SML/SEC/2017
23rd September 2017

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 (East), Mumbai 400 051
Scrip Code: 505192	**Scrip Code: SMLISUZU**

Subject : Outcome of 33rd Annual General Meeting

Dear Sir,

This is to inform you that the 33rd Annual General Meeting (AGM) of SML ISUZU LIMITED (CIN L50101PB1983PLC005516) was held on Friday, 22nd September, 2017 at 1.00 PM at its Registered Office at Village Asron, District Shahid Bhagat Singh Nagar (Nawanshahr), Punjab 144 533.

In this regard, please find enclosed the following:

(a) Proceedings of AGM as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) Voting results as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(c) Consolidated report of Scrutinizer on remote e-voting and voting at AGM through ballot paper dated 23rd September, 2017.

(d) Annual Report for the financial year 2016-17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per provisions of the Companies Act, 2013.

This is for your information and record please.

Thanking you,

Yours faithfully
For **SML ISUZU LIMITED**

(PARVESH MADAN)
Company Secretary
ACS-31266
pmadan@smlisuzu.com

SML ISUZU LIMITED
Corporate Office : 204-205, Sector 34-A, Chandigarh -160135
T +91 172 2647700-10 F +91 172 2615111
Regd. Office & Works:
Village : Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahar) Punjab -144533
T +91 1881 270255 F +91 1881 270223 W www.smlisuzu.com CIN L50101PB1983PLC005516

PROCEEDINGS OF THE 33rd ANNUAL GENERAL MEETING OF SML ISUZU LIMITED HELD ON FRIDAY, 22nd SEPTEMBER, 2017 AT 1.00 PM AT ITS REGISTERED OFFICE AT VILLAGE ASRON, DISTT. SHAHID BHAGAT SINGH NAGAR (NAWANSHAHR), PUNJAB

The Chairman welcomed the Shareholders, Directors and others at the 33rd Annual General Meeting (AGM).

The Chairman explained that Mr. Masaki Nakajima, Mr. Takeru Kikkawa, Mr. Kazuo Goda, Mr. Masahiro Narikiyo and Mr. Pankaj Bajaj were pre-occupied with other commitments and therefore could not attend the meeting. All other Directors, representative of Statutory Auditors, Secretarial Auditor and Scrutinizer were present at the meeting.

The quorum being present Chairman declared the meeting open. Thereafter, the Chairman delivered his speech.

The Company Secretary read the Agenda Items and Statutory Auditors Report & Secretarial Audit Report.

The Chairman informed the members that remote e-voting facility was provided by the Company to all the members and the members who have not exercised their right to vote through e-voting may exercise the same at the meeting through Ballot paper.

The Chairman then explained the objectives and implications of the Resolutions proposed and before ordering the Poll, he invited the Members for their queries and observations.

Thereafter, the following resolutions were put to vote at the meeting (through Ballot Paper):

1. Adoption of Audited Financial Statements of the Company for the year ended 31st March 2017 along with the reports of the Board of Directors and Auditors thereon. (as an Ordinary Resolution)

2. Declaration of dividend of Rs. 8.0 per equity share of Rs. 10 each for the financial year ended 31st March 2017. (as an Ordinary Resolution)

3. Re-appointment of Mr. Masaki Nakajima (DIN 06605180) as Director, who retires by rotation. (as an Ordinary Resolution)

4. Re-appointment of Mr. Masahiro Narikiyo (DIN 07125220) as Director, who retires by rotation. (as an Ordinary Resolution)

5. Ratification of appointment of B S R & Associates LLP (Registration No. 116231W/W-100024) as statutory auditors and fix their remuneration. (as an Ordinary Resolution)

SML ISUZU LIMITED Chandigarh

6. Appointment of Mr. Kazuo Goda (DIN 07572151) as Director liable to retire by rotation (as an Ordinary Resolution)

7. Appointment of Mr. Takahiro Imai (DIN 07796387) as Director liable to retire by rotation (as an Ordinary Resolution)

8. Appointment of Mr. Takahiro Imai (DIN 07796387) as Whole-time Director designated as *Director- R&D (Isuzu Products & Projects)* (as a Special resolution)

None of the Members present at the meeting exercised their right to vote through Ballot paper.

Thereafter, the Chairman informed the Members that Mr. Kanwaljit Singh Thanewal, a practicing Company Secretary (Membership No F-5901), was appointed as scrutinizer to scrutinize the remote e-voting and voting at AGM and the consolidated results of remote e-voting and voting at AGM would be intimated to the Stock Exchanges and posted on the website and Notice Board of the Company.

MD & CEO then thanked the members present and declared the meeting as closed.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Details of Resolutions passed at 33rd Annual General Meeting of SML ISUZU LIMITED

Date of the AGM	22nd September 2017 (Friday)
Total number of shareholders on record date (i.e 15th September, 2017)	32,974
No. of shareholders present in the meeting either in person or through proxy: • Promoters and promoter group • Public	 1 37
No. of shareholders attended the meeting through video conferencing: • Promoters and promoter group • Public	This facility was not provided

Agenda-wise

Item no.	Agenda	Resolution required (Ordinary/ Special)	Mode of voting (E-Voting/ Ballot Paper)	Remarks
ORDINARY BUSINESS				
1	To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2017 and the reports of the Board of Directors and Auditors thereon.	Ordinary	E-Voting	Passed unanimously
2	To declare dividend on equity shares. (Rs. 8.0 per share)	Ordinary	E-Voting	Passed unanimously
3	To appoint a Director in place of Mr. Masaki Nakajima (DIN 06605180), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary	E-Voting	Passed with Requisite Majority
4	To appoint a Director in place of Mr. Masahiro Narikiyo (DIN 07125220), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary	E-Voting	Passed with Requisite Majority
5	To ratify appointment of B S R & Associates LLP as Statutory Auditors.	Ordinary	E-Voting	Passed with Requisite Majority

SML ISUZU LIMITED Chandigarh

Item no.	Agenda	Resolution required (Ordinary/ Special)	Mode of voting (E-Voting/ Ballot Paper)	Remarks
SPECIAL BUSINESS				
6.	Appointment of Mr. Kazuo Goda as Director liable to retire by rotation	Ordinary	E-Voting	Passed with Requisite Majority
7.	Appointment of Mr. Takahiro Imai, as Director liable to retire by rotation	Ordinary	E-Voting	Passed with Requisite Majority
8.	Appointment of Mr. Takahiro Imai as Whole-time Director designated as Director- R&D *(Isuzu Products & Projects)*	Special	E-Voting	Passed with Requisite Majority



Date of AGM	22nd September, 2017
Record Date	15th September, 2017
Total number of shareholders on record date	32,974
No. of shareholders present in the meeting either in person or through proxy: Promoter and Promoter Group: Public:	 1 37
No. of Shareholders attended the meeting through Video Conferencing: Promoter and Promoter Group: Public:	This facility was not provided

(Agenda wise)

1 To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2017 and the reports of the Board of Directors and Auditors thereon.

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter / promoter group are interested in the agenda / resolution?				No				
Category	**Mode of Voting**	**No. of shares Held**	**No. of Votes Polled**	**% of Votes Polled on Outstanding shares**	**No. of votes in favour**	**No. of votes-against**	**% of Votes in favour on votes Polled**	**% of Votes against on votes Polled**
		(1)	**(2)**	**(3)=[(2)/(1)]*100**	**(4)**	**(5)**	**(6)=[(4)/(2)]*100**	**(7)=[(5)/(2)]*100**
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1179920	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1179920**	**0**	**100.000**	**0.000**
Public-Non Institutions	E-Voting	6887339	2176613	31.60	2176613	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176613**	**31.60**	**2176613**	**0**	**100.000**	**0.000**
Total		**14471646**	**9718839**	**67.16**	**9718839**	**0**	**100.000**	**0.000**

The Resolution was passed unanimously.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

2 To declare dividend on equity shares.

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter / promoter group are interested in the agenda / resolution?				No				
Category	Mode of Voting	No. of shares Held	No. of Votes Polled	% of Votes Polled on Outstanding shares	No. of votes in favour	No. of votes-against	% of Votes in favour on votes Polled	% of Votes against on votes Polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1179920	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1179920**	**0**	**100.000**	**0.000**
Public-Non Institutions	E-Voting	6887339	2176613	31.60	2176613	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176613**	**31.60**	**2176613**	**0**	**100.000**	**0.000**
Total		**14471646**	**9718839**	**67.16**	**9718839**	**0**	**100.000**	**0.000**

The Resolution was passed unanimously.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

3 To appoint a Director in place of Mr. Masaki Nakajima (DIN 06605180), who retires by rotation and being eligible, offers himself for re-appointment.

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter / promoter group are interested in the agenda / resolution?				Yes				
Category	Mode of Voting	No. of shares Held (1)	No. of Votes Polled (2)	% of Votes Polled on Outstanding shares (3)=[(2)/(1)]*100	No. of votes in favour (4)	No. of votes-against (5)	% of Votes in favour on votes Polled (6)=[(4)/(2)]*100	% of Votes against on votes Polled (7)=[(5)/(2)]*100
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1111373	68547	94.191	5.809
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1111373**	**68547**	**94.191**	**5.809**
Public-Non Institutions	E-Voting	6887339	2176613	31.60	2176025	588	99.973	0.027
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176613**	**31.60**	**2176025**	**588**	**99.973**	**0.027**
Total		**14471646**	**9718839**	**67.16**	**9649704**	**69135**	**99.289**	**0.711**

The Resolution was passed with requisite majority.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

4 To appoint a Director in place of Mr. Masahiro Narikiyo (DIN 07125220), who retires by rotation and being eligible, offers himself for re-appointment.

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter / promoter group are interested in the agenda / resolution?				Yes				
Category	**Mode of Voting**	**No. of shares Held**	**No. of Votes Polled**	**% of Votes Polled on Outstanding shares**	**No. of votes-in favour**	**No. of votes-against**	**% of Votes in favour on votes Polled**	**% of Votes against on votes Polled**
		(1)	**(2)**	**(3)=[(2)/(1)]*100**	**(4)**	**(5)**	**(6)=[(4)/(2)]*100**	**(7)=[(5)/(2)]*100**
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1111373	68547	94.191	5.809
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1111373**	**68547**	**94.191**	**5.809**
Public-Non Institutions	E-Voting	6887339	2176613	31.60	2176025	588	99.973	0.027
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176613**	**31.60**	**2176025**	**588**	**99.973**	**0.027**
Total		**14471646**	**9718839**	**67.16**	**9649704**	**69135**	**99.289**	**0.711**

The Resolution was passed with requisite majority.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

5 To ratify appointment of B S R & Associates LLP as Statutory Auditors.

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter / promoter group are interested in the agenda / resolution?				No				
Category	Mode of Voting	No. of shares Held (1)	No. of Votes Polled (2)	% of Votes Polled on Outstanding shares (3)=[(2)/(1)]*100	No. of votes in favour (4)	No. of votes-against (5)	% of Votes in favour on votes Polled (6)=[(4)/(2)]*100	% of Votes against on votes Polled (7)=[(5)/(2)]*100
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1179920	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1179920**	**0**	**100.000**	**0.000**
Public-Non Institutions	E-Voting	6887339	2176613	31.60	2176526	87	99.996	0.004
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176613**	**31.60**	**2176526**	**87**	**99.996**	**0.004**
Total		**14471646**	**9718839**	**67.16**	**9718752**	**87**	**99.999**	**0.001**

The Resolution was passed with requisite majority.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

6 **Appointment of Mr. Kazuo Goda (DIN 07572151) as Director liable to retire by rotation.**

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter / promoter group are interested in the agenda / resolution?				No				
Category	**Mode of Voting**	**No. of shares Held**	**No. of Votes Polled**	**% of Votes Polled on Outstanding shares**	**No. of votes in favour**	**No. of votes-against**	**% of Votes in favour on votes Polled**	**% of Votes against on votes Polled**
		(1)	**(2)**	**(3)=[(2)/(1)]*100**	**(4)**	**(5)**	**(6)=[(4)/(2)]*100**	**(7)=[(5)/(2)]*100**
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1179920	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1179920**	**0**	**100.000**	**0.000**
Public-Non Institutions	E-Voting	6887339	2176593	31.60	2176056	537	99.975	0.025
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176593**	**31.60**	**2176056**	**537**	**99.975**	**0.025**
Total		**14471646**	**9718819**	**67.16**	**9718282**	**537**	**99.994**	**0.006**

The Resolution was passed with requisite majority.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

7 **Appointment of Mr. Takahiro Imai (DIN 07796387), as Director liable to retire by rotation.**

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter / promoter group are interested in the agenda / resolution?				No				
Category	**Mode of Voting**	**No. of shares Held**	**No. of Votes Polled**	**% of Votes Polled on Outstanding shares**	**No. of votes in favour**	**No. of votes-against**	**% of Votes in favour on votes Polled**	**% of Votes against on votes Polled**
		(1)	**(2)**	**(3)=[(2)/(1)]*100**	**(4)**	**(5)**	**(6)=[(4)/(2)]*100**	**(7)=[(5)/(2)]*100**
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1179920	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1179920**	**0**	**100.000**	**0.000**
Public-Non Institutions	E-Voting	6887339	2176513	31.60	2175850	663	99.970	0.030
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176513**	**31.60**	**2175850**	**663**	**99.970**	**0.030**
Total		**14471646**	**9718739**	**67.16**	**9718076**	**663**	**99.993**	**0.007**

The Resolution was passed with requisite majority.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

8 **Appointment of Mr. Takahiro Imai (DIN 07796387) as Whole-time Director designated as Director- R&D *(Isuzu Products & Projects)* .**

Resolution required: (Ordinary / Special)				Special				
Whether promoter / promoter group are interested in the agenda / resolution?				No				
Category	**Mode of Voting**	**No. of shares Held**	**No. of Votes Polled**	**% of Votes Polled on Outstanding shares**	**No. of votes in favour**	**No. of votes-against**	**% of Votes in favour on votes Polled**	**% of Votes against on votes Polled**
		(1)	**(2)**	**(3)=[(2)/(1)]*100**	**(4)**	**(5)**	**(6)=[(4)/(2)]*100**	**(7)=[(5)/(2)]*100**
Promoter & Promoter Group	E-Voting	6362306	6362306	100.00	6362306	0	100.000	0.000
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**6362306**	**100.00**	**6362306**	**0**	**100.000**	**0.000**
Public-Institutions	E-Voting	1222001	1179920	96.56	1111373	68547	94.191	5.809
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**1179920**	**96.56**	**1111373**	**68547**	**94.191**	**5.809**
Public-Non Institutions	E-Voting	6887339	2176613	31.60	2176075	538	99.975	0.025
	Poll		0	0.00	0	0	0.000	0.000
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		**2176613**	**31.60**	**2176075**	**538**	**99.975**	**0.025**
Total		**14471646**	**9718839**	**67.16**	**9649754**	**69085**	**99.289**	**0.711**

The Resolution was passed with requisite majority.

For SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary &
Compliance Officer
ACS-31266

Trucks & Buses

KANWALJIT SINGH
B. Com., F.C.S.

S.C.O. 64-65, Ist Floor,
Sector 17-A, Madhya Marg,
Chandigarh - 160 017
Ph.: (O) 2701906
Mobile : 99153 43212
E-mail : kanwalcs@gmail.com

Consolidated Report of Scrutinizer

[Pursuant to section 108 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014 as amended]

To,
The Chairman,
SML Isuzu Limited
CIN L50101PB1983PLC005516
Village Asron,
District S B S Nagar
Nawanshahr, Punjab

33rd Annual General Meeting of the Equity Shareholders of SML Isuzu Limited (CIN L50101PB1983PLC005516) held on Friday, the 22nd September, 2017 at 01.00 P.M. at its Registered Office & Works at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab – 144533.

Dear Sir,

1. I, Kanwaljit Singh, Practicing Company Secretary, at S.C.O. 64-65, 1st Floor, Sector 17 A, Madhya Marg, Chandigarh was appointed as Scrutinizer by the Board of Directors of **SML Isuzu Limited** (the Company) for the purpose of scrutinizing the e-voting process (remote e-voting) and voting by use of ballot at the annual general meeting of the Company, pursuant to section 108 of the Companies Act, 2013 read with rule 20 & 21 of the Companies (Management and Administration) Rules, 2014, as amended, in respect of the below mentioned resolutions proposed at the 33rd Annual General Meeting (AGM) of the Equity Shareholders of SML Isuzu Limited held on 22nd September, 2017 at 01.00 P.M. at the Registered Office & Works of the Company at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab – 144533.

2. The compliance with the provisions of the Companies Act, 2013 and the Rules made thereunder relating to voting through electronic means (by remote e-voting) and voting by using ballot by the shareholders on the resolutions proposed in the Notice of the 33rd Annual General Meeting of the Company is the responsibility of the management. My responsibility as a Scrutinizer is to ensure that the voting process both through electronic means and by use of ballot at the meeting are conducted in a fair and transparent manner and render a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or any other person authorized, on the resolutions, based on the reports generated from the electronic

KANWALJIT SINGH * COMPANY SECRETARY CP No. 5870

For SML ISUZU LIMITED

(GOPAL BANSAL)
Whole-time Director &
Chief Financial Officer

voting system provided by National Securities Depository Limited (NSDL) and the report for voting by use of ballots at the meeting.

3. The Company had arranged the services of NSDL for extending the facility of remote e-voting to the Members of the Company from **18th September, 2017 (from 9.00 A.M.) to 21st September, 2017 (upto 5.00 P.M.).** The remote e-voting results were unblocked by me on 22nd September, 2017 in the presence of two witnesses.

4. At the 33rd AGM of the Company held on 22nd September, 2017, the Chairman announced a Poll through Ballot to facilitate the Members present in the Meeting who have not exercised remote e-voting facility earlier, for exercising their right of voting through the Ballot available at AGM venue. None of the members present at the 33rd AGM exercised their right to vote through physical ballot.

5. I hereby submit Consolidated Report of Scrutinizer pursuant to Rule 20(4)(xii) on all the resolutions contained in the Notice of the aforesaid AGM.

   The consolidated results of voting are as under:

ORDINARY BUSINESS:

(1) As an Ordinary Resolution-Item no. 1

Adoption of Financial Statements, the reports of the Board of Directors and Auditors for the year ended 31st March, 2017.

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	131	9718839	131	9718839	Nil	Nil	Nil	Nil
% to total valid votes				100%				

(2) As an Ordinary Resolution-Item no. 2

Declaration of Dividend on Equity Shares.

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	131	9718839	131	9718839	Nil	Nil	Nil	Nil
% to total valid votes				100%				

KANWALJIT SINGH
CP No. 5870
COMPANY SECRETARY

For SML ISUZU LIMITED

(GOPAL BANSAL)
Whole-time Director &
Chief Financial Officer

(3) As an Ordinary Resolution-Item no. 3

Re-appointment of Mr. Masaki Nakajima (DIN 06605180) as Director, who retires by rotation.

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	131	9718839	126	9649704	5	69135	Nil	Nil
% to total valid votes				99.29%		0.71%		

4) As an Ordinary Resolution-Item no. 4

Re-appointment of Mr. Masahiro Narikiyo (DIN 07125220) as Director, who retires by rotation.

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	131	9718839	126	9649704	5	69135	Nil	Nil
% to total valid votes				99.29%		0.71%		

(5) As an Ordinary Resolution-Item no. 5

Ratification of appointment of B S R & Associates LLP as Statutory Auditors and fix their remuneration.

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	131	9718839	129	9718752	2	87	Nil	Nil
% to total valid votes				99.999%		0.001%		

KANWALJIT SINGH * COMPANY SECRETARY CP No. 5870

For SML ISUZU LIMITED

(GOPAL BANSAL)
Whole-time Director &
Chief Financial Officer

SPECIAL BUSINESS:

(6) As an Ordinary Resolution-Item no. 6

Appointment of Mr. Kazuo Goda (DIN 07572151) as Director liable to retire by rotation

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	130	9718819	128	9718282	2	537	Nil	Nil
% to total valid votes				99.99%		0.01%		

(7) As an Ordinary Resolution-Item no. 7

Appointment of Mr. Takahiro Imai (DIN 07796387), as Director liable to retire by rotation

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	130	9718739	126	9718076	4	663	Nil	Nil
% to total valid votes				99.99%		0.01%		

(8) As Special Resolution-Item no. 8

Appointment of Mr. Takahiro Imai (DIN 07796387) as Whole-time Director designated as Director-R& D (Isuzu Products & Projects)

Particulars	Consolidated Details of Valid Votes		Votes Cast in Favour		Votes Cast Against		Invalid Votes	
	Total No. of Members	Total No. of shares/ votes held	No. of Members	No. of shares/ Votes	No. of Members	No. of shares/Votes	No. of Members	No. of shares/Votes
Detail of voting	131	9718839	127	9649754	4	69085	Nil	Nil
% to total valid votes				99.29%		0.71%		

KANWALJIT SINGH
CP No. 5870
COMPANY SECRETARY

For SML ISUZU LIMITED

(GOPAL BANSAL)
Whole-time Director &
Chief Financial Officer

Based on the votes cast on aforesaid resolutions by remote e-voting, 1st and 2nd Resolutions passed unanimously and 3rd to 8th Resolutions passed with requisite majority. Based on the above details of votes cast, the Chairman may declare the result.

6. I hereby confirm that the electronic data, registers and all other relevant records related to remote e-voting and poll is under my safe custody and will be handed over to the Company Secretary for preserving safely after the Chairman consider, approves and signs the minutes of the AGM.

Thanking you,

Yours Sincerely,

KANWALJIT SINGH * CP No. 5870 * COMPANY SECRETARY

Kanwaljit Singh
Company Secretary in Practice
CP No. 5870
FCS No. 5901
Date: 23-09-2017
Place : Chandigarh

For SML ISUZU LIMITED

(GOPAL BANSAL)
Whole-time Director &
Chief Financial Officer

Note: This report is based on the votes casted in through remote E-Voting and Poll. The applicability of the provisions of Section 188 and rules made thereunder regarding the non-voting by the interested parties on the resolutions covered in the Notice, if any, have not been taken into account while compiling this report. The management may declare the result after taking into consideration the applicability of provisions of Section 188.

SML ISUZU TRUCKS & BUSES

ANNUAL REPORT 2017



SML ISUZU LIMITED

SML ISUZU LIMITED (FORMERLY SWARAJ MAZDA LIMITED)

BOARD OF DIRECTORS

S.K. TUTEJA - Chairman

P.K. NANDA

A.K. THAKUR

DR. VASANTHA S. BHARUCHA

SUDHIR NAYAR

M. NAKAJIMA

K. GODA

T. KIKKAWA

M. NARIKIYO

PANKAJ BAJAJ

E. SETO - Managing Director & CEO

GOPAL BANSAL - Whole-time Director & CFO

T. IMAI - Director – R&D
(Isuzu Products & Projects)

COMPANY SECRETARY

PARVESH MADAN

AUDITORS	B S R & ASSOCIATES LLP
LISTING OF SHARES	BSE LIMITED NATIONAL STOCK EXCHANGE OF INDIA LIMITED
BANKERS	CANARA BANK INDIAN OVERSEAS BANK MIZUHO BANK LTD. THE BANK OF TOKYO - MITSUBISHI UFJ, 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

SML ISUZU

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33RD ANNUAL GENERAL MEETING
on Friday, 22nd September, 2017
at 1.00 P.M. at Village Asron,
Distt. Shahid Bhagat Singh Nagar,
(Nawanshahr), Punjab - 144 533

REPORT OF THE DIRECTORS

The Directors are pleased to present their Thirty-Third Annual Report together with audited financial statements for the financial year ended 31st March 2017.

PERFORMANCE REVIEW

The Financial Year 2016-17 witnessed three significant events starting with demonetization of high denomination currency, completion of all processes leading to the promulgation of the long awaited and transformational Goods and Service Tax (GST) and finally a Supreme Court judgment banning, with effect from 1st April 2017, sale of vehicles which only met emission targets for BS III specifications and not the enhanced specifications of BS IV. It is hoped that in the long term the first two events would have favourable effect on the country's economy and its GDP, which during financial year 2016-17, grew at an estimated 7.1 percent against 7.9 percent in the preceding year. While demonetization had its adverse impact on business in general, at least in the short term, the ban on sale of vehicles, stated above, has had significant adverse effects, discussed later in the Report.

The growth in the financial year in Commercial Vehicle Industry at 4.3 percent was lower than the 12.2 percent of the preceding year, volume reaching 8,22,500 against 7,88,800 in the preceding year 2015-16. While Light vehicles (LCV) grew 5.5 percent to reach 4,76,300, Medium & Heavy vehicles (M&HCV) segment growth was lower at 2.6 percent with volumes at 3,46,200. **However, Your Company was able to achieve robust growth of 17.4 percent, during the year, from 12,700 vehicles to 14,909, as a result of aggressive marketing, brand building actions and several sales promotion initiatives.**

The financial performance of the Company, for the year ended 31st March, 2017 is summarized below :

(Rs. in Crores)

	2017	2016
Sales volume (No. of vehicles)	**14909**	**12700**
Net revenue	1,373.11	1,172.58
Less : Material cost & other expenses	1,260.96	1,079.54
Operating profit	**112.15**	**93.04**
Profit before tax	**84.63**	**68.32**
Profit after tax	**62.81**	**51.16**
Balance of profit from prior years	158.19	126.07
Surplus available for appropriation	**221.00**	**177.23**

The immediate effect of the ban on BS III vehicles was that all vehicles earlier sold to the dealers but still held in their stock as on 31st March 2017 were returned to the Company, reversing sales value, and the value of all non useable components in the Company's inventory relating to BS III vehicles had to be written off. The vehicles so returned from the dealers together with Company's stock of BS III vehicles are being converted into BS IV compliant vehicles, cost of which is being charged to profits as and when incurred. The Company is also trying to sell some of these vehicles in the overseas market, wherever feasible, which will not require any conversion.

DIVIDEND

The Directors have recommended payment of dividend of Rs. 8.0 per equity share of face value of Rs. 10/- each for the year ended 31st March, 2017, same as in the previous year, which is subject to the approval of shareholders at the forthcoming Annual General Meeting. The cash outflow will be Rs. 13.93 crores including dividend distribution tax of Rs. 2.36 crores, same as in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

INDUSTRIAL RELATIONS

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

CREDIT RATING

The Company continues to enjoy the highest rating for short term borrowings of A1+ (pronounced A one plus) from ICRA. Further, during the year, the long term rating for line of credit / cash credit limits has been upgraded from AA- (pronounced double A minus) to AA (pronounced double A).

SAFETY, HEALTH AND ENVIRONMENT

The Company continues to demonstrate strong commitment to safety, health and environment which have been adopted as core organizational values. The Company assures safety and audits its facilities in accordance with statutory and regulatory requirements. The Directors review these areas every quarter through reports and presentations made at the Board Meetings.

Employees are continuously made aware of hazards / risks associated with their job and their knowledge and skills are updated through requisite training to meet any emergency. Regular medical and occupational check-ups of employees are conducted and eco-friendly activities are promoted.

Safe disposal of hazardous waste is ensured through an effluent treatment plant and an incinerator; a sewage treatment plant ensures eco-friendly disposal of sewage.

During the year, the Company has received BS OHSAS 18001: 2007 certificate in respect of Occupational Health & Safety Assessment Series and ISO 14001: 2015 certificate in respect of Environmental Management System.

CURRENT BUSINESS ENVIRONMENT

Pre-buying of vehicles during the last quarter of financial year 2016-17 on account of implementation of BS IV emission norms, effective 1st April 2017, and customers' expectation of reduction in vehicle prices post implementation of GST has moderated demand in first four months of current financial year with CV volumes contracting 8.1% during the period. Your Company has sold 3928 vehicles during April-July 2017 against 6261 sold in the same period last year.

The above drop in sales volume had its inevitable impact on financial results of the first quarter. On net revenue of Rs. 357.98 crores (Rs. 516.10 crores), during the quarter, the Company has earned profit after tax of Rs. 6.75 crores (Rs. 40.86 crores).

CRISIL has forecast GDP growth at 7.4 percent for 2017-18 based on factors such as normal monsoons, softer interest rates and relatively benign inflation. As for CV Industry, experts' view is that CV industry will improve gradually and register growth of 6-8 percent during financial year 2017-18. For the Company, however, competition is becoming intense with entry of new players and existing players expanding their product portfolios.

Based on the above and expected recovery in demand for commercial vehicles in the second half of the current financial year, the Directors can look towards recovering the lost ground so far, during rest of the year.

Amidst the tough competitive environment, the Company will continue its focus on product development, innovative and cost effective technology solutions, up-gradation of plant infrastructure to improve manufacturing technology and efficiencies and cost cutting.

The Company's capex project envisaging an outlay of Rs. 220 crores for technology, product development and up-gradation of plant infrastructure to improve manufacturing efficiency is progressing well. An amount of Rs 107.0 crores has been spent till 31st March, 2017. To part finance this capex, the Company had drawn Rs. 35.0 crores External Commercial Borrowings (ECB) during financial year 2016-17, designated in US Dollars (fully hedged) and the rest has been from internal accruals. The Company has also planned to incur an estimated capex of Rs. 30.0 crores towards enhancing the production capacity of its Plant from 18,000 vehicles to 24,000 vehicles per annum by setting up an additional assembly line, to be funded through internal accruals.

DIRECTORS

Mr. Kimitoshi Kurokawa tendered his resignation as Director of the Company with effect from 5th August, 2016. The Board, in its Meeting held on 5th August, 2016, recorded its deep appreciation for his valuable support and advice during his tenure.

Mr. Kazuo Goda was appointed as an Additional Director of the Company on 5th August, 2016 and holds office up to the forthcoming Annual General Meeting. The Company has received Notice under Section 160 of the Companies Act, 2013 proposing Mr. Goda's appointment as a Director of the Company for consideration of the Members at the forthcoming Annual General Meeting.

Mr. Kei Katayama tendered his resignation as Director-R&D of the Company with effect from 25th May, 2017. The Board, in its Meeting held on 10th May, 2017, recorded its deep appreciation for Mr. Katayama's contribution in R&D activities of the Company during his tenure.

Mr. Takahiro Imai was appointed as an Additional Director and Whole-time Director of the Company on 10th May, 2017 (effective 26th May 2017) designated as Director-R&D (Isuzu Products & Projects) for two years and holds office up to the forthcoming Annual General Meeting. The Company has received Notice under Section 160 of the Companies Act, 2013 proposing Mr. Imai's appointment as a Director of the Company for consideration of the Members at the forthcoming Annual General Meeting.

At the last Annual General Meeting held in August 2016, the Members had approved the appointment of Mr. Takeru Kikkawa as Non-Executive Director.

Mr. Masaki Nakajima retires by rotation and being eligible, offers himself for re-appointment.

Mr. Masahiro Narikyo 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 forthcoming Annual General Meeting of the Company.

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

KEY MANAGERIAL PERSONNEL (KMPs)

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

No KMP has resigned or was appointed during the year.

NOMINATION AND REMUNERATION POLICY

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company 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 basis, in the ordinary course of business and in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There were no material transactions made by the Company during the year that would have required shareholders approval.

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

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

In terms of Section 134(3)(h) of the Companies Act, 2013, there are no transactions to be reported in Form AOC-2. The details of the related party transactions as per Accounting Standard 18 are set out in Note 33 to the Financial Statements.

EXTRACT OF ANNUAL RETURN

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

MEETINGS OF THE BOARD

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

AUDIT COMMITTEE

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

PARTICULARS OF EMPLOYEES

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

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

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

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

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

The Company proposes to carry Rs. 6.28 crores to General Reserve for the financial year 2016-17 (Previous year - Rs. 5.12 crores).

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes have occurred or commitments made after 31st March, 2017, which may affect the financial position of the Company or require disclosure.

SUSTAINABILITY INITIATIVE

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

RISK MANAGEMENT

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

Annual Report on CSR activities for the year ended 31st March 2017 is attached as **Annexure D**.

BOARD EVALUATION

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

CHANGE IN THE NATURE OF BUSINESS

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

SHARE CAPITAL

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

DEPOSITS

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

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

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

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

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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, 2017, 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, 2017 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis;

(e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of familiarisation programme for Independent Directors in respect of their roles, rights & responsibilities, nature of the industry in which Company operates, business model of the Company and related matters are available on the website of the Company at 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 financial year 2016-17.

The Secretarial Audit Report does not contain any qualification and is attached as **Annexure E**.

STATUTORY AUDITORS

B S R & Associates LLP, a firm of Chartered Accountants, was appointed as the Statutory Auditors of the Company, at its 31st Annual General Meeting, for a period of five years, subject to ratification by the Members of the Company at every subsequent AGM. Such ratification for the financial year 2017-18 is being sought from the Members at the forthcoming AGM.

As per the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from B S R & Associates LLP, Chartered Accountants, for continuation of its appointment and a Certificate, to the effect that its appointment, if continued, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Auditors' Report to the shareholders for the year under review does not contain any qualification.

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

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

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

S.K. TUTEJA
Chairman

EIICHI SETO
Managing Director & CEO

Dated : 10th August, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY REVIEW

The domestic commercial vehicles (CV) Industry grew by 4.2 percent in the financial year 2016-17 with sales volume at 7,14,200 compared with 12.2 percent (6,85,700) in the preceding year. While LCV truck segment grew by 7.9 percent during 2016-17, the medium & heavy truck segment (M&HCV) suffered a decline of 1.3 percent. The principal factors that contributed to this situation were weak replacement-led buying, lack of growth in freight demand from industrial segments, uncertainty over GST rates and demonetization of high denomination currency. Bus segment, however, witnessed a growth of 5.7 percent driven by sustained demand from almost all categories of buyers, despite the uncertainties stated above.

Export volumes during the year were up by 5.0 percent to reach 1,08,300 vehicles.

2. OUTLOOK

The current financial year 2017-18 has begun on a weak note, in principle due to limited availability of BS-IV compliant vehicles with the Company due to ban on sale of BS III vehicles, effective 1st April, 2017, and implementation of GST which has led fleet operators to put their investment plans on hold. Also, manufacturers have to re-align their production and inventory on account of above factors. During April-July 2017 period, total CV industry volumes contracted by 8.1 percent to reach 2,34,700 against 2,55,300 achieved during the corresponding period of the previous year. Also, the last quarter of 2016-17 had witnessed some advance purchasing of vehicles with customers anticipating possible difficulties arising from introduction of GST and in respect of the expected new norms for emission standards, both of which are later discussed in this Note and in the Directors' report.

It is expected that the CV Industry and the Company will regain their growth momentum in the coming months as some of the uncertainties have been removed and the Company's production for adequate supply of BSIV compliant vehicles is in place. Also, an increased thrust towards infrastructure and rural sector envisaged in the recent Government budget and continuing growth in consumption is expected to boost demand for Commercial Vehicles. Further, over the medium term, the LCV segment will also benefit from the roll out of GST and its impact on logistics especially in respect of hub-n-spoke model of distribution. Demand for buses is expected to pick up from State Road Transport organizations on account of increased focus by the Government, both Central and at the States level, on improving urban as well as rural transportation and particularly also for proposed smart cities; further enhanced by sustained demand from carriers of staff and for schools and colleges.

Based on the above factors, the industry's view is that in the full year 2017-18, M&HCVs (Trucks) segment will grow by 6-8 percent and the LCV (Trucks) segment by 7-8 percent. Bus sales growth is expected to be 5-7 percent.

The Company has sold 3,928 vehicles during four months April-July, 2017 period against 6,261 in the corresponding period of the previous year. As the CV industry is expected to show improved performance in the coming months, based on demand factors discussed above, the Company is looking forward to recovering the lost ground during the rest of the year.

3. COMPANY PERFORMANCE

The Supreme Court of India, in an unprecedented and equally unfortunate move for the industry and the Company, imposed a ban on sale and registration of BS III vehicles effective 1st April 2017. Adverse effects of that move on revenue and profits of the Company are explained later.

The Company had an inventory of 1800 BS III vehicles as on 31st March 2017 (including vehicles returned by dealers) which were treated as work in progress (WIP) in the books of accounts, waiting to be made BS IV compliant as required by the new regulation. Revenue for the year was thus reduced by Rs. 22.20 crores representing value of the non-compliant vehicles which were returned to the Company by the dealers / customers as at 31st March 2017.

Efforts are being made to sell BS III vehicles in overseas markets where these still meet local standards, but expectations are not high.

The effects of the above ban on the Company's results are reflected by provisions made in the accounts for 2016-17 as follows - writing off of the carrying value of inventory of components etc no longer usable for the newly compliant vehicles and loss of margin on sales returns, amounted to Rs. 10.10 crores. The cost of converting stocks of vehicles at 31st March 2017 (including vehicles returned by dealers) to the new standard will be charged in accounts as and when incurred.

The Company sold 14,909 vehicles in 2016-17 (net of sales return of 275 BS III vehicles from dealers) against 12,700 in the previous year. Product-wise break up of sales is given hereunder:

(Nos.)

	2016-17	2015-16
Passenger vehicle (buses)	7919	6814
Cargo vehicles	6990	5886
Total	**14909**	**12700**

Net Revenue for 2016-17, is Rs. 1,373.1 crores (net of sales returns of Rs. 22.20 crores against 275 BS III vehicles taken back from dealers) against Rs. 1,172.6 crores in the preceding year, as detailed below :

(Rs. in Crores)

	2016-17	2015-16
Sale of Vehicles	1,281.9	1,085.9
Sale of Spare Parts etc.	91.2	86.7
Total Net Revenue	1,373.1	1,172.6

Material cost was higher at 73.0% of net revenue (72.3%) which includes onetime impact of BS III stock write off due to the above referred ban imposed by the Supreme Court.

Employee costs at Rs. 141.1 crores (Rs. 124.9 crores) were 10.3% (10.7%) of net revenue.

Marketing costs at Rs. 65.7 crores were 4.8% (4.9%) of net revenue.

Other operating & administrative expenses at Rs. 52.2 crores made up 3.8% (4.2%) of net revenue.

Depreciation Charge was at Rs. 23.5 crores (Rs. 19.6 crores).

With increase in volumes and control over costs, operating profit reached Rs. 112.2 crores (8.2%) against Rs. 93.0 crores (7.9% of net revenue). Interest expense net of interest earned amounted to Rs. 0.3 crores (Rs. 0.9 crores net income).

As a result of above, Profit before tax rose to Rs. 84.6 crores (6.2% of net revenue) against previous year's Rs. 68.3 crores (5.8%). Profit after tax was Rs. 62.8 crores (Rs. 51.2 crores), which translates to an earnings per share of Rs. 43.4 (Rs. 35.4).

Net worth of the Company as on 31st March, 2017 was Rs. 402.5 crores against Rs. 340.1 crores on that date in the previous year made up of equity component of Rs. 14.5 crores (Rs. 14.5 crores) and reserves of Rs. 388.0 crores (Rs. 325.6 crores).

Year-end short term borrowings from banks were Rs. 5.1 crores (Rs. 55.0 crores) and long term External Commercial Borrowings were Rs. 33.5 crores - net of adjustments for derivatives as per the applicable accounting standards (Previous Year's - Nil).

Cash & Bank Balances (including Fixed Deposits with Banks) were Rs. 7.6 crores (Rs. 36.1 crores).

Year-end trade receivables were at Rs. 114.8 crores (Rs. 102.8 crores) and trade payables were Rs. 190.7 crores (Rs. 171.9 crores).

Fixed assets stood at Rs. 290.8 crores (Rs. 211.4 crores).

4. INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company conducts its affairs within the framework of well-defined business plans which have provided appropriate guidance and direction to its employees. Annual Business Plan for each financial year is formulated on the basis of well defined processes and is approved by the Board of Directors. Finance & Accounts function is adequately staffed by professionally qualified and experienced personnel. An effective reporting and monitoring system is 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 management action taken 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 Company's Internal Audit department and the Company's Statutory Auditors. Significant observations of the Auditors are subsequently submitted to the Audit Committee of the Board for 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 loyalty for the organization. Raising employees' involvement in the decision making process and grooming them for leadership positions has been an ongoing process.

Industrial relations and work atmosphere remained cordial throughout the year with sustained communication and engagement with workforce through various forums. Employees' strength as on 31st March, 2017 was 1063.

6. OPPORTUNITIES AND THREATS

Medium to long term outlook for commercial vehicle (CV) industry is positive, backed by projected improvement in industrial activity, strong focus on infrastructure project execution, steady agricultural output and improved consumption expenditure. Further, initiatives like the smart city programme and increasing demand from inter-city movement is expected to drive growth in the bus segment.

The financial year 2017-18 will be a challenging year as it sees implementation of BS IV standard across India leading to higher cost per vehicle with its attendant effect on demand and marketing. Implementation of GST will bring about structural changes in logistics and movement of goods which may affect both volumes as well as product mix. Your Company has taken necessary measures to address all logistic issues.

Government has already notified implementation of BS VI emission norms from the year 2020. That will require much planning and adjustments to manufacturing programmes but there remains acute anxiety as to supply of the requisite fuel. There is no clarity yet that oil companies will be ready for new fuels required and of the cost thereof. Furthermore, the Government has announced new series of regulations like bus-body code, truck body code and several other regulations, to enhance passenger & driver comfort and road safety. All these measures will require considerable development work and will significantly increase cost of production of vehicles.

7. BUSINESS RISKS AND CONCERNS

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

As stated above, the transformation from BS-III to BS-IV and other regulatory requirements involved change in design requirements and training across all relevant points in manufacturing, marketing and user efficiency. These factors have substantially increased cost of production and, therefore, the prices of vehicles.

Demand for Commercial Vehicles, particularly M&HCVs (trucks), has been impacted in the first quarter of current fiscal due to higher cost of BS IV compliant vehicles. Furthermore, the Government has already notified implementation of BS VI emission norms from the Year 2020 which will further lead to pressures on development and manufacturing, and not the least, on cost of production.

To meet the above challenges, the Company is continuing its focus on - product development, innovative and cost effective technology solutions such as powertrains through outsourcing, up-gradation of plant infrastructure to improve manufacturing technology and efficiencies, cost cutting, improvements in after sale service, measures for customer satisfaction, brand promotion, enhancing dealer network, etc.

As regards all business risks, your Company has a Risk Management Committee of the Board which is entrusted with the functions of determining efficacy of the risk management framework of the Company including mitigation measures taken by the management.

8. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projection, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied.

CORPORATE GOVERNANCE REPORT

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

COMPOSITION OF THE BOARD

The composition of the Board of Directors ("Board") conforms to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with five independent Directors, including the Chairman and a woman Director; three whole-time Directors and five non-executive Directors. Out of total five non-executive Directors, four are from the Promoter group, Sumitomo Corporation, Japan and one is from Isuzu Motors, Japan, the Company's technical partner. 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, appointed in accordance with the Companies Act, 2013 and Listing Regulations, were issued formal letters of appointment and details are disclosed on the Company's website www.smlisuzu.com. All the independent Directors have declared to the Company that they meet the criteria of 'independence' set out in the Listing Regulations and the Companies Act, 2013.

The Managing Director & CEO, the Whole-time Director & CFO and Director-R&D *(Isuzu Products & Projects)* are all professionals. The Managing Director & CEO has been an employee of the Company's Promoter group and Director-R&D *(Isuzu Products & Projects)*, an employee of Isuzu Motors.

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

MEETINGS OF THE BOARD

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

Detailed agenda is sent to each Director or 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, ATTENDENCE AND MEMBERSHIP

During the year, the Company held 5 Board Meetings on 10th May 2016, 5th August 2016, 8th November 2016, 10th February 2017 and 24th March 2017. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

The details are set out below:

Name of Director (DIN No.)	Category	Board Meetings during 2016-17		Attendance at the AGM held on 05.08.2016	Directorships in other Companies* (as on 31.03.2017)		No. of Committee Positions in Companies# including SML ISUZU LIMITED (as on 31.03.2017)	
		Meetings Held	Board Meetings Attended		Public	Private	Chairman	Member
Mr. Surender Kumar Tuteja Chairman (00594076)	Independent Non-Executive	5	5	Yes	7	7	4	3
Mr. Pramod Kumar Nanda (00751931)	Independent Non-Executive	5	5	Yes	1	-	1	1
Mr. Ashish Kumar Thakur (00031778)	Independent Non-Executive	5	5	Yes	3	-	-	4
Mr. Sudhir Nayar (00200415)	Independent Non-Executive	5	5	Yes	1	-	2	1
Dr. (Mrs.) Vasantha S. Bharucha (02163753)	Independent Non-Executive	5	5	Yes	2	-	-	2
Mr. Masaki Nakajima (06605180)	Non-Executive	5	4	Yes	-	-	-	-
Mr. Takeru Kikkawa (03107280) (appointed w.e.f. 10.05.2016)	Non-Executive	5	5	Yes	-	-	-	-
Mr. Kazuo Goda (07572151) (appointed w.e.f. 05.08.2016)	Non-Executive	4	3	Yes	-	-	-	-
Mr. Masahiro Narikiyo (07125220)	Non-Executive	5	4	Yes	-	2	-	-
Mr. Pankaj Bajaj (00337925)	Non-Executive	5	5	Yes	-	1	-	-
Mr. Eiichi Seto (02704734) Managing Director & CEO	Executive	5	5	Yes	-	-	-	1
Mr. Gopal Bansal (06836592) Whole-time Director & CFO	Executive	5	5	Yes	-	-	-	2
Mr. Takahiro Imai (07796387) Director-R&D *(Isuzu Products & Projects)* (appointed w.e.f. 26.05.2017)	Executive	NA	NA	NA	NA	NA	NA	NA
Mr. Kei Katayama (06942162) Director - R&D (ceased w.e.f. 25.05.2017)	Executive	5	5	Yes	-	-	-	-
Mr. Kyoichiro Takashima (06604412) (ceased w.e.f. 10.05.2016)	Non-Executive	NA	NA	NA	NA	NA	NA	NA
Mr. Kimitoshi Kurokawa (07242673) (ceased w.e.f. 05.08.2016)	Non-Executive	1	1	NA	NA	NA	NA	NA

* Excludes Directorships in Associates, Foreign Companies, Government Bodies and Companies registered under Section 8 of the Companies Act, 2013.
\# Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for Committee positions.
(a) None of the Directors is a member of more than 10 committees and chairman of more than 5 committees (as specified in the Listing Regulations), across all the companies in which he is a Director.
(b) The Senior Management personnel have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which would have potential conflict of interest with the Company at large.
(c) None of the Directors is shareholder of the Company.
(d) None of the independent Directors is an independent Director in more than 7 listed companies and whole-time Director in any listed Company.

CODE OF CONDUCT

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

The Code is available on the website of the Company www.smlisuzu.com. In accordance with the Listing Regulations, all Directors and senior management personnel have affirmed compliance with this Code. A declaration signed by the Managing Director & CEO to this effect forms part of this report.

CEO/CFO CERTIFICATION

As required under the Listing Regulations, the Managing Director & CEO and Whole-time Director & CFO have certified to the Board regarding Annual Financial Statements for the year ended 31st March, 2017, which was placed before the Board of Directors at their meeting held on 10th May, 2017 and forms part of this report.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

BOARD EVALUATION

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

COMMITTEES OF THE BOARD

Audit Committee

The members of Audit Committee possess vast experience in and knowledge of corporate affairs and finance. During the financial year under review, four meetings of Audit Committee were held on 9th May 2016, 4th August 2016, 7th November 2016 and 9th February 2017. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 5th August, 2016.

The Committee also met on 9th May 2017 prior to the finalization of the Accounts for fiscal 2016-17.

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 2016-17
Mr. P. K. Nanda, Chairman	Independent, Non-Executive	4
Mr. A. K. Thakur	Independent, Non-Executive	4
Mr. Sudhir Nayar	Independent, Non-Executive	4
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	4

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

Terms of reference of the Audit Committee inter alia include:

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

- Review adequacy of internal audit function including structure of the internal audit department, staffing and seniority of the official heading the function, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditor of any significant findings and follow up thereof;
- Review findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Approval (or any subsequent modification) of transactions of the Company with related parties;
- Review functioning of the Whistle Blower mechanism;

Stakeholders Relationship Committee

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

Terms of Reference of the Committee are as follows:

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

The Committee also reviews the functioning of the Registrar and Transfer Agent to render effective and quality services to the investors. During the financial year ended 31st March, 2017, 16 meetings of the committee were held.

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

Name of the Member	Category	No. of meetings attended during 2016-17
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	16
Mr. Eiichi Seto	Executive (Managing Director & CEO)	13
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	16

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

The Company received 453 queries / requests from the shareholders which, inter-alia, included queries / requests related to dematerialization / rematerializaion of shares, non-receipt of dividend / annual reports, transfer of shares and revalidation of dividend, 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 2017.

Total 9 complaints received during the year from the shareholders, through SCORES and BSE/ NSE, which were resolved to the satisfaction of the shareholders. As on 31st March, 2017, no complaint was pending.

Nomination and Remuneration Committee

This Committee has been constituted in compliance with the requirements of the Companies Act, 2013.

Terms of Reference of the Committee are as follows :

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

During the year, four meetings of the Committee were held on 10th May, 2016, 5th August 2016, 10th February, 2017 and 14th March 2017.

The Composition of the Nomination and Remuneration Committee and the details of Meetings attended by the members during the year are given below :

Name of the Member	Category	No. of meetings attended during 2016-17
Mr. P. K. Nanda, Chairman	Independent, Non-Executive	4
Mr. S. K. Tuteja	Independent, Non-Executive	4
Mr. M. Nakajima	Non-Executive	4

Nomination and Remuneration Policy:

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

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

Remuneration of Directors:

Remuneration paid to Whole-time Directors is decided by the Board on the recommendations of the Nomination and Remuneration Committee and approved by the shareholders at Annual General Meeting. Independent Directors are paid sitting fee of Rs. 30,000 per meeting (within the prescribed limits as approved by the Board) for attendance at Board meetings and Committees thereof 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.

Further, there has been no other material pecuniary relationship or transactions by the Company with Non-executive directors during the year.

Following are the details of Directors remuneration paid in 2016-17.

Whole-time Directors **(Amount in Rs.)**

Name of Director	Salary (Basic & DA)	Allowances (including HRA, Leave Trave & Special Allowances)	Commission for the FY 2015-16	Contribution to Provident and other Funds	Other Perqui-sites	Stock Option	Total	Service Contract (Tenure)
Eiichi Seto Managing Director & CEO	63,00,000	-	63,00,000	3,78,000	15,85,210	-	1,45,63,210	Upto 25.12.2018
Gopal Bansal Whole-time Director & CFO	78,00,000	29,00,000	60,00,000	18,36,000	3,81,975	-	1,89,17,975	Upto 10.02.2019
Kei Katayama Director - R&D	45,60,000	-	-	2,73,600	14,89,681	-	63,23,281	Ceased w.e.f 25.05.2017

Note: No notice period and severance fee is payable to any Director

Non-Executive Independent Directors (Amount in Rs.)

Name of Director	Sitting Fees (Refer Note 1)	Commission (Refer Note 2)
Mr. S.K. Tuteja	9,00,000	8,00,000
Mr. P.K. Nanda	5,40,000	8,00,000
Mr. A.K. Thakur	4,20,000	8,00,000
Mr. Sudhir Nayar	4,20,000	8,00,000
Dr. (Mrs.) Vasantha S. Bharucha	3,00,000	8,00,000

Note:

1. Includes Rs. 60,000/- Sitting fee paid to each Non-Executive Independent Director for FY 2014-15 and 2015-16.
2. Related to financial year 2015-16 and paid in financial year 2016-17.

Corporate Social Responsibility Committee

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

The role of CSR committee, inter-alia, is to :

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

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

The annual report on CSR activities, for financial year 2016-17, forms a part of Directors Report.

During the year, two meetings were held on 10th May, 2016 and 31st January, 2017.

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 2016-17
Mr. S. K. Tuteja, Chairman	Independent, Non-Executive	2
Dr. (Mrs.) Vasantha S. Bharucha	Independent, Non-Executive	2
Mr. Eiichi Seto	Executive (Managing Director & CEO)	2
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	2

Risk Management Committee

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

During the year, two meetings were held on 4th August, 2016 and 9th February, 2017.

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 2016-17
Mr. P.K. Nanda, Chairman	Independent, Non-Executive	2
Mr. A.K. Thakur	Independent, Non-Executive	2
Mr. Sudhir Nayar	Independent, Non-Executive	2
Mr. Pankaj Bajaj	Non Executive	2
Mr. Gopal Bansal	Executive (Whole-time Director & CFO)	2

DISCLOSURES

1. Details of General Meetings

(i) Annual General Meetings :–

Financial Year	Date	Time	Venue	Special Resolutions passed
2013-14	22.09.2014	1:00PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	1. Amendment in Article 86 & 117 of Articles of Association 2. Appointment of Mr.Eiichi Seto as Managing Director & CEO 3. Appointment of Mr. Gopal Bansal as Whole-time Director designated as Whole-time Director & CFO 4. Appointment of Mr. Kei Katayama as Whole -time Director designated as Director-R&D 5. Authority to the Board of Directors for borrowing money upto Rs.500 crores 6. Authority to the Board of Directors to create mortgage/charge on all or any of the immovable properties of the Company to secure the term loans/working capital facilities upto a sum of Rs.500 crores
2014-15	24.09.2015	1:30PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Nil
2015-16	05.08.2016	3:30PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Nil

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

(ii) Extraordinary General Meeting:

No extraordinary general meeting was held during financial year 2016-17.

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 Accounting Standard 18 are set out in note 33 to the Financial Statements.

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

3. Details of non-compliance

There has neither been any non-compliance of any legal provision of applicable law nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authorities, on any matters related to capital market during the last three years.

4. Whistle Blower Policy/Vigil Mechanism

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

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

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

5. Code for prevention of Insider Trading Practices

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

6. Accounting treatment

In preparation of the Financial Statements, the Company has followed the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts), Rules 2014 to the extent applicable, as adopted consistently by the Company. The significant accounting policies which are consistently applied are set out under Note 3 of the Financial Statements for the year ended 31st March 2017.

7. Means of Communication

(a) Publication of results

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

(b) Website and News Releases:

The Company's website www.smlisuzu.com displays the information, prescribed to be made available on website of the Company under the Listing Regulations, which inter alia includes - details of business

of the Company, terms and conditions of independent directors, composition of board committees, policies adopted by the Company, shareholding pattern, presentations made to the Analysts / Institutional investors, announcements / disclosures made by the Company, notices published in the newspapers, status of unclaimed dividend, Annual Reports, Quarterly and Annual Financial results, contact for investor grievances, etc.

(c) Stock Exchanges

Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited, where 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.

8. Management Discussion and Analysis Report

Management Discussion and Analysis Report has been attached to Directors Report and forms part of this Annual Report.

9. Compliance with Mandatory Requirements

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

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

10. Adoption of discretionary requirements

i) The Board

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

ii) Shareholder Rights

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

iii) Modified opinion(s) in Audit Report

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

iv) Separate posts of Chairman and CEO

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

v) Reporting of Internal Auditor

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

11. Policy on determining Material Subsidiary

The Company has no subsidiary.

SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**

Date	:	**22nd September, 2017 (Friday)**
Time	:	**1:00 P.M.**
Venue	:	**SML Isuzu Limited** **Village Asron, Distt. Shahid Bhagat Singh Nagar, (Nawanshahr), Punjab-144 533**

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

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

Quarter ended 30th June, 2017	:	10th August, 2017
Quarter ending 30th Sept., 2017	:	1st/2nd week of November, 2017
Quarter ending 31st Dec., 2017	:	1st/2nd week of February, 2018
Year ending 31st March, 2018	:	May, 2018

3. **Book Closure** : 16th September, 2017 to 22nd September, 2017 (both days inclusive)

4. **Dividend Payment date** : shall be paid/dispatched on or before 10th October, 2017

5. **Listing on Stock Exchanges** :

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

National Stock Exchange of India Limited (NSE)
Exchange Plaza, 5th Floor,
Plot no. C/1, G Block
Bandra- Kurla Complex
Bandra (E)
Mumbai - 400051

Listing fee for FY 2017-18 for both these stock exchanges has been paid.

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

7. **CIN** : L50101PB1983PLC005516

8. **Dematerialisation and Liquidity of Shares:**

The 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 30th June, 2017, 96.51% 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.

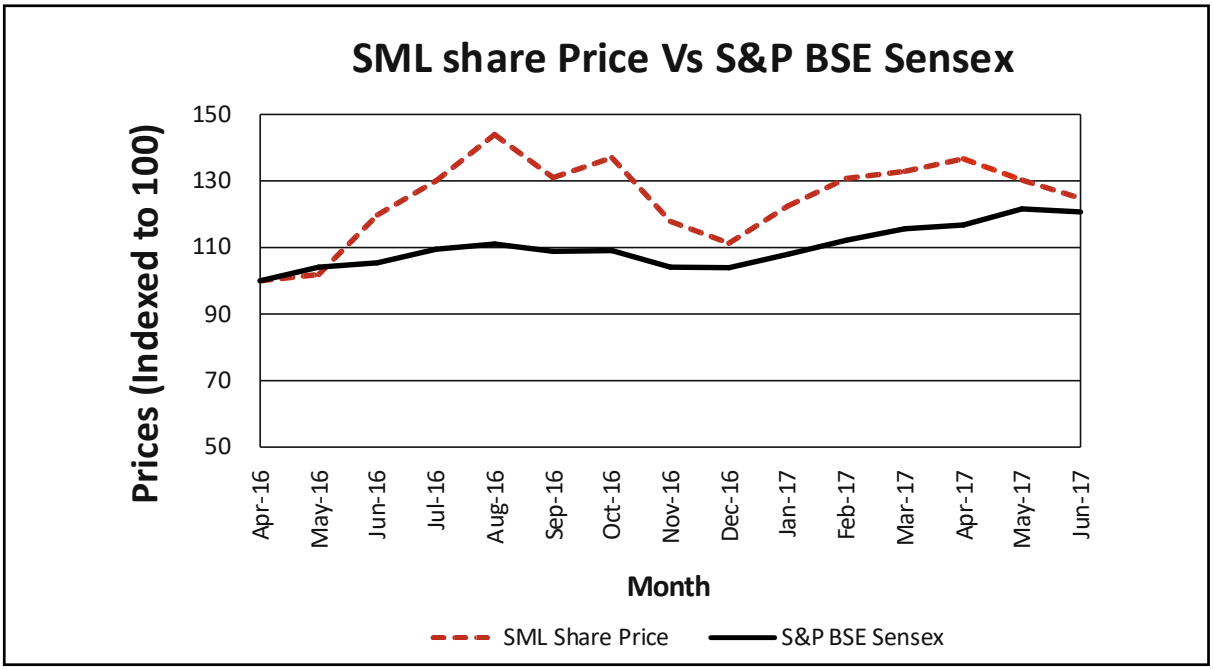
9. Stock Market Data

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

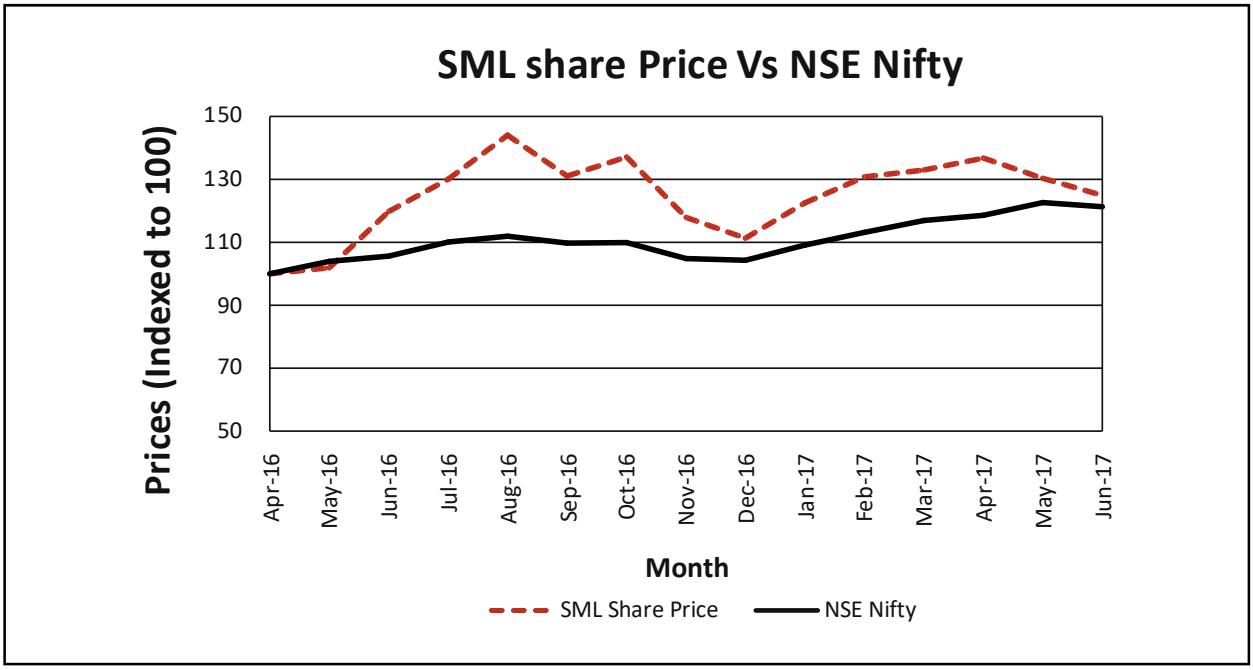
Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2016				
April	975	770	975	771
May	1,164	891	1,175	892
June	1,178	985	1,179	991
July	1,275	1,091	1,274	1,111
August	1,434	1,271	1,434	1,275
September	1,410	1,200	1,409	1,201
October	1,370	1,236	1,370	1,236
November	1,363	1,025	1,363	1,025
December	1,150	1,014	1,153	1,011
2017				
January	1,248	1,071	1,248	1,072
February	1,310	1,181	1,313	1,180
March	1,335	1,215	1,336	1,212
April	1,385	1,286	1,388	1,292
May	1,369	1,223	1,368	1,220
June	1,280	1,170	1,275	1,160

10. Stock Price Performance

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



SML ISUZU Ltd. Share Price performance relative to CNX Nifty



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

11. Transfer System for physical shares:

Share transfers are being registered and dispatched within the stipulated timeline from the date of receipt, if the documents are clear in all respect. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance with respect to issue of share certificates 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 2016-17 were 4,950 (Previous Year 6,151)

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 Sections 205A and 205C of the Companies Act, 1956, all dividend remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, were required to be transferred to Investor Education and Protection Fund (IEPF). Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), came into with effect from September 7, 2016, also contain similar provisions for transfer of such amounts to the IEPF. Accordingly, the Company has transferred the unclaimed dividends for and upto the Financial Year ended 31st March, 2009 to IEPF. Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to make their claims to the Company. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company on the website of the Company (www.smlisuzu.com).

13. Transfer of shares to Investor Education and Protection Fund (IEPF):

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 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 has already initiated necessary action for transfer of all shares in respect of which dividend declared for the Financial Year 2009-10 or earlier financial years has not been claimed by the members for seven consecutive years or more. Intimations have been sent to the concerned shareholders through individual notices and also advertised in the Newspapers requesting them to en-cash their unclaimed dividends failing which the corresponding shares shall be transferred to IEPF without further notice. The list of concerned Shareholders and the corresponding shares are available on the Company's website www.smlisuzu.com.

Please note that no claim shall lie against the Company in respect of shares transferred to IEPF and the unclaimed dividend amount transferred thereof. However, the shareholder can claim both unclaimed dividend amount and the shares transferred to IEPF from IEPF Authority by making an application in Form IEPF-5 online on www.iepf.gov.in and sending the physical copy of the same duly signed (as per registered specimen signature) along with requisite documents enumerated in the said Form IEPF-5 to the Company or to M/s MCS Share Transfer Agent Limited, Registrar and Transfer Agents of the Company for verification of the claim. Shareholder can file only one consolidated claim in a financial year as per the IEPF Rules.

14. Registrar and transfer Agents

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

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

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

15. Shareholding Pattern as on 30th June, 2017

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	1	43.96	63,62,306
Foreign Company	1	15.00	21,70,747
Mutual Funds and UTI	17	3.05	4,41,263
FI/Banks	3	0.06	8,127
Other Bodies Corporate	757	6.11	8,83,544
FII's/NRI's	1,228	2.00	2,90,558
Foreign Portfolio Investors	15	5.43	7,85,205
Individuals	28,570	24.32	35,18,953
Trusts	5	0.01	1,690
NBFC registered with RBI	5	0.06	9,253
TOTAL	**30,602**	**100.00**	**1,44,71,646**

16. Distribution of Shareholding as on 30th June, 2017

No. of Equity Shares held	No.of Share-holders	No. of Shares	%age of Share-holding
1-500	29,624	19,20,498	13.27
501-1,000	523	4,07,127	2.81
1,001-2,000	230	3,31,615	2.30
2,001-3,000	72	1,80,070	1.24
3,001-4,000	32	1,13,337	0.78
4,001-5,000	23	1,06,747	0.74
5,001-10,000	51	3,55,620	2.46
10,001-50,000	35	7,68,960	5.31
50,001-100,000	3	2,26,023	1.56
100,000 above	9	1,00,61,649	69.53
TOTAL	**30,602**	**1,44,71,646**	**100.00**

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

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

Risk associated with foreign exchange transactions for the Company is not material. Particulars of the foreign currency exposures and hedging activities have been covered in Note 44 and 45 to Financial Statements

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

As on 31st March 2017, no shares were lying under the Demat Suspense Account/Unclaimed Suspense Account.

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

21. Address for correspondence (for Investor queries etc.)

Registrar and Share Transfer Agents
M/s MCS Share Transfer Agent Limited
Unit : SML Isuzu Limited
Sri Venkatesh Bhavan, F-65, 1st Floor
Okhla Industrial Area, Phase-1
New Delhi-110 020
Phone : 011-41406149
Fax : 011-41709881
Email : helpdeskdelhi@mcsregistrars.com

Compliance Officer & Company Secretary
Mr. Parvesh Madan
SML Isuzu Limited
SCO: 204-205
Sector 34 - A
Chandigarh - 160 135
Tele : 0172-2647700-10
Fax : 0172-2615111
Email : pmadan@smlisuzu.com
investors@smlisuzu.com

22. Website Address : www.smlisuzu.com

ANNEXURE A TO DIRECTORS' REPORT

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

Introduction

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

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

General

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

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

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

Composition of the Board

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

Independent Directors

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

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

– must have considerable experience at senior levels in business, industry, professions, government or industry/ finance related institutions in India and/or other countries;

– has no conflict of interest, including any material or pecuniary interest, except for remuneration received as approved by law and/or shareholders;

– has the ability to evaluate and advise on strategy and business of the Company;

– has the ability to challenge and evaluate performance of the management, financial performance and risks in the business;

– has the ability to relate and advise on the effects of macro level economic, industrial and political environment and developments, including government policies, on the Company's affairs and management of its business.

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

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

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

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

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

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

Other Directors

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

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

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

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

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

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

Key Managerial Personnel ('KMP') and Senior Management

This group comprises:

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

Managing Director

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

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

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

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

Key Managerial Personnel and Senior Management

Whole-time Director

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

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

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

– the need felt by the Board for expertise and experience of the individual to be available for Board deliberations as a member.

– as a reward/promotion for specially good performance and contribution to the Company's business.

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

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

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

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

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

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

ANNEXURE B TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT-9

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr.No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Trucks	29102	36%
2	Bus	29109	51%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sumitomo Corporation, Japan, the Promoters, holds 43.96% shareholding of the Company but being a Corporation incorporated outside India, it is not an Associate Company under the applicable provisions of the Companies Act, 2013.

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

i) Category-wise Share Holding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of shares held at the end of the year (as on 31.03.2017)				% Change during the year
		Demat	Physical	Total	%age of Total Shares	Demat	Physical	Total	%age of Total Shares	
(A)	**Promoter**									
(1)	**Indian**									
(a)	Individuals/ HUF	–	–	–	–	–	–	–	–	–
(b)	Central Govt.	–	–	–	–	–	–	–	–	–
(c)	State Govt(s)	–	–	–	–	–	–	–	–	–
(d)	Bodies Corp.	–	–	–	–	–	–	–	–	–
(e)	Banks/FI	–	–	–	–	–	–	–	–	–
(f)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(2)	**Foreign**									
(a)	NRIs-Individuals	–	–	–	–	–	–	–	–	–
(b)	Other Individuals	–	–	–	–	–	–	–	–	–
(c)	Bodies Corp.	6362306	–	6362306	43.96	6362306	–	6362306	43.96	–
(d)	Banks/FI	–	–	–	–	–	–	–	–	–
(e)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(2)	**6362306**	**–**	**6362306**	**43.96**	**6362306**	**–**	**6362306**	**43.96**	**–**
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**6362306**	**–**	**6362306**	**43.96**	**6362306**	**–**	**6362306**	**43.96**	**–**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds	605025	1550	606575	4.19	459930	1550	461480	3.19	-1.00
(b)	Banks/FI	21930	850	22780	0.16	5933	850	6783	0.05	-0.11
(c)	Central Govt.	–	–	–	–	–	–	–	–	–
(d)	State Govt.(s)	–	–	–	–	–	–	–	–	–
(e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f)	Insurance Companies	201785	-	201785	1.39	–	–	–	–	-1.39
(g)	FIIs	–	–	–	–	–	–	–	–	–
(h)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
(i)	Others	–	–	–	–	–	–	–	–	–
	Foreign Portfolio Investors	397728	–	397728	2.75	606228	–	606228	4.19	1.44
	Sub-Total (B)(1)	**1226468**	**2400**	**1228868**	**8.49**	**1072091**	**2400**	**1074491**	**7.43**	**-1.06**

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of shares held at the end of the year (as on 31.03.2017)				% Change during the year
		Demat	Physical	Total	%age of Total Shares	Demat	Physical	Total	%age of Total Shares	
(2)	**Non Institutions**									
(a)	**Bodies Corp.**									
(i)	Indian	1163051	1851	1164902	8.05	949727	1851	951578	6.58	-1.47
(ii)	Overseas	2170747	–	2170747	15.00	2170747	–	2170747	15.00	–
(b)	**Individuals**									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	2582317	410198	2992515	20.68	2470253	400562	2870815	19.84	-0.84
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	327262	–	327262	2.26	740984	–	740984	5.11	2.85
(c)	**Any Other**									
(i)	NBFCs Registered with RBI	–	–	–	–	10263	–	10263	0.07	0.07
(ii)	Trust & Foundation	1300	–	1300	0.01	2190	–	2190	0.02	0.01
(iii)	Cooperative Socities	250	–	250	–	–	–	–	–	–
(iv)	Non Resident Individual	114946	108550	223496	1.55	181922	106350	288272	1.99	0.44
	Sub-Total (B)(2)	**6359873**	**520599**	**6880472**	**47.55**	**6526086**	**508763**	**7034849**	**48.61**	**1.06**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**7586341**	**522999**	**8109340**	**56.04**	**7598177**	**511163**	**8109340**	**56.04**	**–**
(C)	**Shares held by custodian for GDRs & ADRs**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	GRAND TOTAL (A+B+C)	**13948647**	**522999**	**14471646**	**100.00**	**13960483**	**511163**	**14471646**	**100.00**	**–**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumb-ered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumb-ered to total shares	
1	Sumitomo Corporation, Japan	6362306	43.96	–	6362306	43.96	–	Nil
	TOTAL	**6362306**	**43.96**	**–**	**6362306**	**43.96**	**–**	**Nil**

(iii) Change in Promoter's Shareholding

Sr. No.		Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	6362306	43.96	6362306	43.96
2.	Date wise Increase / Decrease in Promoters Share holding during the year	NIL	NIL	NIL	NIL
3.	At the end of the year	6362306	43.96	6362306	43.96

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Increase / (Decrease) in shareholding				Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	ISUZU MOTORS LIMITED, JAPAN	2170747	15.00%	**31.03.2017**	**At the end of year**			**2170747**	**15.00%**
2	NATIONAL WEST MINISTER BANK PLC AS THE TRUSTEE OF THE JUPITER INDIA FUND	144786	1.00%					–	–
				21.10.2016	Purchase of shares	59199	0.41%	203985	1.41%
				23.12.2016	Purchase of shares	18309	0.13%	222294	1.54%
				31.12.2016	Purchase of shares	23473	0.16%	245767	1.70%
				06.01.2017	Purchase of shares	22346	0.15%	268113	1.85%
				13.01.2017	Purchase of shares	9155	0.07%	277268	1.92%
				27.01.2017	Purchase of shares	15300	0.10%	292568	2.02%
				31.03.2017	Purchase of shares	8268	0.06%	300836	2.08%
				31.03.2017	**At the end of Year**			**300836**	**2.08%**
3	SACHIN BANSAL	0	0						
				17.06.2016	Purchase of shares	44186	0.31%	44186	0.31%
				24.06.2016	Purchase of shares	71409	0.49%	115595	0.80%
				30.06.2016	Purchase of shares	9405	0.06%	125000	0.86%
				08.07.2016	Purchase of shares	62856	0.44%	187856	1.30%

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Increase / (Decrease) in shareholding				Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				15.07.2016	Purchase of shares	12144	0.08%	200000	1.38%
				19.08.2016	Sale of shares	5000	0.03%	195000	1.35%
				31.12.2016	Purchase of shares	19913	0.14%	214913	1.49%
				13.01.2017	Purchase of shares	4199	0.03%	219112	1.51%
				20.01.2017	Purchase of shares	11833	0.09%	230945	1.60%
				27.01.2017	Purchase of shares	4055	0.02%	235000	1.62%
				24.02.2017	Purchase of shares	9980	0.07%	244980	1.69%
				03.03.2017	Purchase of shares	20020	0.14%	265000	1.83%
				10.03.2017	Purchase of shares	10000	0.07%	275000	1.90%
				31.03.2017	**At the end of Year**			**275000**	**1.90%**
4	SACHIN BANSAL	0	0						
				07.10.2016	Purchase of shares	80000	0.55%	80000	0.55%
				14.01.2016	Purchase of shares	70000	0.49%	150000	1.04%
				31.03.2017	**At the end of year**			**150000**	**1.04%**
5	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE MNC FUND	144887	1.00%	**31.03.2017**	**At the end of year**			**144887**	**1.00%**
6	UTI-MID CAP FUND	143536	0.99%	**31.03.2017**	**At the end of year**			**143536**	**0.99%**
7	VIVEK BANSAL	0	0						
				22.07.2016	Purchase of shares	30000	0.21%	30000	0.21%
				29.07.2016	Purchase of shares	25000	0.17%	55000	0.38%
				05.08.2016	Purchase of shares	35000	0.24%	90000	0.62%
				19.08.2016	Purchase of shares	9510	0.07%	99510	0.69%
				26.08.2016	Purchase of shares	6632	0.04%	106142	0.73%
				02.09.2016	Purchase of shares	53858	0.38%	160000	1.11%
				07.10.2016	Sale of shares	50000	0.35%	110000	0.76%
				31.03.2017	**At the end of year**			**110000**	**0.76%**
8	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND	64581	0.45%						

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Increase / (Decrease) in shareholding				Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				21.10.2016	Purchase of shares	14719	0.10%	79300	0.55%
				23.12.2016	Purchase of shares	5688	0.04%	84988	0.59%
				31.12.2016	Purchase of shares	7294	0.05%	92282	0.64%
				06.01.2017	Purchase of shares	6942	0.05%	99224	0.69%
				13.01.2017	Purchase of shares	2845	0.02%	102069	0.71%
				31.03.2017	**At the end of year**			**102069**	**0.71%**
9	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	180000	1.24%						
				10.06.2016	Sale of shares	10000	0.07%	170000	1.17%
				21.10.2016	Sale of shares	8082	0.05%	161918	1.12%
				04.11.2016	Sale of shares	16918	0.12%	145000	1.00%
				11.11.2016	Sale of shares	6926	0.05%	138074	0.95%
				27.01.2017	Sale of shares	10225	0.07%	127849	0.88%
				03.02.2017	Sale of shares	9775	0.06%	118074	0.82%
				10.02.2017	Sale of shares	11719	0.09%	106355	0.73%
				17.02.2017	Sale of shares	11050	0.07%	95305	0.66%
				31.03.2017	**At the end of year**			**95305**	**0.66%**
10	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC(DFAIDG)	47175	0.33%						
				10.06.2016	Purchase of shares	1843	0.01%	49018	0.34%
				17.06.2016	Purchase of shares	5129	0.03%	54147	0.37%
				24.06.2016	Purchase of shares	840	0.01%	54987	0.38%
				08.07.2016	Purchase of shares	614	0.00%	55601	0.38%
				02.09.2016	Purchase of shares	2080	0.02%	57681	0.40%
				03.02.2017	Purchase of shares	2745	0.02%	60426	0.42%
				31.03.2017	**At the end of year**			**60426**	**0.42%**

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.		Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	None of the Directors & KMP hold shares in the Company			
2	Date wise Increase / Decrease in Shareholding during the year	None of the Directors & KMP had any transaction in the shares of the Company during the year			
3	At the end of the year	None of the Directors & KMP hold shares in the Company.			

V. INDEBTEDNESS

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

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (as on 01.04.2016)				
i) Principal Amount	Nil	5,500.00	Nil	5,500.00
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**5,500.00**	**Nil**	**5,500.00**
Change in Indebtedness during the financial year				
– Addition	511.29	21,852.58*	Nil	22,363.87
– Reduction	Nil	24,000.00	Nil	24,000.00
Net Change	**511.29**	**(2,147.42)**	**Nil**	**(1,636.13)**
Indebtedness at the end of the financial year (as on 31.03.2017)				
i) Principal Amount	511.29	3,352.58	Nil	3,863.87
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**511.29**	**3,352.58**	**Nil**	**3,863.87**

*Includes addition of ECB Loan of Rs.3352.58 (Net of adjustments for derivative - Rs. 147.42 lacs)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (for FY 2016-17)

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

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Eiichi Seto Managing Director & CEO	**Gopal Bansal** Whole-time Director & CFO	**Kei Katayama** Director – R & D#	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.0	107.0	45.6	215.6
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15.8	3.8	14.9	34.5
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission*				
	– as % of profit	63.0	60.0	–	123.0
	– others, specify				
5	Others (Employer Contribution to PF)	3.8	18.4	2.7	24.9
	Total (A)	**145.6**	**189.2**	**63.2**	**398.0**
	Ceiling as per the Act	Rs 931.1 lakhs (being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)			

* paid in financial year 2017-18.
# ceased to be Director of the Company with effect from 25th May, 2017.

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

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		S.K. Tuteja	A.K. Thakur	P.K. Nanda	Sudhir Nayar	Dr. (Mrs.) Vasantha S Bharucha	
1.	**Independent Directors**						
	• Fee for attending board / committee meetings	9.0	4.2	5.4	4.2	3.0	25.8
	• Commission	8.0	8.0	8.0	8.0	8.0	40.0
	• Others						
	Total (1)	**17.0**	**12.2**	**13.4**	**12.2**	**11.0**	**65.8**
2.	**Other Non-Executive Directors**	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–
	Total (B)=(1+2)	**17.0**	**12.2**	**13.4**	**12.2**	**11.0**	**65.8**
	Ceiling as per the Act	Rs. 93.1 lakhs (being 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)					
	Total Managerial Remuneration (A+B)	Rs.438.0 lakhs (excluding sitting fee of Rs. 25.8 lakhs)					
	Overall Ceiling as per the Act	Rs.1024.2 lakhs (being 11% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)					

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Parvesh Madan Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23.5	23.5
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.3	2.3
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission		
	– as % of profit	–	–
5	Others (Employer Contribution to PF)	1.7	1.7
	Total	**27.5**	**27.5**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the year ended 31st March, 2017.

ANNEXURE C TO DIRECTORS' REPORT

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

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	- Ratio of the remuneration of Mr. Eiichi Seto, Managing Director & CEO to the median remuneration of the employees-19:1 - Ratio of the remuneration of Mr. Gopal Bansal, Whole-time Director & CFO - 25:1 - Ratio of the remuneration of Mr. Kei Katayama, Whole-time Director (R & D) to the median remuneration of the employees - 8:1
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	- Mr. Eiichi Seto, Managing Director & CEO - NIL - Mr. Gopal Bansal, Whole-time Director & CFO - NIL - Mr. Kei Katayama, Whole-time Director (R&D) - NIL - Mr. Parvesh Madan, Company Secretary - 10.3%
(iii)	Percentage increase in the median remuneration of employees in the financial year	9.7%
(iv)	Number of permanent employees on the rolls of the company	1063
(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 - 3.2% - Average increase in remuneration of employees other than the Managerial Personnel - 13.9%
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the Nomination and Remuneration Policy of the Company, formulated pursuant to the provisions of Section 178 of the Companies Act, 2013

ANNEXURE D TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

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

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

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

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

   As at 31st March 2017, the Corporate Social Responsibility Committee consists of four directors - two independent directors and two executive directors :

   i) Mr. S.K. Tuteja, Independent Director as Chairman

   ii) Dr. (Mrs.) Vasantha S. Bharucha, Independent Director

   iii) Mr. Eiichi Seto, Managing Director & CEO

   iv) Mr. Gopal Bansal, Whole-time Director & CFO

3. **Average net profit of the Company for last three financial years** — Rs. 5,122.3 lakhs

4. **Prescribed CSR expenditure** (two percent of the amount mentioned in item 3 above) — Rs. 102.4 lakhs

5. **Details of CSR spent during the financial year:**

   a) Total amount to be spent for the financial year — Rs. 102.4 lakhs

   b) Amount unspent, if any — Not applicable

   c) Manner in which the amount spent during the financial year is detailed below :-

(Rs. in Lakhs)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or Program (1) Local Area or Other (2) State and district where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Projects or Programs		Cumultive Expenditure upto the reporting period i.e. FY 2016-17	Amount Spent : Direct or through implementing Agency
					Direct expendi-ture	Overheads		
1.	**Education – Amenities for Students** Provided computers, desks, chairs, fans, mats, safe drinking water and constructed Toilets	Education	1. Local 2. a) Punjab District- SAS Nagar, Fatehgarh Sahib and Roopnagar b) Chandigarh (UT)	45.00	45.02	0.12	45.14	Direct
2.	**Girls Education** Support provided to under priviledged girls students in terms of School Fees, Uniforms & Books	Education	1. Local 2. a) Punjab District- Roopnagar & Shahid Bhagat Sigh Nagar b) Chandigarh (UT)	10.00	10.26	–	10.26	Direct
3.	**Vocational Education** Setting up of vocational centre for enahancing computer skills, tailoring skills and knitting skills for girls	Vocational Education	1. Local 2. (a) Punjab District- Roopnagar and SAS Nagar b) Chandigarh (UT)	4.00	3.54	0.15	3.69	Direct
4.	**Sanitation** Provided twin dumper placer to improve cleanliness of city (Roopnagar)	Preventive Healthcare & Sanitation	1. Local 2. Punjab District- Roopnagar	12.00	11.69	–	11.69	Direct
5.	**Health Camps** Medical check-up and free medicine	Preventive Healthcare	1. Local 2. a) Punjab District- Fatehgarh Sahib and Roopnagar	4.00	3.90	0.21	4.11	Direct
6.	**Project - "Jan Swasthya, Shiksha & Rog Nivaran"** Mobile medical aid primarily for underprivileged section of the society and for imparting knowledge towards preventive healthcare	Preventive Healthcare	1. Local 2. Chandigarh (UT)	3.00	2.75	–	2.75	Direct
7.	**Medical Infrastructure** Blood Collection Van and life saving instruments provided to hospitals catering mainly to under- privileged section of society	Health care	1. Local 2. a) Punjab – Banga, District Shahid Bhagat Singh Nagar b) Chandigarh (UT)	25.00	25.33	–	25.33	Direct
	Total			**103.00**	**102.49**	**0.48**	**102.97**	

RESPONSIBILITY STATEMENT

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

S.K.Tuteja
Chairman, CSR Committee
Dated : 10th August, 2017

Eiichi Seto
Managing Director & CEO

ANNEXURE E TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[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 No. 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, 2017 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, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including any amendment thereof.

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable as the Company has not issued any securities during the financial year under review.

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not applicable as the Company has not granted any share based benefits to its employees during the financial year under review.

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Not applicable as the Company has not issued any debt securities during the financial year under review.

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the Company is not registered as Registrar

to an Issue and Share Transfer Agent during the financial year under review.

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including any amendment thereof- Not applicable as the Company has not delisted any securities from any stock exchange during the financial year under review.

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the Company has not bought back any of its securities during the financial year under review.

(vi) The Motor Vehicles Act, 1988 and the rules made thereunder (the law which is applicable specifically to the Company, being manufacturer of Commercial Vehicle).

(vii) Other laws applicable to the Company as per the representation given by the Company.

I have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 being listed with the National Stock Exchange of India Limited and BSE Limited.

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

Based on my examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried on the basis of majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The Company has proper board processes.

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

I further report that during the financial year under review, the Company has entered into a facility agreement for term loan by way of External Commercial Borrowings (ECB) with The Bank of Tokyo- Mitsubishi UFJ. Ltd., Japan for an amount upto USD equivalent to INR 140 crores.

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.

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

Place : Chandigarh
Date : April 24, 2017

ANNEXURE F TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

1. The steps taken or impact on conservation of energy

- Process of replacing old CFL lights with LED lights and procurement of new LED lights for new buildings continued.
- Modification in cooling circuit of air compressors to reduce running of pumps.
- Automation of canteen air blowers to save energy during idle time.
- Procurement of natural air ventilations in various shops to save power continues.
- Installation of energy efficient air cooled air drier in place of water cooled air drier.

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

- The Company is exploring use of Solar Energy as an alternate source.
- Solar traffic light introduced at plant

3. Capital investment on energy conservation equipments

Capital Investment: Rs. 13.32 Lakhs

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

- SML continued its efforts on technology upgradation in the area of power train & new vehicle development - Higher Power engines (Diesel & CNG) developed meeting BS-IV emission norms. Development of higher capacity Transmission.
- Installation of new Effluent Treatment Plant with latest technology.
- Installation of automatic PTCED plant having following features:
  a) 99% recovery of CED paint.
  b) Automatic separation of sludge from phosphate solution.

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

- High power engines & higher capacity transmission will improve the performance of vehicles in Field.
- Effluent treatment plant with latest technology will take care of enhanced generation of effluent water due to expected increase in production / change in process and will also help in improving the quality of discharged effluent.
- Benefits of automatic PTCED plant:
  a) Rust proof capability of truck cabin improved from 320 SST hrs to 1200 SST hrs with consistent quality by the best in class Japanese technology.
  b) Uniform paint DFT distribution due to electro-deposit has resulted in highly improved paint gloss.
  c) Higher productivity of 12 JPH (Jobs per Hour) from automated line using lean manpower.

(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	183.26
(b)	Recurring	1,660.57
(c)	**Total**	**1,843.83**
(d)	R&D expenditure as a %age of total revenue	1.34%

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in lakhs)
Earnings in foreign currency	2,690.53
Payment in foreign currency	1,822.14

SML ISUZU

BALANCE SHEET AS AT 31 MARCH, 2017

(Rs. in lakhs)

	Note No.		2017		2016
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	4		**1,447.88**		1,447.88
Reserves and surplus	5		**38,803.89**		32,565.23
Non-current liabilities					
Long-term borrowings	6		**3,352.58**		–
Deferred tax liabilities (net)	7		**557.33**		560.11
Other long-term liabilities	8		**1,188.62**		1,166.06
Long-term provisions	9		**4,915.96**		4,447.06
Current liabilities					
Short-term borrowings	10		**511.29**		5,500.00
Trade payables					
(a) Total outstanding dues of micro enterprises and small enterprises; and			**4.88**		–
(b) Total outstanding due of creditors other than micro enterprises and small enterprises			**19,066.26**		17,192.57
Other current liabilities	11		**6,001.30**		5,549.06
Short-term provisions	12		**2,413.73**		4,240.71
Total			**78,263.72**		72,668.68
ASSETS					
Non-current assets					
Fixed assets	13				
Tangible assets		**20,578.03**		16,399.61	
Intangible assets		**687.20**		710.50	
Capital work-in-progress		**7,817.01**	**29,082.24**	4,028.58	21,138.69
Long-term loans and advances	14		**4,084.78**		2,248.97
Other non-current assets	15		**90.92**		–
Current assets					
Inventories	16		**29,458.24**		33,852.94
Trade receivables	17		**11,475.55**		10,280.39
Cash and bank balances	18		**763.84**		3,613.69
Short-term loans and advances	19		**3,246.94**		1,301.60
Other current assets	20		**61.21**		232.40
Total			**78,263.72**		72,668.68
Significant accounting policies	3				

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF SML ISUZU LIMITED

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

RAJESH ARORA
Partner
Membership Number : 076124
Place : New Delhi
Date : 10 May 2017

GOPAL BANSAL
Whole Time Director & CFO

PARVESH MADAN
Company Secretary

P.K. NANDA
Director

EIICHI SETO
Managing Director & CEO

New Delhi
Date : 10 May 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

(Rs. in lakhs)

	Note No.	2017	2016
INCOME			
Revenue from operations	21		
Sale of products (Gross)		**152,064.96**	129,518.75
Less : Excise duty		**16,001.72**	13,802.63
Sale of Products (Net)		**136,063.24**	115,716.12
Other operating revenues		**832.75**	921.59
		136,895.99	116,637.71
Other income	22	**415.03**	620.80
Total revenue		**137,311.02**	117,258.51
EXPENSES:			
Cost of materials consumed	23	**92,019.17**	85,208.92
Purchases of stock-in-trade (spare parts)		**4,761.31**	4,259.84
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	**3,399.31**	(4,677.98)
Employee benefits expense	25	**14,112.87**	12,488.17
Finance costs	26	**400.02**	516.40
Depreciation and amortisation	13	**2,352.60**	1,955.35
Other expenses	27	**11,802.95**	10,675.34
Total expenses		**128,848.23**	110,426.04
Profit before tax		**8,462.79**	6,832.47
Tax expenses :			
Current tax		**2,184.62**	1,700.33
Current Tax adjustment related to prior years		**–**	(287.76)
Deferred tax			
For current year		**(2.78)**	132.28
For prior years		**–**	171.26
Profit for the year		**6,280.95**	5,116.36
Earnings per share [face value of share Rs. 10 (previous year Rs. 10)]			
Basic and diluted earnings per share	28	**43.40**	35.35
Significant accouting policies	3		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF SML ISUZU LIMITED

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

RAJESH ARORA
Partner
Membership Number : 076124
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Managing Director & CEO

New Delhi
Date : 10 May 2017

SML ISUZU

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

(Rs. in lakhs)

			2017		2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax		**8,462.79**		6,832.47
	Adjustments For :				
	Depreciation and amortization	**2,352.60**		1,955.35	
	Unrealised (gain) / loss on foreign exchange fluctuation	**(11.33)**		0.14	
	Finance costs	**400.02**		516.40	
	Interest income	**(366.23)**		(603.11)	
	Fixed assets /Capital Work-in-progress written off (net)	**19.55**		23.87	
	Profit on fixed assets sold	**(0.69)**		–	
	Provision for liquidated damages	**88.83**		72.53	
	Provision for doubtful trade receivables / advances	**136.37**		0.07	
	Liabilities/Provisions no longer required written back	**(124.56)**	**2,494.56**	(207.50)	1,757.75
	Operating profit before working capital changes		**10,957.35**		8,590.22
	Adjustments for :				
	(Increase) / Decrease in trade receivables	**(1,458.98)**		172.28	
	Decrease in other current assets	**22.95**		5.79	
	(Increase) in short term loans & advances	**(1,949.08)**		(517.38)	
	Decrease / (Increase) in long term loans & advances	**46.93**		(14.87)	
	Decrease / (Increase) in inventories	**4,394.70**		(5,266.89)	
	Increase / (Decrease) in trade payables	**2,152.50**		(2,740.70)	
	(Decrease) / Increase in other current liabilities	**(276.71)**		75.98	
	Increase in long term provisions	**468.91**		351.90	
	(Decrease) in short term provisions	**(317.19)**		(135.89)	
	Increase in long term liabilities	**174.75**	**3,258.78**	242.80	(7,826.98)
	CASH PROVIDED BY OPERATIONS		**14,216.13**		763.24
	Less: Direct tax paid (net of refunds)		**2,415.96**		1,938.17
	NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		**11,800.17**		(1,174.93)
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of fixed assets (tangible & intangible assets, capital work-in-progress) and capital advances		**(11,814.14)**		(6,703.51)
	Proceeds from sale of fixed assets		**1.01**		–
	Investment in Bank deposits (having original maturity of more than three months)		**(43,684.75)**		(10,321.58)
	Maturity of Bank deposits (having original maturity of more than three months)		**46,237.28**		14,848.96
	Margin money deposited		**–**		(0.89)
	Realisation of Margin money		**0.72**		0.52
	Interest income received		**513.50**		865.29
	NET CASH (USED) BY INVESTING ACTIVITIES		**(8,746.38)**		(1,311.21)

(Rs. in lakhs)

		2017	2016
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Long Term Borrowings taken during the year	**3,500.00**	–
	Short term borrowings taken / (repaid) during the year (net)	**(4,988.71)**	3,270.57
	Dividend paid	**(1,136.01)**	(864.41)
	Tax paid on dividends	**(235.69)**	(176.78)
	Addition to unclaimed dividend accounts	**(21.72)**	(3.89)
	Finance costs paid	**(400.02)**	(516.40)
	NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	**(3,282.15)**	1,709.09
	Net (decrease) in cash and cash equivalents	**(228.36)**	(777.05)
	Cash and cash equivalents at the beginning of the year	**766.80**	1,543.85
	Cash and cash equivalents at the end of the year	**538.44**	766.80

Notes to Cash flow statement :-

1. Components of cash and cash equivalents

Cash in hand	**5.62**	8.87
Balances with banks		
– Current accounts	**532.82**	757.93
	538.44	766.80

2. The above "Cash flow statement" has been prepared under the Indirect method as set out in the AS -3 on "Cash flow statements".

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF SML ISUZU LIMITED

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

RAJESH ARORA
Partner
Membership Number : 076124
Place : New Delhi
Date : 10 May 2017

GOPAL BANSAL
Whole Time Director & CFO

PARVESH MADAN
Company Secretary

P.K. NANDA
Director

EIICHI SETO
Managing Director & CEO

New Delhi
Date : 10 May 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(All amounts in Rs. Lakhs, until otherwise stated)

1. Company overview

SML Isuzu Limited is a public company, incorporated under the Companies Act, 1956 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 its parts. The Company has its operations primarily in India.

2. The financial statements for the year ended 31 March 2017 have been prepared as per the requirements of Schedule III of the Companies Act, 2013.

3. Significant Accounting Policies

i) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the accounting standards, as prescribed by Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, as adopted consistently by the Company. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements have been prepared in Indian rupees rounded off to the nearest lakhs.

ii) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Examples of such estimates include provision for warranty, provision for service charges, provision for future obligations under employee benefits plan and useful life of fixed assets. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii) Current -non-current classification

All assets and liabilities are classified into current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is expected to be realised within 12 months after the reporting date; or

d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a. it is expected to be settled in the company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is due to be settled within 12 months after the reporting date; or

d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

iv) Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of sales tax/value added taxes (VAT), and is net of returns, trade discounts and quantity discounts.

Export benefits are accounted for on accrual basis.

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

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

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

v) Tangible and intangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. Advance paid towards acquisition of tangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the year end, are shown as capital work in progress.

If significant component of an item of tangible fixed assets have different useful lives, then they are accounted for as a specific items of tangible fixed assets.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life. A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible assets are amortised in the Statement of Profit &Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly,

at present, these are being amortised on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortised over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

Amortisation method and useful lives of intangible assets are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. An intangible asset is derecognized on disposal or when no future economic benefits, are expected from its use. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

vi) Depreciation/ Amortisation

Depreciation on tangible fixed assets is provided on the straight-line method based on the estimated useful life of each asset as determined by the management. Depreciation for assets purchased / sold during the period is proportionately charged.

Depreciation rates are based on the useful lives as specified in Part 'C' of Schedule II to the Act, except for the following assets, which are being depreciated based on the managements estimate of the useful life of tangible fixed assets. Such useful lives are lower than the lives arrived at on the basis of Schedule II of the Act:

	Estimated life (Years) #
Plant and equipments	2-12
Office equipment (Air-Conditioners)	4
Vehicles (Motor cars)	4
Buildings - Air Ventilators	10
Furniture & Fixtures	5-10

For the above mentioned class of assets, based on internal technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets.

Capital spares are amortized in a systematic manner over a period not exceeding the useful life of the asset to which they relate.

Intangible assets are amortised on a straight-line method on a monthly pro-rata basis over a period of three to ten years based on the estimated useful life of the assets.

vii) Borrowing costs

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

viii) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard - 28 on 'Impairment of Assets' to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and impairment loss is recognised wherever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. For the purpose of impairment testing, assets are grouped together into smallest group of assets (Cash Generating Unit or CGU) that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's. The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the CGU.

Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed 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.

ix) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade, stores and spares, and loose tools are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, quarterly weighted average cost method is used. In the case of manufactured inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty liability is included in the valuation of closing inventory of finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials 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.

x) Employee benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc, are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Defined contribution plans:

Contribution to Employee Provident fund and Employees' State Insurance Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Superannuation Scheme:

Certain employees are also participants in the superannuation plan ('the Plan') which is a defined contribution plan. The Company has no obligations to the Plan beyond its monthly contributions, which are periodically contributed to the superannuation scheme, the administration of which is entrusted with Life Insurance Corporation of India ('LIC').

Defined benefit plans:

Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the LIC. Contributions are made by the Company to the LIC based on actuarial valuation of obligation as at 31 March every year conducted by the LIC. Such contributions paid during the year have been charged to the Statement of Profit and Loss on accrual basis. The Company also carries out an actuarial valuation conducted by an independent actuary as at 31 March every year for company as a whole. Any incremental value of obligation, as compared with the obligation determined by the LIC is charged to the Statement of Profit and Loss.

The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating the terms of related obligations.

Other long term benefits:

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Actuarial gains / losses:

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss.

xi) Research and development

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and right to use the asset. The expenditure capitalised includes the cost of materials, direct 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. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated above.

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

xii) Warranty and service expenses

A provision is estimated for expected warranty and free service coupon cost in respect of products sold during the year on the basis of past experience regarding failure trends of products and costs of rectification or replacement.

xiii) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement of Profit and Loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the Statement of Profit and Loss. Non- monetary assets are recorded at the rates prevailing on the date of the transaction.

The Company recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Statement of Profit and Loss.

The changes in fair value of derivatives, designated as hedges, are recognised directly in Cash Flow Hedge Reserve under Reserves and Surplus. Amount accumulated in Cash Flow Hedge Reserve are reclassified to the Statement of Profit and Loss in the same periods during which the exchange fluctuation (gain)/loss on underlying transaction affects the Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument recognised in Reserves and Surplus is retained there and is transferred to statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Reserves and Surplus is transferred to the statement of profit and loss.

xiv) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case maybe) to be realised.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(All amounts in Rs. Lakhs, until otherwise stated)

xv) Government grant

Grants in the form of Capital/Investment subsidy are treated as Capital Reserve.

xvi) Operating lease (as lessee)

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

xvii) 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.

xviii) Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a 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. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis. Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

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 are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

xix) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

NOTE 4

(Rs. in lakhs)

SHARE CAPITAL	2017		2016	
	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Authorised				
Equity Shares of Rs. 10 each	**40,000,000**	**4,000.00**	40,000,000	4,000.00
Issued, subscribed & paid up				
Equity shares of Rs. 10 each fully paid up*	**14,471,646**	**1,447.17**	14,471,646	1,447.17
Forfeited equity shares of Rs. 10 each	**13,300**	**0.71**	13,300	0.71
Total	**14,484,946**	**1,447.88**	14,484,946	1,447.88

* Includes 100 (previous year 100) equity shares of Rs. 10 each, fully paid up, held by an Non resident indian ('NRI') for which approval from the Reserve Bank of India is pending.

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Balance at the beginning and end of the year	**14,471,646**	**1,447.17**	14,471,646	1,447.17

b. Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of shares	% of Holding	No. of shares	% of Holding
Sumitomo Corporation, Japan	**6,362,306**	**43.96%**	6,362,306	43.96%
Isuzu Motors Limited	**2,170,747**	**15.00%**	2,170,747	15.00%

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

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

NOTE 5

(Rs. in lakhs)

		2017		2016
RESERVES AND SURPLUS				
Capital reserve				
At the commencement and at the end of the year		**15.00**		15.00
Securities premium account				
At the commencement and at the end of the year		**7,452.88**		7,452.88
General reserve				
At the commencement of the year	**9,278.71**		8,767.07	
Add : Amount transferred from surplus	**628.09**		511.64	
Balance at the end of the year		**9,906.80**		9,278.71
Surplus (Profit & loss balance)				
At the commencement of the year	**15,818.64**		12,607.34	
Add: Profit for the year	**6,280.95**		5,116.36	
Appropriations				
Less: Proposed dividend *	**–**		1,157.73	
Less: Dividend tax and surcharge	**–**		235.69	
Less: Transfer to General Reserve	**628.09**		511.64	
Balance at the end of the year		**21,471.50**		15,818.64
Cash Flow Hedge Reserve				
At the commencement of the year	**–**		–	
Add: Gain/(Loss) on Derivative financial instruments	**(42.29)**		–	
Balance at the end of the year		**(42.29)**		–
Total		**38,803.89**		32,565.23

* During the previous year, the board of directors of the Company had proposed a dividend of Rs. 8.0 per share to the equity shareholders. The dividend was remitted post the approval of shareholders in Annual general meeting held on 05 August 2016. Further, the Board of directors, in the meeting held on 10 May 2017, have proposed a dividend of Rs. 8.0 per share to the equity shareholders. Pursuant to the Companies (Accounting Standards) Rules 2016, this dividend will be recorded and remitted post the approval of shareholders in Annual general meeting.

NOTE 6

(Rs. in lakhs)

	2017	2016
LONG TERM BORROWINGS		
Term Loan – Unsecured		
– From Bank*	**3,352.58**	–
Total	**3,352.58**	–

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

NOTE 7

(Rs. in lakhs)

			2017		2016
DEFERRED TAX LIABILITIES (NET)					
(A)	**Deferred tax liabilities**				
(i)	Excess of depreciation/amortisation on fixed assets under income tax law over depreciation/ amortisation provided in accounts	**2,465.53**		2,365.73	
(ii)	R&D related capital work in progress allowed under Sec 35(2AB) of the Income Tax Act,1961	**23.15**		12.49	
	Gross deferred tax liabilities	**2,488.68**		2,378.22	
(B)	**Deferred tax assets**				
(i)	Provision for doubtful trade receivables/advances	**115.29**		87.35	
(ii)	Provision for compensated absences	**1,032.26**		903.96	
(iii)	Provision for gratuity	**663.83**		730.44	
(iv)	Provision for bonus	**1.03**		2.16	
(v)	Other disallowances under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	**118.94**		94.20	
	Gross deferred tax assets	**1,931.35**		1,818.11	
	Deferred tax liabilities (net)		**557.33**		560.11

NOTE 8

(Rs. in lakhs)

	2017	2016
OTHER LONG TERM LIABILITIES		
Others:		
Security deposits from dealers	**1,185.25**	1,010.50
Creditors for fixed assets	**3.37**	155.56
Total	**1,188.62**	1,166.06

NOTE 9

(Rs. in lakhs)

			2017		2016
LONG TERM PROVISIONS					
Provision for employees benefits:					
	Gratuity (refer to note 41)	**1,984.11**		2,051.00	
	Compensated absences	**2,261.93**	**4,246.04**	1,818.11	3,869.11
Other provisions :					
	Warranty (refer to note 31)		**472.07**		522.26
	Service charges (refer to note 31)		**197.85**		55.69
Total			**4,915.96**		4,447.06

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 10

(Rs. in lakhs)

	2017	2016
SHORT TERM BORROWINGS		
Loans repayble on demand (refer to note 46) :		
Cash credit from banks-secured	**511.29**	–
Other loans from banks-unsecured	**–**	5,500.00
Total	**511.29**	5,500.00

NOTE 11

(Rs. in lakhs)

	2017	2016
OTHER CURRENT LIABILITIES		
Unclaimed dividends*	**158.07**	136.35
Interest Accrued but not due on borrowings	**23.36**	–
Other payables		
Advance from customers	**963.66**	1,605.73
Statutory liabilities	**2,379.57**	1,986.89
Payable to employees	**1,092.52**	859.67
Creditors for fixed assets	**1,194.40**	677.17
Book overdraft	**–**	283.25
Derivatives designated as hedges		
Cross currency interest rate swap	**189.72**	–
Total	**6,001.30**	5,549.06

*Not due for deposit to investor education and protection fund.

NOTE 12

(Rs. in lakhs)

		2017		2016
SHORT TERM PROVISIONS				
Provision for employees benefits:				
Gratuity (refer to note 41)	**354.02**		304.54	
Compensated absences	**720.80**		725.74	
Superannuation	**41.59**	**1,116.41**	36.11	1,066.39
Other provisions :				
Warranty (refer to note 31)		**488.56**		421.08
Service charges (refer to note 31)		**471.14**		905.83
Income Tax [(net of Advance tax Rs. 3,484.67 lakhs (Previous year Rs. 3,390.09 lakhs)] (refer to note 48 and 49)		**337.62**		453.99
Proposed equity dividend		**–**		1,157.73
Tax on proposed equity dividend		**–**		235.69
Total		**2,413.73**		4,240.71

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 13

FIXED ASSETS

(Rs. in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2016	Additions during the year*	Sale/ Adj.	As at 31.03.2017	As at 01.04.2016	For the year	Sale/ Adj.	As at 31.03.2017	As at 31.03.2017
Tangible Assets (A)									
Freehold Land	48.74	-	-	48.74	-	-	-	-	48.74
Buildings	9,363.83	696.30	-	10,060.13	2,228.37	369.19	-	2,597.56	7,462.57
Plant and equipment	13,750.50	4,993.09	154.79	18,588.80	6,117.30	1,302.07	151.87	7,267.50	11,321.30
Furniture and fixtures	508.25	340.17	1.35	847.07	177.40	68.42	1.35	244.47	602.60
Office equipment	401.38	72.86	4.24	470.00	225.43	64.45	3.93	285.95	184.05
Vehicles	1,851.75	200.48	-	2,052.23	1,169.25	212.40	-	1,381.65	670.58
Others									
Computers	1,067.86	76.82	0.73	1,143.95	674.95	181.54	0.73	855.76	288.19
Sub Total (A)	26,992.31	6,379.72	161.11	33,210.92	10,592.70	2,198.07	157.88	12,632.89	20,578.03
Intangible Assets (B)									
Softwares #	-	104.97	-	104.97	-	15.42	-	15.42	89.55
Technical knowhow #	1,297.06	26.26	-	1,323.32	586.56	139.11	-	725.67	597.65
Sub-Total (B)	1,297.06	131.23	-	1,428.29	586.56	154.53	-	741.09	687.20
Total (A+B)	28,289.37	6,510.95	161.11	34,639.21	11,179.26	2,352.60	157.88	13,373.98	21,265.23

FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2015	Additions during the year*	Sale/ Adj.	As at 31.03.2016	As at 01.04.2015	For the year	Sale/ Adj.	As at 31.03.2016	As at 31.03.2016
Tangible Assets (A)									
Freehold Land	48.74	-	-	48.74	-	-	-	-	48.74
Buildings	7,407.54	1,963.42	7.13	9,363.83	1,924.49	309.21	5.33	2,228.37	7,135.46
Plant and equipment	11,841.67	2,392.49	483.66	13,750.50	5,521.84	1,058.73	463.27	6,117.30	7,633.20
Furniture and fixtures	402.49	133.88	28.12	508.25	166.86	38.31	27.77	177.40	330.85
Office equipment	329.91	112.99	41.52	401.38	199.67	65.96	40.20	225.43	175.95
Vehicles	1,656.52	195.38	0.15	1,851.75	957.34	212.06	0.15	1,169.25	682.50
Others									
Computers	744.30	335.05	11.49	1,067.86	528.02	158.41	11.48	674.95	392.91
Sub Total (A)	22,431.17	5,133.21	572.07	26,992.31	9,298.22	1,842.68	548.20	10,592.70	16,399.61
Intangible Assets (B)									
Technical knowhow #	1,125.82	171.24	-	1,297.06	473.89	112.67	-	586.56	710.50
Sub-Total (B)	1,125.82	171.24	-	1,297.06	473.89	112.67	-	586.56	710.50
Total (A+B)	23,556.99	5,304.45	572.07	28,289.37	9,772.11	1,955.35	548.20	11,179.26	17,110.11

* Additions include Rs. 150.31 lakhs (previous year Rs. 635.33 lakhs) towards assets located at the research and development facilities

Remaining useful life of intangible assets are as under:

Description	As at 31 March 2017	As at 31 March 2016
Technical Knowhow	4 to 7 years	5 to 8 years
Softwares	2 to 8 years	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 14

(Rs. in lakhs)

		2017		2016
LONG TERM LOANS & ADVANCES				
(Unsecured, considered good unless stated otherwise)				
To parties other than related parties				
Capital advances		**2,326.30**		463.12
Security deposits		**157.00**		156.48
Loans to employees		**81.32**		32.59
Prepaid expenses and other advances				
Considered good		**14.62**		3.78
Considered doubtful	**50.00**		50.00	
Less : Provision for doubtful advances	**50.00**	**–**	50.00	–
Others				
Amount paid under protest to authorities				
– Income tax		**945.97**		945.97
– Sales tax				
Considered good		**38.13**		238.44
Considered doubtful	**87.30**		–	
Less : Provision for doubtful advances	**87.30**	**–**	–	–
– Excise duty		**–**		2.13
Advance tax [(net of provision for tax Rs. 5,396.08 lakhs (Previous year Rs.3,192.68 lakhs)] (refer to note 48)		**521.44**		406.46
Total		**4,084.78**		2,248.97

NOTE 15

(Rs. in lakhs)

	2017	2016
OTHER NON CURRENT ASSETS		
(Unsecured, considered good unless stated otherwise)		
Others :		
Bank deposits (due to mature after twelve months from the reporting date)*	**89.96**	–
Interest accrued but not due on bank deposits	**0.96**	–
Total	**90.92**	–

* includes restricted bank deposits amounting to Rs. 89.96 lakhs (Previous year Rs. Nil). The restrictions are on account of deposits held as margin money against bank guarantees.

NOTE 16

(Rs. in lakhs)

	2017	2016
INVENTORIES (valued at cost or net realisable value, whichever is lower)		
Raw materials *	**7,974.06**	7,003.71
Work in progress (refer to note 30)	**13,519.06**	3,702.92
Finished goods (Vehicles)* (refer to note 30)	**6,845.03**	21,987.28
Stock-in-trade (Spare parts)*	**1,021.29**	1,045.72
Stores and spares*	**73.52**	91.05
Loose tools*	**25.28**	22.26
Total	**29,458.24**	33,852.94
* Includes goods in transit:		
– Raw materials	**564.87**	500.57
– Finished goods (Vehicles)	**1,063.80**	2,644.37
– Stock-in-trade (Spare parts)	**25.83**	46.84
– Stores and Spares	**0.70**	3.33
– Loose tools	**1.50**	1.77

NOTE 17

(Rs. in lakhs)

		2017		2016
TRADE RECEIVABLES				
Outstanding for a period exceeding six months from the date these are due for payment				
Secured, considered good		**3.39**		5.38
Unsecured				
Considered good	**22.69**		1,580.95	
Considered doubtful	**277.12**		304.93	
Less: Provision for doubtful debts	**277.12**	**22.69**	304.93	1,580.95
Other receivables				
Secured, considered good		**504.25**		258.48
Unsecured, considered good		**10,945.22**		8,435.58
Total		**11,475.55**		10,280.39

NOTE 18

(Rs. in lakhs)

		2017		2016
CASH AND BANK BALANCES				
Cash and cash equivalents				
Cash on hand	**5.62**		8.87	
Balances with banks				
– On current accounts	**532.82**	**538.44**	757.93	766.80
Other bank balances				
Unclaimed dividend accounts	**158.07**		136.35	
Margin money (against bank guarantees)	**2.39**		3.11	
Earmarked balances#	**16.90**		15.83	
Bank deposits (due to mature within twelve months of the reporting date)*	**48.04**	**225.40**	2,691.60	2,846.89
Total		**763.84**		3,613.69

* includes restricted bank deposits amounting to Rs. 48.04 lakhs (Previous year Rs. 191.60 lakhs). The restrictions are on account of deposits held as margin money against bank guarantees.

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

Details of bank balances/deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**532.82**	757.93
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	**48.04**	2,691.60
Bank deposits due to mature after 12 months from the reporting date included under 'Other non current assets' (refer note 15)	**89.96**	–
Total	**670.82**	3,449.53

NOTE 19

(Rs. in lakhs)

				2017		2016
SHORT-TERM LOANS & ADVANCES						
(Unsecured, considered good unless otherwise stated)						
To parties other than related parties						
Security Deposits				**3.98**		7.50
Others :						
Cenvat credit receivable						
Considered good		**1,899.25**			260.98	
Considered doubtful		**–**			488.32	
Less: Provision for doubtful receivables		**–**		**1,899.25**	488.32	260.98
VAT/Sales tax credit receivable						
Considered good		**802.84**			579.58	
Considered doubtful		**6.78**			32.41	
Less: Provision for doubtful receivables		**6.78**		**802.84**	32.41	579.58
Advances for supply of goods				**189.34**		154.32
Loans and advances to employees				**65.58**		61.96
Prepaid expenses and other advances				**285.95**		237.26
Total				**3,246.94**		1,301.60

NOTE 20

(Rs. in lakhs)

	2017	2016
OTHER CURRENT ASSETS		
(Unsecured, considered good unless stated otherwise)		
Interest accrued but not due on deposits	**11.00**	159.24
Royalty income receivable	**9.88**	9.65
Export incentives receivables	**40.20**	63.51
Other receivables	**0.13**	–
Total	**61.21**	232.40

NOTE 21

(Rs. in lakhs)

		2017		2016
REVENUE FROM OPERATIONS				
Sale of products (refer to note 30)				
Finished goods – vehicles	**142,879.73**		121,188.14	
Traded goods - spare parts	**9,185.23**		8,330.61	
Sub total	**152,064.96**		129,518.75	
Less : Excise duty	**16,001.72**	**136,063.24**	13,802.63	115,716.12
Other operating revenues				
Sale of Scrap	**399.41**		513.23	
Export incentives	**55.24**		53.08	
Dealer support services	**82.58**		36.03	
Royalty	**134.15**		111.75	
Exchange gain on foreign exchange fluctuations (net)	**36.81**		–	
Liabilities/provisions no longer required written back (refer to note 49)	**124.56**	**832.75**	207.50	921.59
Total		**136,895.99**		116,637.71

NOTE 22

(Rs. in lakhs)

		2017		2016
OTHER INCOME				
Interest income on				
Bank deposits	**206.56**		479.39	
Others	**159.67**	**366.23**	123.72	603.11
Profit on sale of fixed assets (net)		**0.69**		–
Other non operating income		**48.11**		17.69
Total		**415.03**		620.80

NOTE 23

(Rs. in lakhs)

		2017		2016
COST OF MATERIALS CONSUMED*				
Inventory of material at the beginning of the year	**7,003.71**		7,019.18	
Purchases	**92,989.52**		85,193.45	
Inventory of material at the end of the year	**7,974.06**		7,003.71	
		92,019.17		85,208.92
	%		%	
Imported	**1.96**	**1,807.49**	1.57	1,338.51
Local	**98.04**	**90,211.68**	98.43	83,870.41
Total	**100.00**	**92,019.17**	100.00	85,208.92

* None of the items individually constitute more than 10% of the total cost of materials consumed. Accordingly, the Company has not furnished the detailed breakup of raw material consumed under broad heads.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 24

(Rs. in lakhs)

	2017		2016	
CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE				
Opening stock				
– Finished goods (Vehicles)	**21,987.28**		16,641.09	
– Stock-in-trade (Spare parts)	**1,045.72**		1,150.99	
– Work-in-progress	**3,702.92**		3,678.29	
	26,735.92		21,470.37	
Less : Closing stock				
– Finished goods (Vehicles) (refer to note 30)	**6,845.03**		21,987.28	
– Stock-in-trade (Spare parts)	**1,021.29**		1,045.72	
– Work-in-progress (refer to note 30)	**13,519.06**		3,702.92	
	21,385.38	**5,350.54**	26,735.92	(5,265.55)
Add : Increase/(decrease) in excise duty on finished goods		**(1,951.23)**		587.57
Total		**3,399.31**		(4,677.98)

NOTE 25

(Rs. in lakhs)

	2017	2016
EMPLOYEE BENEFITS		
Salaries, wages, bonus and compensated absences	**11,718.88**	10,159.56
Contributions to provident and other funds	**1,298.26**	1,263.30
Workmen and staff welfare expenses	**1,095.73**	1,065.31
Total	**14,112.87**	12,488.17

NOTE 26

(Rs. in lakhs)

		2017		2016
FINANCE COSTS				
Interest expense on				
Long/Short term borrowings	**223.79**		348.90	
Dealers Security deposits	**81.14**		73.69	
Others	**32.45**	**337.38**	40.43	463.02
Other borrowing costs		**62.64**		53.38
Total		**400.02**		516.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 27

(Rs. in lakhs)

		2017		2016
OTHER EXPENSES				
Consumption of stores and spares and loose tools*		**235.28**		225.15
Repairs :				
– Plant & Machinery		**185.67**		156.92
– Buildings		**213.13**		218.98
– Others		**126.13**		115.59
Power and fuel		**1,138.53**		1,056.73
Rent		**391.07**		369.89
Rates and taxes		**285.13**		144.44
Legal and professional		**196.88**		193.90
Auditors' remuneration:				
– Statutory Audit	**36.00**		36.00	
– Tax Audit	**4.00**		4.00	
– Limited review of quarterly results	**12.00**		12.04	
– Other Services (certifications)	**9.25**		6.08	
– Reimbursement of expenses	**4.74**	**65.99**	5.60	63.72
Insurance		**136.72**		89.94
Printing, stationery and other communication expense		**170.11**		139.39
Travelling and conveyance		**846.27**		1,053.08
Provision for doubtful trade receivables/advances		**87.30**		0.07
Packing and freight outward		**3,815.65**		3,297.90
Warranty costs		**506.92**		350.51
Marketing, sales promotion & service expense (includes provision for liquidated damages Rs. 88.83 lakhs (previous year Rs. 72.53 lacs)		**2,155.14**		2,039.69
Royalty expense		**6.29**		4.59
Testing and other laboratory expense		**480.90**		521.97
Exchange loss on foreign currency (net)		**–**		8.31
Fixed assets/Capital work-in-progress written off (net)		**19.55**		23.87
Advances written off		**49.07**		–
Contribution towards Corporate social responsibility (refer to note 47)		**102.97**		90.11
Miscellaneous		**588.25**		510.59
Total		**11,802.95**		10,675.34

* Value of imported and indigenous consumption of stores and spares and loose tools

(Rs. in lakhs)

	%		%	
Imported	**2.79**	**6.56**	4.22	9.50
Local	**97.21**	**228.72**	95.78	215.65
Total	**100.00**	**235.28**	100.00	225.15

28. Earnings per share (EPS) :

	Year ended 31 March 2017	Year ended 31 March 2016
Profit attributable to equity shareholders	**6,280.95**	5,116.36
Weighted average number of equity shares outstanding during the year [excluding 13,300 forfeited equity shares (previous year 13,300)] (in nos.)	**14,471,646**	14,471,646
Basic and diluted earnings per share (Rs.)	**43.40**	35.35
Face value per share (Rs.)	**10.00**	10.00

29. Contingent liabilities and commitments
(To the extent not provided for)

a) Claims against the Company not acknowledged as debts:

Particulars	**As at 31 March 2017**	As at 31 March 2016
Sales tax matters	**1,023.96**	655.21
Excise and service tax matters	**69.58**	378.56
Income tax matters	**1,279.62**	1,111.68
Civil matters	**327.92**	327.92
Total	**2,701.08**	2,473.37

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

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

c) Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 6,139.59 lakhs (previous year Rs. 3,948.77 lakhs).
- Non- cancellable lease commitments of Rs. 265.87 lakhs (previous year Rs. 74.12 lakhs)

30. The Supreme Court of India has on 29 March 2017 passed an order which restricts sale and registration of BS-III emission norms compliant ('BS-III') vehicles in India effective 01 April 2017. The Company has taken necessary steps to be in compliance with the aforesaid order. The Company has also decided to take back BS III vehicles lying with the dealers at the year end and has accounted for such sales returns amounting to Rs. 2,220.02 lakhs in its books of accounts. Further, certain BS-III components lying with the Company (including those forming part of impacted BS-III vehicles) and other related costs need to be written off as no future benefit is envisaged. Consequently, the total amount

of BS III stock written off (including margin loss on sales returns) during the quarter / year ended 31 March 2017 amounts to Rs. 1,009.97 lakhs. The Company is taking necessary steps to convert the BS III vehicles in stock to ensure compliance with BS-IV emission norms. Related costs for such conversion will, accordingly, be accounted for as and when incurred.

31. Additional disclosures relating to certain provisions as per Accounting Standard 29 'Provisions, Contingent Liabilities & Contingent Assets'

Nature of the provision	Balance as on 1 April 2016	Accrued during the year#	Amount utilised during the year	Balance as on 31 March 2017
Provision for warranty *	**943.34** (971.69)	**506.92** (350.51)	**489.63** (378.86)	**960.63** (943.34)
Provision for service charges **	**961.52** (1,087.86)	**189.92** (280.03)	**482.45** (406.37)	**668.99** (961.52)

Figures of previous year are given in brackets

net of write back of liability in respect of provision for warranty Rs.113.14 lakhs (previous year Rs. 230.93 lakhs) and in respect of provision for service charges Rs. 510.00 lakhs (previous year Rs. 622.11 lakhs)

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

** The Company has provided free service coupons to end users of its products and estimated a provision based on its historical trends of utilization and expected future utilization of service coupons within a period of 3 years.

32. Segment Information

The Company is engaged in the business of manufacture of Commercial vehicles and spares which is a primary segment for the Company which constitutes a single business segment and accordingly disclosure requirements of Accounting Standard 17, "Segment Reporting", specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 in relation to primary segment are not required to be given. All the business activities of the Company are primarily conducted from locations in the Indian subcontinent i.e. India and its neighbouring countries having similar economic environments. Accordingly, no additional disclosure for secondary segment reporting on the basis of geographical operations has been made in these financial statements.

33. Related party disclosures

A. Names of related parties

i.	**Related parties where control exists**	Sumitomo Corporation, Japan – Controlling Enterprise
ii.	**Key management personnel**	Mr. Eiichi Seto - Managing Director & CEO Mr. Gopal Bansal - Whole-time Director & CFO Mr. Kei Katayama - Whole-time Director - R&D

B. Transactions with related Parties (Sumitomo Corporation, Japan)

		Year ended 31 March, 2017	Year ended 31 March 2016
a.	Purchase of components and spares	**222.99**	134.16
b.	Purchase of fixed assets	**7.74**	57.27
c.	Dividend paid	**508.98**	381.74
		As at 31 March, 2017	As at 31 March 2016
a)	Dividend payable	**–**	508.98

C. *Payments to Key Management Personnel:*	Year ended 31 March, 2017	Year ended 31 March, 2016
a. **Remuneration*:**		
Mr. Eiichi. Seto	**145.63**	148.03
Mr. Kei Katayama	**63.23**	64.58
Mr. Gopal Bansal	**189.18**	187.90
b. Remuneration payable at the year end	**123.00**	123.00

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

34. Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of Corporate Affairs

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing Cash in hand as on 08 November 2016	7.21	0.45	7.66
(+) Permitted receipts	-	23.51	23.51
(-) Permitted payments	-	15.85	15.85
(-) Amount deposited in Banks	7.21	-	7.21
Closing Cash in hand as on 30 December 2016	-	8.11	8.11

Note: for the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407 (E), dated the 8th November, 2016.

35. CIF value of imports :

	Year ended 31 March 2017	Year ended 31 March, 2016
Raw materials & components	**1,945.83**	1,288.88
Spares and stores (including capital spares)	**112.15**	59.80
Capital Goods	**162.66**	426.83
	2,220.64	1,775.51

36. Earnings in foreign currency – FOB value (on accrual basis) :

	Year ended 31 March, 2017	Year ended 31 March, 2016
Exports of vehicles	**2,614.68**	2,106.54
Export of spare parts	**75.85**	48.00
	2,690.53	2,154.54

37. Expenditure in foreign currency (on accrual basis) :

	Year ended 31 March, 2017	Year ended 31 March, 2016
Travelling and conveyance	**18.59**	32.75
Royalty	**6.29**	4.59
Knowhow	**0.22**	1.87
Interest	**11.05**	–
	36.15	39.21

38. Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company:

Particulars	**As at 31 March, 2017**	As at 31 March, 2016
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
– Principal	4.88	–
– Interest	–	–
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	–	–
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–
The amount of further interest remaining 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 MSMED Act, 2006	–	–

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(All amounts in Rs. Lakhs, until otherwise stated)

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

40. The Company has taken certain premises under operating lease arrangements. The total lease rental recognized as expense aggregate to Rs.391.07 lakhs (previous year Rs. 369.89 lakhs).
Future minimum lease payments under non-cancellable operating leases:

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Not later than one year	**81.84**	34.16
Later than one year and not later than five years	**185.59**	114.22
More than 5 years	**–**	17.96

41. Employee benefits

I Defined Contribution Plans:

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss towards contribution to the following funds :-

Particulars*	Year ended 31 March, 2017	Year ended 31 March, 2016
Employer's contribution to Provident Fund	**757.35**	706.45
Employer's contribution to Superannuation	**160.85**	134.00
Employer's contribution to ESIC	**6.44**	5.39

* Included in contribution to provident and other funds in Note 25

II Defined Benefit Plan (Gratuity):

General description of defined benefit plan/other long term benefit plan:

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

i. The Changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Present value of obligation as at beginning of year	**3,555.85**	3,209.73
Interest cost	**257.36**	245.81
Current service cost	**285.68**	251.11
Benefits paid	**(155.88)**	(156.84)
Actuarial loss on obligation	**(59.76)**	6.04
Present value of obligations as at end of year	**3,883.25**	3,555.85

ii. The Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Fair value of plan assets at beginning of the year	**1,200.31**	904.59
Expected return on plan assets	**108.73**	84.31
Contributions paid by employer	**391.03**	367.06
Actuarial gain	**0.93**	1.19
Benefits paid by the plan	**(155.88)**	(156.84)
Fair value of plan assets as at end of the year	**1,545.12**	1,200.31

iii. The amounts recognized in Balance sheet are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Present value of obligation as at the end of the year	**3,883.25**	3,555.85
Fair value of plan assets as at the end of the year	**1,545.12**	1,200.31
Funded Status	**(2,338.13)**	(2,355.54)
Excess of actual over estimated	**-**	-
Net liability recognized in Balance sheet	**2,338.13**	2,355.54

iv. The amounts recognized in Statement of Profit and Loss are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Current service cost	**285.68**	251.11
Interest cost on obligation	**257.36**	245.81
Expected return on plan assets	**(108.73)**	(84.31)
Net actuarial loss/(gain) recognized in the year	**(60.69)**	4.85
Total expenses recognized in the Statement of Profit and Loss*	**373.62**	417.46

*Included in contribution to provident and other funds in note 25

v. Principal actuarial assumptions at the Balance Sheet date are as follows:

Actuarial Assumptions	As at 31 March 2017	As at 31 March 2016
Mortality table	**IAL 2006-08 Ultimate**	IAL 2006-08 Ultimate
Attrition rate	**5.00% p.a**	5.00% p.a
Discount rate	**7.40% p.a**	7.85% p.a
Future salary rise	**9.00% p.a**	9.00% p.a
Expected return on plan assets	**8.25% p.a**	8.35% p.a
Economic Assumptions		
Remaining working life	**18.45 years**	18.66 years
Retirement age	**58 years**	58 years

vi. Amount recognized in current year and previous four years :

Particulars	As at 31 March 2013	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016	**As at 31 March 2017**
Present value of defined benefit obligation as at end of year	1,688.03	2,157.02	3,209.73	3,555.85	**3,883.25**
Fair value of plan assets as at end of year funded status	600.62	709.30	904.59	1,200.31	**1,545.12**
Deficit	1,087.41	1,447.72	2,305.14	2,355.54	**2,338.13**
Experience adjustment on plan liabilities (loss) / gain	174.73	164.43	326.95	18.36	**(180.90)**

The major categories of plan assets as a percentage of total plan assets as at 31 March 2017 are as follows:

	2016-2017	2015-2016
Insurer Managed Funds	**100%**	100%

The Company expects to contribute approximately Rs. 420.00 lakhs (previous year Rs. 300.00 lakhs) to the Gratuity Fund during financial year 2017-18.

III ***Short term employment benefits:***

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the services. These benefits include compensated absences and performance incentives.

42. Research and development costs are as follows :

Particulars	**Year ended 31 March, 2017**	Year ended 31 March, 2016
a. **Revenue expenditure**		
Salaries, wages, bonus and compensated absences	**927.66**	828.16
Contribution to provident and other funds	**67.83**	63.70
Cost of materials consumed	**218.27**	148.05
Testing and other laboratory expenses	**224.96**	303.66
Travelling and conveyance	**62.23**	62.98
Others	**159.62**	157.79
Total	**1,660.57**	1,564.34

Particulars	**Year ended 31 March, 2017**	Year ended 31 March, 2016
b. **Capital expenditure**		
– Capitalised	**142.76**	383.49
– Work-in-progress	**40.50**	12.24

43. Details in respect of dividend remitted during the year in foreign currency :

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Number of Non-resident shareholders*	**1 (nos.)**	1 (nos.)
Number of shares held as on record date*	**2,170,747 (nos.)**	2,170,747 (nos.)
Amount remitted during the year*	**173.65**	130.24
Financial Year to which dividend pertains	**2015-2016**	2014-2015

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

44. Particulars of the foreign currency exposures that are not hedged by a derivative instrument or otherwise :

Particulars	Currency Denomination	As at 31 March 2017 Amount in Foreign Currency	As at 31 March 2017 Amount in Rupees	As at 31 March 2016 Amount in Foreign Currency	As at 31 March 2016 Amount in Rupees
Trade payables	Euro	**5.14**	**359.38**	0.34	26.05
Trade Receivables	USD	**0.80**	**51.71**	–	–

45. Accounting for Derivative Contracts

The Company uses Currency/Interest rate swaps to hedge its exposure to movements in foreign exchange rates relating to certain firm commitments. The Company designates such contracts in a cash flow hedge relationship by applying the principles set out in "Guidance Note on Accounting for Derivative Contracts". The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, consistent with the Company's risk management strategy. The information on derivative instruments is as follows:

Liabilities		As at 31 March 2017			As at 31 March 2016		
	Foreign Currency	**Exchange Rate**	**Foreign Currency**	**Amount in Rupees**	Exchange Rate	Foreign Currency	Amount in Rupees
External Commercial Borrowing	USD	64.85	51.70	3,352.58	-	-	-
Total Payables (a)	**USD**	**64.85**	**51.70**	**3,352.58**	**-**	**-**	**-**
Hedged by Currency / Interest Rate Swap (b)	USD	64.85	51.70	3,352.58	-	-	-
Unhedged Payables (a-b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**

46. a) The cash credit limits sanctioned by the bankers are secured by a first charge by way of hypothecation of the Company's current assets i.e. stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire purchase/ leasing, book debts and other movables of the Company (both present and future) and also by way of a collateral pari passu second charge on the Company's fixed assets. These carry an interest rate ranging from 10.00% to 12.00% per annum. The Company has not defaulted on repayment of loan and interest during the year.

Other loans from banks - unsecured represents working capital demand loan taken from Mizuho Bank Limited.The Company has not defaulted on repayment of loan and interest during the year. These loans have been fully repaid as at the end of current year.

b) The Company had in an earlier year taken loans from Financial Institutions against first charge on its movable and immovable property. The said loans have since been repaid. However, the charges in respect of these loans are in the process of being vacated.

47. Contribution towards Corporate social responsibility :

a) Gross amount required to be spent by the Company during the year 2016-17 - Rs. 102.45 lakhs (2015-16: Rs. 86.60 lakhs)

b) Amount spent during the year:

Particulars	In cash	Yet to be paid in cash	Total
On construction / acquisition of any asset	–	–	–
	(–)	(–)	(–)
On purpose other than above	**102.97**	–	**102.97**
	(90.11)	(–)	(90.11)

(Figures in brackets pertain to 2015-16)

c) Related party transactions in relation to corporate social responsibility: NIL

d) The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

48. During the previous year ended 31 March 2016, the Company had adjusted provision for tax by Rs. 287.76 lakhs (disclosed as current tax adjustment related to prior years). This had been done to align the amounts as per the books of accounts with the relevant Income-tax records.

49. Previous year figures have been regrouped / reclassified, wherever necessary, in order to conform to current year's classifications.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF SML ISUZU LIMITED

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

RAJESH ARORA
Partner
Membership Number : 076124
Place : New Delhi
Date : 10 May 2017

GOPAL BANSAL
Whole Time Director & CFO

PARVESH MADAN
Company Secretary

P.K. NANDA
Director

EIICHI SETO
Managing Director & CEO

Place : New Delhi
Date : 10 May 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SML ISUZU LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of SML Isuzu Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the order.

(ii) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer to Note 29 to the financial statements;

ii. The Company has made provisions, as required under the applicable law, or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures with regard to the holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed by us and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Also refer to note 34 to the financial statements.

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

Rajesh Arora
Partner
Membership No.: 076124

Place: New Delhi
Date : 10 May 2017

Annexure-A to the Auditors' Report

Annexure A referred to in paragraph 5 (i) of the Independent Auditors' Report to the Members of SML ISUZU Limited on the accounts for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory, except materials-in-transit and stock lying with third parties, has been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms, limited liabilities partnerships or other parties covered in the register required to be maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) The Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits covered under Section 73 to 76 or other provisions of the Act and rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products manufactured / services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and other statutory dues were in arrears as on 31 March 2017 for a period of more than six months from the date they became payable.

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

(Amount in Rs. Lakhs)

Name of the statute	Nature of dues	Amount disputed Rs. Lakhs	Amount deposited Rs. Lakhs	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	4.25 (includes penalty Rs. 2.12 lakhs)	2.13	Apr 2000 to Mar 2004	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	1.94	Nil	Oct 2004 to Mar 2005	The Supreme Court of India
Finance Act, 1994	Service Tax	5.70 (includes penalty Rs. 2.85 lakhs)	Nil	2005-2006	Commissioner (Appeals)
Finance Act, 1994	Service Tax	5.70 (includes penalty Rs. 2.85 lakhs)	Nil	2005-2006	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	1.89	Nil	Oct 2006 to Jun 2008	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	4.26 (includes penalty Rs. 2.13 lakhs)	Nil	Apr 2006 to Dec. 2008	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	3.36	Nil	Apr 2006 to Dec. 2008	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	3.62 (includes penalty Rs. 1.81 lakhs)	Nil	Apr 2008 to Jun 2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	1.15	Nil	Jun 2009 to Mar 2011	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	25.00	Nil	Dec 2008 to Jul 2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	8.66	Nil	Oct 2009 to Sep. 2010	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	4.05 (includes penalty Rs. 1.83 lakhs)	Nil	Apr. 2010 to Sep 2011	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
	Sub-Total (A)	**69.58**	**2.13**		
Central Sales Tax Act, 1956	Sales Tax	218.23	87.30	Apr 2000 to Sep 2000	Sales Tax appellate Tribunal, Chandigarh

Punjab VAT Act, 2005	Valued Added Tax	1.57	0.39	Aug 2007	Deputy Excise and Taxation Commissioner-cum-Joint Director Enforcement, Patiala
U P Trade Tax Act, 1948	Sales Tax	15.94	7.20	1993-1994	Additional Commissioner (Appeals), Lucknow
U P Trade Tax Act, 1948	Sales Tax	5.80	0.87	2005-06	Assistant Commissioner Grade-II
Gujarat Sales Tax Act	Sales Tax	161.68	Nil	2008-09	Joint Commercial Tax Commissioner (Appeals)
The West Bengal Value Added Tax Rules, 2005	Value Added Tax	5.80	Nil	2008-2009	Assessing Officer Sales Tax
The West Bengal Value Added Tax Rules, 2005	Value Added Tax	8.51	Nil	2009-2010	W.B.C.T. Appellate & Revisional Board
The West Bengal Value Added Tax Rules, 2005	Sales Tax	5.70	Nil	2009-2010	W.B.C.T. Appellate & Revisional Board
Kerala Value Added Tax Rules, 2005	Value Added Tax	1.42	0.43	2010-2011	Assistant Commissioner Special Circle-Trivandrum
Kerala Value Added Tax Rules, 2005	Value Added Tax	93.40	28.02	2011-2012	Assistant Commissioner Special Circle-Trivandrum
Kerala Value Added Tax Rules, 2005	Value Added Tax	2.56	0.76	2011-2012	Assistant Commissioner Special Circle-Trivandrum
Patna Sales Tax Tribunal	Sales Tax	2.36	0.45	2012-13	Patna Sales Tax Tribunal
Karnataka Value Added Tax Act, 2003	Value Added Tax	526.51	Nil	2012-2013	The Assistant Commissioner of Commercial Taxes, Hubli
The West Bengal Value Added Tax Rules, 2005	Entry Tax	1.13	Nil	2012-2013	W.B.C.T. Appellate & Revisional Board, Bench-VI
Central Sales Tax Act, 1956	Sales Tax	3.17	Nil	2012-2013	Sr. JCCT/LTO-W.B.
Central Sales Tax Act, 1956	Sales Tax	60.03	Nil	2012-2013	Deputy Commissioner of Sales Tax - Pune

U P Trade Tax Act, 1948	Value Added Tax	6.88	4.98	2016-2017	Assistant Commissioner Ghaziabad
AP VAT Act 2005	Value Added Tax	3.55	2.21	2016-2017	Administrative Officer and Deputy Commercial Tax Officer Vijayawada
The West Bengal Value Added Tax Rules, 2005	Entry Tax	91.52	Nil	2013-2017	Additional Commissioner, Commercial Taxes, W.B.
	Sub-Total (B)	**1,215.76**	**132.61**		
Income-tax Act, 1961	Income-tax	101.55	88.61	FY 2004-05	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	94.79	94.79	FY 2005-06	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	137.10	137.10	FY 2006-07	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	50.88	50.88	FY 2005-06	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	476.33	476.33	FY 2007-08	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	42.41	Nil	FY 2008-09	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	82.82	82.82	FY 2006-07	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	39.30	Nil	FY 2009-10	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	54.64	Nil	FY 2010-11	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	31.86	15.44	FY 2011-12	Income-tax Appellate Tribunal (
Income-tax Act, 1961	Income-tax	112.00	Nil	FY 2007-08	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	55.94	Nil	FY 2012-13	Income-tax Appellate Tribunal
	Sub Total (C)	**1,279.62**	**945.97**		
	Total (A+B+C)	**2,564.96**	**1,080.71**		

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. Further, according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institutions, government or debenture holders during the year.

(ix) According to the information and explanations given to us, the term loan taken by the Company has been applied for the purposes for which it was raised. As informed to us, the Company has not raised any moneys by way of initial public offer (including debt instruments) or further public offer.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Rajesh Arora
Partner
Membership No.: 076124

Place: New Delhi
Date : 10 May 2017

Annexure-B to the Auditors' Report

Annexure B referred to in paragraph 5 (ii)(f) of the Independent Auditors' Report to the Members of SML ISUZU Limited being report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SML Isuzu Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Rajesh Arora
Partner
Membership No.: 076124

Place: New Delhi
Date : 10 May 2017

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of SML Isuzu Limited

1. This certificate is issued in accordance with terms of our engagement letter dated 26 September 2016.

2. This certificate contains details of compliance of conditions of corporate governance by SML Isuzu Limited ('the Company') for the year ended 31 March 2017 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' responsibility

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2017.

6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Restriction on Use

10. The certificate is addressed to and provided to the Members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

Rajesh Arora
Partner
Membership number: 076124

Place: Gurugram
Date: 10 August 2017

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, 2017 and to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) 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 evaluated 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:

(1) Significant changes, if any, in internal control over financial reporting during the year;

(2) 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

(3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : 06 May 2017

EIICHI SETO
Managing Director & CEO

GOPAL BANSAL
Whole-time Director & CFO

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

I, Eiichi Seto, Managing Director & CEO of SML ISUZU LIMITED hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Company's Code of Conduct for the Financial Year ended 31st March, 2017 in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Chandigarh
Date : 01 May 2017

EIICHI SETO
Managing Director & CEO

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held at its Registered Office & Works at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab-144533 on **22nd September, 2017 (Friday) at 1.00 P.M.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2017 and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Masaki Nakajima (DIN 06605180), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Masahiro Narikiyo (DIN 07125220), who retires by rotation and being eligible, offers himself for re-appointment.
5. **To ratify appointment of B S R & Associates LLP as Statutory Auditors**

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

   "RESOLVED that pursuant to Sections 139, 142 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board of Directors and pursuant to the approval of the Members at the Thirty-First Annual General Meeting, the appointment of B S R & Associates LLP, Chartered Accountants (Registration No. 116231W/W-100024) as statutory auditors of the Company to hold office until the conclusion of the Thirty-Sixth Annual General Meeting of the Company, be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them."

SPECIAL BUSINESS

6. **Appointment of Mr. Kazuo Goda 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 thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Kazuo Goda (DIN 07572151), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 5th August, 2016 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 along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **Appointment of Mr. Takahiro Imai, 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 thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Takahiro Imai (DIN 07796387), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 26th May, 2017 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 along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Appointment of Mr. Takahiro Imai as Whole-time Director designated as Director- R&D *(Isuzu Products & Projects)*

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the requisite approval of Central Government, if required, approval of the Members be and is hereby accorded for the appointment of Mr. Takahiro Imai (DIN 07796387), as Whole-time Director of the Company, designated as Director - R&D *(Isuzu Products & Projects)*, for a period of 2 (two) years with effect from 26th May, 2017 on the terms and conditions as mentioned below :

A) SALARY

Rs. 3,80,000/- per month

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

B) PERQUISITES AND ALLOWANCES

i) Fully furnished accommodation along with reimbursement for Gas, Electricity and Water.

ii) Medical reimbursement for self and family during stay in India.

iii) Provision of a car with driver and telephone facility.

C) RETIRAL BENEFITS

Contribution to provident fund as per the prevailing law.

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

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

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

NOTES:

1. An Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

   The instrument appointing a Proxy, duly completed and signed, must be deposited with the Company at its Registered Office not later than 48 hours before the scheduled time for holding the Meeting.

Every member entitled to vote at the Meeting or on any resolution to be moved there at shall be entitled during the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided that not less than three days' notice in writing of the intention so to inspect is given to the Company.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.

4. Members/Proxies/Authorised Representatives are requested to produce the Attendance slip duly signed, dated and stamped for admission to the Meeting Hall.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s MCS Share Transfer Agent Limited having their office at F-65, Okhla Industrial Area, Phase-1, New Delhi - 110020.

7. The Register of Members and Transfer Books of the Company will be closed from 16th September, 2017 to 22nd September, 2017 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the FY ended 31st March, 2017.

8. The dividend, as recommended by the Board, if approved at the Annual General Meeting, would be paid / dispatched on or before 10th October, 2017, to those shareholders:

   (a) whose names appear as Beneficial Owners as at the end of the business hours on 15th September, 2017 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and

   (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agents on or before 15th September, 2017.

9. The Register of Directors & Key Managerial Personnel and Register of contracts or arrangements in which Directors are interested shall be available at the Annual General Meeting and accessible during the continuance of the Meeting to any person having the right to attend the Meeting.

10. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary of the Company at least 5 days before the date of the Meeting so that information required may be compiled and made available at the Meeting.

11. Notice of Annual General Meeting, Audited Financial Statements for the year ended 31st March, 2017 together with Report of Directors and Auditors' Report are also available on the website of the Company www.smlisuzu.com.

12. The Company has transferred unclaimed dividends for and upto the financial year ended 31st March, 2009 to the Investor Education and Protection Fund (IEPF). Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the Company in respect thereof. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 5th August, 2016 (date of last Annual General Meeting) on the website of the Company (www.smlisuzu.com).

13. 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 7 (seven) 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 has already initiated necessary action for transfer of all shares in respect of which dividend declared for the financial year 2009-10 or earlier financial years has not been claimed by the members for 7 (seven) consecutive years or more. Intimations have been sent to the concerned shareholders through individual notices and also advertised in the Newspapers requesting them to en-cash their unclaimed dividends failing which the corresponding shares shall be transferred to IEPF without further notice. The list of concerened Shareholders and the corresponding shares are available on the Company's website www.smlisuzu.com.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.

15. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited, in the prescribed Form SH13, which is available on the website of the Company (www.smlisuzu.com). Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

16. Payment of Dividend through ECS:

    a) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for modification / change in such bank details.

    Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.

    b) Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC code, type of account and account number latest by 11th September, 2017 to Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited. Members located in places where ECS / NECS facility is not available may submit their bank details to M/s MCS Share Transfer Agent Limited to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.

17. For receiving all shareholder communications faster in future, including annual reports, the shareholders are requested to kindly register / update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited.

18. Members are requested to:

    i. Intimate to the Company's Registrar and Share Transfer Agent, M/s MCS Share Transfer Agent Limited, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in physical form.

ii. Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in dematerialised form. The Company will not take cognizance of any such requests directly from shareholders.

iii. Quote their folio numbers/Client ID/ DP ID in all correspondence.

iv. Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

19. Voting through electronic means :

I. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of The Companies (Management and Administration) Rules, 2014, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to the members to exercise their right to vote by electronic means (remote e-voting) in respect of the resolutions contained in this notice. For this, the Company has engaged the services of National Securities Depository Limited (NSDL) as the Authorized Agency to provide e-voting facilities.

"Remote e-voting" means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.

The "cut-off" date for determining the eligibility for voting either through electronic voting system or ballot paper is fixed as 15th September, 2017.

The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/ Depository Participant(s)]:

i. Open the e-mail and open attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password. (You will not receive this PDF file if you are already register with NSDL for e-voting).

ii. Open the internet browser by typing the URL: https://www.evoting.nsdl.com.

iii. Click on Shareholder - Login

iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.

v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.

vi. Password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vii. Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.

viii. Select "EVEN" (E-Voting Event Number - 106836) of SML Isuzu Limited. Now you are ready for e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once you have voted on the resolution, you will not be allowed to modify your vote.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to kanwalcs@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case a member receives a physical copy of the Notice of AGM [For the members whose email IDs are not registered with the Company/Depository Participant(s)]:

i. Initial password along with physical copy of the Notice of AGM is being sent separately in the permitted mode.

ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of NSDL's E-Voting website www.evoting.nsdl.com. You can also send your queries / grievances relating to e-voting to:-

a. Name and Designation: Rajiv Ranjan, Asstt. Manager

b. Address: Trade World, A wing, 4th& 5th Floors,

Kamala Mills Compound, Lower Parel, Mumbai-400013

c. Email Id : rajivr@nsdl.co.in

d. Phone Number(s) : 022-24994738

e. Toll free No: 1800-222-990

III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IV. The e-voting period commences on **18th September, 2017 (9:00 AM) and ends on 21st September, 2017 (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 15th September, 2017, may cast their vote electronically.

The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast the vote again.

V. The facility for voting through ballot paper will also be made available at the Meeting and shareholders attending the Meeting who have not already cast their vote by remote e-voting will be able to exercise their right at the Meeting.

VI. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote at the Meeting.

VII. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, 15th September, 2017.

VIII. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

IX. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 15th September, 2017, may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or RTA at helpdeskdelhi@mcsregistrars.com.

If the shareholder is already registered with NSDL for e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.

X. Mr. Kanwaljit Singh Thanewal, a practicing Company Secretary (Membership No. F-5901) has been appointed by the Board of Directors of the Company as the Scrutinizer to scrutinize the remote e-voting process and voting at Annual General Meeting in a fair and transparent manner.

XI. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the Votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Board who shall countersign the same.

XII. The voting results shall be forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall also be placed on the Company's website www.smlisuzu.com and on the website of NSDL.

XIII. The resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. 22nd September, 2017 subject to receipt of the requisite number of votes in favour of the resolutions.

20. Additional information, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment / re-appointment, is annexed as ***Annexure A***.

21. The route map of the venue of the Meeting is attached to this Notice. The prominent landmark for the venue is that it is opposite to Gurudwara Tibbi Sahib (approx. 2 km from Ropar New Bus Stand).

Regd. Office & Works :

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

By Order of the Board
for SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary
ACS-31266

Dated: 10th August, 2017

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

Item No. 6

Mr. Kazuo Goda was appointed by the Board, on the recommendation of Nomination & Remuneration Committee, as an Additional Director with effect from 5th August, 2016. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act,2013 ("the Act").

Mr. Goda is a Graduate from Kyoto Sangyo University, Japan. He joined Isuzu Motors, Japan in April 1990 and is currently associated with Isuzu Motors as a General Manager, International Sales (Dept. No.3). He has over 25 years of rich experience in various fields including International Business Development and International Sales.

The Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Mr. Kazuo Goda for the office of Director of the Company, liable to retire by rotation.

Mr. Goda 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 Secretarial Standards on General Meetings has been annexed hereto and marked as ***Annexure A***.

It is the considered view of the Board that Mr. Goda's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for the approval by the Members.

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

The relevant documents related to this item are available for inspection on all working days from11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

Item No. 7 & 8

Mr. Takahiro Imai was appointed by the Board, on the recommendation of Nomination & Remuneration Committee, as an Additional Director with effect from 26th May, 2017. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Imai is a graduate in Engineering from Kyushu University, Japan. He joined Isuzu Motors Limited, Japan in the Year 1997 and his last position in Isuzu Motors was Manager-CV Chassis Engineering (Dept. No. 2). He has experience of around 19 years with Isuzu in the area of Automobile Engineering. Before appointment as Director, Mr. Imai worked with SML Isuzu Limited as Executive – R&D since May 2016.

The Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Mr. Takahiro Imai for the office of Director of the Company, liable to retire by rotation.

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

Further, on the recommendation of Nomination & Remuneration Committee, the Board at its meeting held on 10th May, 2017, also appointed Mr. Takahiro Imai as Whole-time Director of the Company designated as Director - R&D (*Isuzu Products & Projects*) for a period of 2 (two) years with effect from 26th May, 2017 subject to approval of the shareholders in the Annual General Meeting.

The period of office of Mr. Takahiro Imai shall be liable to determination by retirement of directors by rotation. If Mr. Imai is re-appointed as a director, immediately on retirement by rotation he shall continue to hold office of Whole-time Director, designated as Director - R&D *(Isuzu Products & Projects)*, and such re-appointment as director shall not be deemed to constitute a break in his appointment as a Whole-time Director, designated as Director - R&D *(Isuzu Products & Projects).*

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

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

Statement as required under Schedule V of the Companies Act, 2013 with reference to Resolution at Item No. 8 has been annexed hereto and marked as ***Annexure B***.

It is the considered view of the Board that Mr. Imai's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends passing of the Resolutions at Item No. 7 of the Notice as an Ordinary Resolution and Item No. 8 of the Notice as a Special Resolution.

Except for Mr. Takahiro Imai, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions set out at Item No. 7 & 8.

The relevant documents related to these items are available for inspection on all working days from 11:00 AM to 3:00 PM at the Registered Office of the Company and copies thereof are available for inspection at the Corporate Office of the Company and will also be available during the Meeting.

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	Masaki Nakajima	Masahiro Narikiyo	Kazuo Goda	Takahiro Imai
Date of Birth (Age)	13.11.1962 (54 yrs)	15.05.1960 (56 years)	03.06.1967 (50 years)	16.10.1973 (43 years)
DIN No.	06605180	07125220	07572151	07796387
Original Date of Appointment	07.05.2013	27.03.2015	05.08.2016	26.05.2017
Qualification	Bachelor Degree from Waseda University, Japan	Bachelor of Commercial Science Kobe University, Japan	Bachelor Degree from Kyoto Sangyo University, Japan	Graduate in Engineering, Kyushu University, Japan
Experience (including expertise in specific functional area)	Mr. Nakajima is a Non Executive Director on SML Board. He joined Sumitomo Corporation in 1985 and since then has held several positions in Automotive Departments and Corporate Planning & Coordination Department, and is currently General Manager, Automotive Division. Mr. Nakajima has around 32 years experience in the areas of Automotive Business.	Mr. Narikiyo is a Non Executive Director on SML Board. He joined Sumitomo Corporation in 1984 and since then has held several positions in Construction Equipment Division and is currently the Chairman & Managing Director of Sumitomo Corporation India Private Limited. Mr. Narikiyo has around 33 years of experience in the Transportation and Construction & Mining Equipment business.	Mr. Goda was appointed on 5th August, 2016 as an Additional Director on SML Board. He joined Isuzu Motors Ltd. in 1990 and since then has held several positions in various departments including International Business Development Dept. and International Sales Dept. and is currently General Manager, International Sales (Dept. No. 3). Mr. Goda has over 25 years of rich experience in International Business Development and International Sales.	Mr. Imai was appointed as an Additional Director and Whole-time Director designated as Director-R&D *(Isuzu Products & Projects)* w.e.f. 26th May, 2017. He joined Isuzu Motors Limited, Japan in Year 1997 and his last position in Isuzu Motors was Manager-CV Chassis Engineering Dept. No. 2. Before appointment as Director, Mr. Imai worked with SML Isuzu Limited as Executive – R&D since May 2016. He has experience of around 19 years with Isuzu in the area of Automobile Engineering.
Terms and Conditions of appointment/re-appointment including detail of remuneration sought to be paid	All three appointments/ re-appointments are on rotational basis and no remuneration (including sitting fee) is payable.			Terms and conditions of the appointment and detail of remuneration sought to be paid is indicated in Resolution No. 7 & 8.
Details of remuneration last drawn (FY 2016-17)	Nil	Nil	Nil	Nil
Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2017*	Nil	1. Sumitomo Corporation India Private Limited 2. J.J. Impex (Delhi) Private Limited	Nil	Nil
Chairman [C]/Member[M] of the Committee of the Board of Directors of the companies in which he/she is a director as on March 31, 2017	**SML Isuzu Limited** • Nomination & Remuneration Committee [M]	**Sumitomo Corporation India Private Limited** • CSR Committee [C]	Nil	Nil
No. of Board Meetings attended during FY 2016-17	4	4	3 (Joined w.e.f. 05.08.2016)	Nil (Joined w.e.f. 26.05.2017)
No. of shares held in the Company as on March 31, 2017	Nil	Nil	Nil	Nil
Relationship with Other Directors and KMP	None of the Directors of the Company are inter-se related to each other or with the Key Managerial Personnel of the Company			

* This does not include position in foreign companies, position as an advisory board member and positions in companies under Section 8 of the Companies Act, 2013 but included private limited companies.

Annexure B
Statement as required under Schedule V of the Companies Act, 2013
(with reference to Resolution at Item No. 8)

I. General Information:

(i) Nature of Industry:

The Company is in the business of manufacture of Commercial vehicles.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 26th July 1983 and commenced its commercial operations in the year 1986.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

(iv) Financial performance based on given indicators - as per audited Financial results for the year ended 31st March, 2017:

Particulars	(Rupees in Crores)
Net Revenue	1,373.11
Net Profit in accordance with Section 197 of the Companies Act, 2013	93.11
Profit After Tax	62.81
Net Worth	402.52

(v) Foreign investments or collaborators, if any:

Sumitomo Corporation, Japan, the Promoters, holds 43.96% shareholding of the Company. Isuzu Motors Limited, Japan holds 15% shareholding of the Company with whom the Company also has technical assistance agreement. The Company has not made any foreign investments.

II. Information about the appointee:

(i) Background details:

Mr. Imai was appointed as an Additional Director and Whole-time Director designated as Director-R&D *(Isuzu Products & Projects)* w.e.f. 26th May, 2017. He joined Isuzu Motors Limited, Japan in the Year 1997 and his last position in Isuzu Motors was Manager-CV Chassis Engineering Dept. No. 2. He has experience of around 19 years with Isuzu in the area of Automobile Engineering. Before appointment as Director, Mr. Imai worked with SML Isuzu Limited as Executive-R&D since May 2016.

(ii) Past remuneration during the financial year ended 31st March, 2017:

Name of the Director	Amount (Rs. in lakhs)
Mr. Takahiro Imai- as Executive- R&D (appointed w.e.f. 23.05.2016)	Rs. 33.0

(iii) Recognition or awards: Nil

(iv) Job Profile and suitability:

Mr. Takahiro Imai being Director-R&D *(Isuzu Products & Projects)* would be responsible for Research & Development functions of the Company for Isuzu Products & Projects. He has around 19 years of rich experience in Automobile Engineering.

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

As per the details given in the Resolution No. 8 of the Notice.

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of Mr. Takahiro Imai, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the remuneration package(s) paid to similar senior level counterpart(s) in other companies.

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

Besides the remuneration proposed to be paid to him, Mr. Takahiro Imai does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) Reasons of loss or inadequate profits:

Not Applicable, as the Company has posted a net profit after tax of Rs. 62.81 crores for the year ended 31st March 2017.

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

Not Applicable as the Company has adequate profits

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

Not Applicable as the Company has adequate profits

IV. Disclosures:

The information and disclosures of the remuneration package of all the Directors has been provided in the Corporate Governance Report, forming part of the Annual Report, under the heading "Remuneration to Directors" for the year ended 31st March, 2017.

Mr. Takahiro Imai satisfies all the conditions set out in Part-I of Schedule V to the Act (approval of requisite authority will be taken, if required). Further, he satisfy the conditions set out under Section 196(3) of the Act for being eligible for his appointment and he is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Regd. Office & Works :

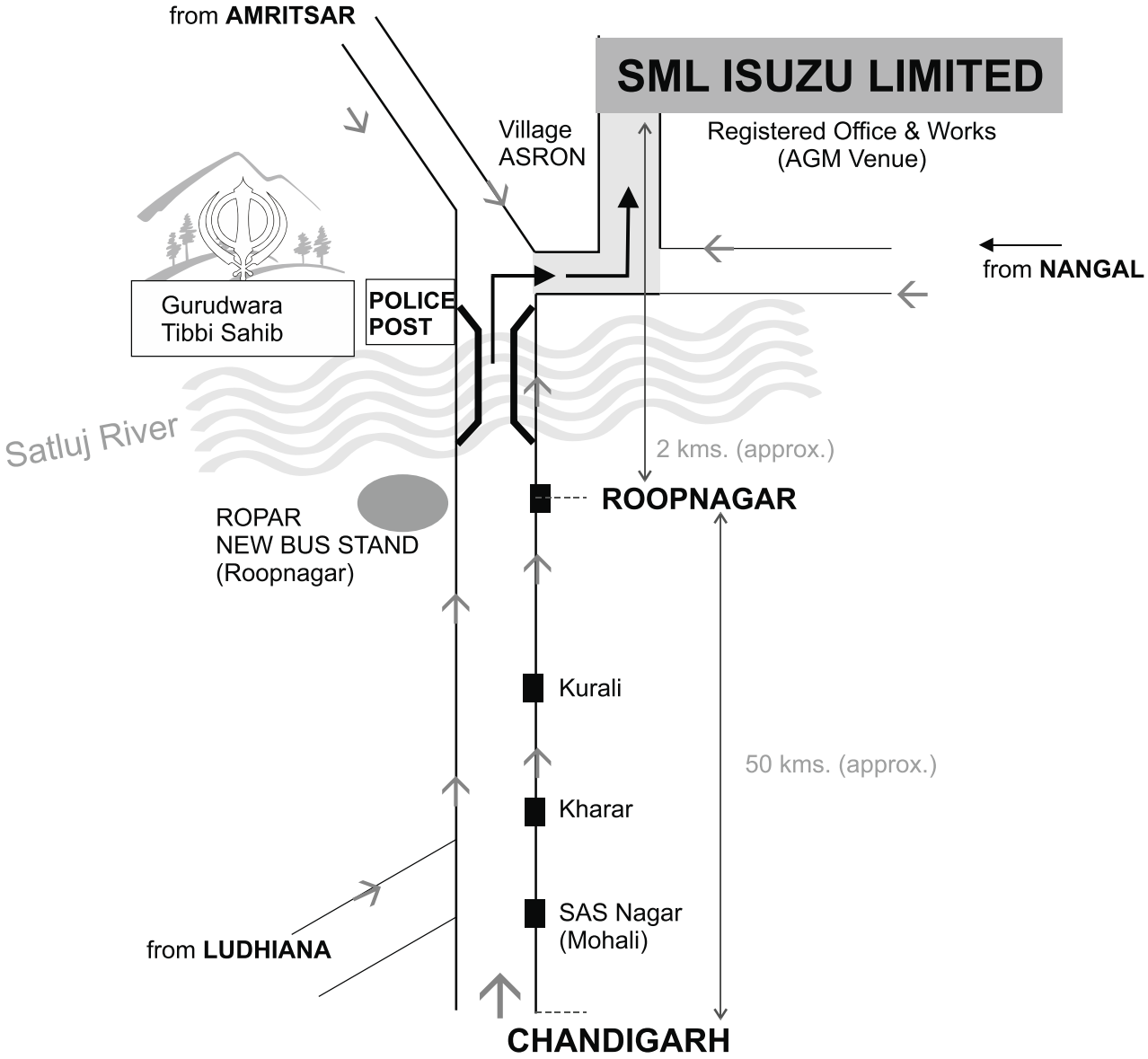
Village Asron,
Distt. Shahid Bhagat Singh Nagar
(Nawanshahr), Punjab-144 533
Email:investors@smlisuzu.com
CIN : L50101PB1983PLC005516
Website : www.smlisuzu.com

By Order of the Board
for SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary
ACS–31266

Dated: 10th August, 2017

ROUTE MAP FOR AGM VENUE



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

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014]

SML ISUZU LIMITED

(CIN: L50101PB1983PLC005516)

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

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

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

Name of the Member (s):

Registered Address:

Email id:

Folio / DP ID-Client ID No.*:

** applicable for investors holding shares in electronic form*

I/We, being the member(s) holding_____ equity shares of the above named Company hereby appoint:

(1) Name _____ Address _____

E-mail id _____ Signature _____or failing him/her;

(2) Name _____ Address _____

E-mail id _____ Signature _____or failing him/her;

(3) Name _____ Address _____

E-mail id _____ Signature _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Friday, 22nd September, 2017 at 1.00 P.M. at the Registered office at Village Asron, Distt. Shahid Bhagat Singh Nagar, Nawanshahr, Punjab - 144533 and at any adjournment thereof in respect of such resolutions as are indicated below:

	Resolutions	**Optional****	
Ordinary Business		**For**	**Against**
1	Adoption of Financial Statements, the reports of the Board of Directors and Auditors for the year ended 31st March, 2017		
2	Declaration of Dividend on Equity Shares		
3	Re-appointment of Mr. Masaki Nakajima (DIN 06605180) as Director, who retires by rotation		
4	Re-appointment of Mr. Masahiro Narikiyo (DIN 07125220) as Director, who retires by rotation		
5	Ratification of appointment of B S R & Associates LLP as Statutory Auditors and fix their remuneration		
Special Business			
6	Appointment of Mr. Kazuo Goda (DIN 07572151) as Director liable to retire by rotation- as an Ordinary Resolution		
7	Appointment of Mr. Takahiro Imai(DIN 07796387), as Director liable to retire by rotation- as an Ordinary Resolution		
8	Appointment of Mr. Takahiro Imai (DIN 07796387) as Whole-time Director designated as Director-R&D (Isuzu Products & Projects) - as a Special Resolution		

Signed this _____ day of _____ 2017

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix Revenue Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. For the Resolutions, Notes and Explanatory Statement, please refer to the Notice of the 33rd Annual General Meeting.
5. **It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
6. Please complete all details including details of member(s) in the above box before submission.

ATTENDANCE SLIP

SML ISUZU LIMITED

(CIN: L50101PB1983PLC005516)

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

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

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

33rd Annual General Meeting - 22nd September, 2017 (Friday)

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Name of the Shareholder/ Proxy _____

Address _____

_____

_____

Folio No. _____

DP ID* _____

Client ID* _____

No. of Shares held _____

I/We hereby record my/our presence at the 33RD ANNUAL GENERAL MEETING of the Company on 22nd September, 2017 (Friday) at 1:00 P.M. at its Registered Office at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab-144 533.

*To be used for shares held in electronic form



SIGNATURE OF THE SHAREHOLDER/PROXY

CSR INITIATIVES 2016-2017 ...









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





Preventive Healthcare & Sanitation - Health Camps and Twin Dumper Placer provided for cleanliness

CSR INITIATIVES 2016-2017





Healthcare for under privileged – Medical Infrastructure up-gradation projects for Government Hospitals





Vocational training Projects for Girls





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