuing Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Ms. Atima Khanna, is a Fellow member of Institute of Company Secretaries of India (FCS), MBA (Finance) and NSE Academy Certification in Financial Markets (NCFM). She is the proprietor of AK and Associates. She is practicing in the field of Company Secretary from last 10 years. She has broad experience in all aspects of accounting, auditing and financial management and direct experience in corporate financing, investment banking, IPO, private equity, domestic & international trading, merger & acquisition, takeovers, mutual fund, insurance, financial consulting and joint ventures.

The Company has received notice in writing from a Member in the prescribed manner, under Section 160 of the Act, proposing the candidature of Ms. Atima Khanna for the office of a Director of the Company.

The Company has received declaration from Ms. Khanna that she meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 ("the Act") and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). Further, Ms. Khanna is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent in writing to act as a Director of the Company.



In the opinion of the Board, Ms. Atima Khanna is a person of integrity and possesses appropriate skills, experience, knowledge and qualifications in her field which are beneficial to the interests of the Company. Further, she fulfill the conditions for appointment as an Independent Director as specified in the Act & the Listing Regulations and is independent of the management.

Keeping in view her vast experience and knowledge, the Board considers that it will be in the interest of the Company to induct Ms. Atima Khanna on the Board of the Company as an Independent Director. Accordingly, the Board recommends the Special Resolution set out at Item No. 5 of the Notice for the approval by the Members.

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

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

Except for Ms. Khanna, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution as set out at Item No. 5.

## 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	Eiichi Seto	Takuro Horikoshi	Takashi Nishida	Atima Khanna
Date of Birth (Age)	04.01.1959 (63 years)	22.08.1969 (53 years)	17.11.1973 (49 years)	06.01.1983 (39 years)
DIN No.	02704734	09102449	09699655	07145114
Original date of Appointment	28.05.2010	19.05.2021	11.08.2022	22.09.2022
Qualification(s)	Bachelor's degree in Law, Waseda University, Japan	Graduate from Economics Department at University of Tokyo, Japan	Bachelor's degree, Keio University, Japan	FCS, MBA Finance, NCFM
Experience (including expertise in specific functional area)	<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 &amp; CEO. He resigned from the post of Managing Director &amp; 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 40 years of rich global experience in the automobile business.</p>	<p>Mr. Horikoshi was appointed on the Board 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 &amp; Construction, Steel Products Business Department, Steel Business Investments Unit (Steel &amp; Non-Ferrous Metal Group), Steel Pipe Division Structural Steel &amp; Linfe Pipe Business Department.</p> <p>Before moving to India, Mr. Horikoshi was General Manager, Plate &amp; Construction Products Dept. Sumitomo Corporation, Japan. In April, 2021, he joined Sumitomo Corporation India Pvt. Ltd. (New Delhi) as Chairman &amp; Managing Director.</p>	<p>Mr. Nishida has been appointed as additional director of the Company w.e.f. 11th August, 2022.</p> <p>He joined Isuzu Motors Limited in April 1996 and since then has held several positions in various departments including Personnel Administration Department, Domestic Service &amp; Parts Sales Department, Sales Planning &amp; Administration, Office Planning &amp; Technical Information Department, International Sales Department, Service Marketing Department.</p> <p>He has around 26 years of rich experience in the automobile business.</p>	<p>Ms. Atima Khanna, is a Fellow member of Institute of Company Secretaries of India (FCS), MBA (Finance) and NSE Academy Certification in Financial Markets (NCFM). She is the proprietor of A K and Associates. She is practicing in the field of Company Secretary from last 10 years. She has broad experience in all aspects of accounting, auditing and financial management. Direct experience in corporate financing, investment banking, IPO, private equity, domestic &amp; international trading, merger &amp; acquisition, takeovers, mutual fund, insurance, financial consulting and joint ventures.</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.			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
Details of remuneration last drawn (FY 2020-21)	NotApplicable	NotApplicable	NotApplicable	NotApplicable

## 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	Eiichi Seto	Takuro Horikoshi	Takashi Nishida	Atima Khanna
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2022	Sumisho Airbag Systems Co. Ltd.	NIL	NIL	<ul style="list-style-type: none"> <li>A2z Infra Engineering Ltd</li> <li>A2Z Infraserivces Ltd</li> <li>Greeneffect Waste Management</li> <li>A2Z Waste Management (Merrut) Ltd</li> <li>A2Z Waste Management (Ludhiana) Ltd</li> <li>Ecogreen Envirotech Solution Ltd</li> </ul>
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, 2022*	<b>SML Isuzu Limited</b> <ul style="list-style-type: none"> <li>Stakeholders' Relationship Committee [M]</li> </ul>	<b>SML Isuzu Limited</b> <ul style="list-style-type: none"> <li>Corporate Social Responsibility Committee [C]</li> </ul>	NIL	<b>A2Z Infraserivces Limited</b> <ul style="list-style-type: none"> <li>Audit Committee [C]</li> <li>Nomination and Remuneration Committee [M]</li> </ul> <b>Greeneffect Waste Management</b> <ul style="list-style-type: none"> <li>Audit Committee [M]</li> <li>Nomination and Remuneration Committee [M]</li> </ul> <b>A2Z Waste Management (Merrut) Limited</b> <ul style="list-style-type: none"> <li>Audit Committee [M]</li> <li>Nomination and Remuneration Committee [M]</li> </ul> <b>A2Z Waste Management (Ludhiana) Limited</b> <ul style="list-style-type: none"> <li>Audit Committee [M]</li> <li>Nomination and Remuneration Committee [M]</li> </ul> <b>A2Z Infra Engineering Limited</b> <ul style="list-style-type: none"> <li>Audit Committee [C]</li> <li>Nomination and Remuneration committee [C]</li> <li>Stakeholders Relationship Committee [M]</li> </ul>
No. of Board Meetings attended during FY 2021-22	5	5	Not Applicable	Not Applicable
No. of shares held in the Company as on March 31, 2022	Nil	Nil	Nil	Nil
Relationship with other Directors and KMPs	None of the Directors of the Company are inter-se related to each other or with the Key Managerial Personnel of the Company			

\*This include committee of the Board of Directors of Indian Companies.

[illegible]

[illegible]

[illegible]



**SML**  
**ISUZU**





## **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](http://www.smlisuzu.com) Email id : [investors@smlisuzu.com](mailto:investors@smlisuzu.com)

