

SML/SEC/2024-25-059
28th August, 2024

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

Subject: Annual Report 2024

Dear Sir,

We are pleased to enclose herewith a copy of Annual Report of SML ISUZU LIMITED for the financial year ended 31st March, 2024 including Notice of 40th Annual General Meeting (AGM).

As informed earlier, vide our communication dated 2nd August, 2024, 40th AGM of the Company is scheduled on **Friday, 20th September, 2024 at 11:00 AM (IST)** through Video Conferencing / Other Audio Visual Means.

The Annual Report contains the following:

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

This is for your information and record please.

Thanking you,

Yours faithfully,

For SML ISUZU LIMITED

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

SML ISUZU Limited
Regd. Office & Works:

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Trucks & Buses

Trucks & Buses

**SML
ISUZU**



SML ISUZU LIMITED

**ANNUAL
REPORT**

2024

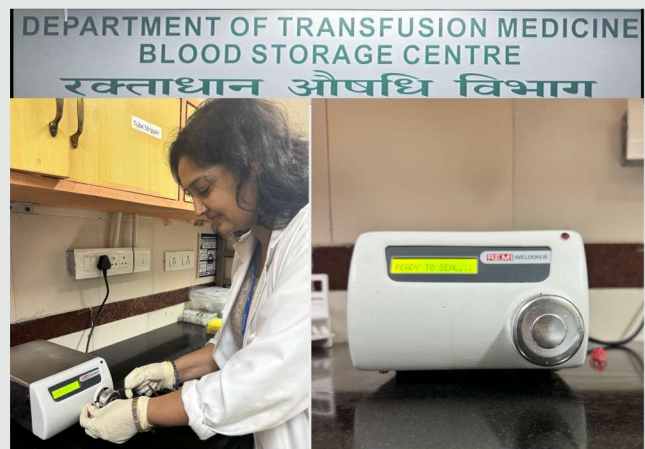
CSR INITIATIVES 2023-2024



Education - Support to underprivileged girls in the form of Books & Uniforms



Vocational Education - Setting up of vocational labs in different domains such as Beauty & Wellness and Automotive



Healthcare - Upgradation of Blood Transfusion Department, PGIMER, Chandigarh

SML ISUZU LIMITED (FORMERLY SWARAJ MAZDA LIMITED)

BOARD OF DIRECTORS

S.K. TUTEJA - **Chairman**
SUDHIR NAYAR
CHANDRA SHEKHAR VERMA
ATIMA KHANNA
RYUSUKE MIYAKE
TAKAHIRO JITOSHO
TAKASHI SAKUMA
TOMOYUKI YAMAGUCHI
JUNYA YAMANISHI - **Managing Director & CEO**

CHIEF FINANCIAL OFFICER

RAKESH BHALLA

COMPANY SECRETARY

PARVESH MADAN

STATUTORY AUDITORS WALKER CHANDIOK & CO LLP

INTERNAL AUDITORS S. TANDON & ASSOCIATES

LISTING OF SHARES BSE LIMITED
NATIONAL STOCK
EXCHANGE OF INDIA LIMITED

BANKERS AXIS BANK
HDFC BANK
ICICI BANK
MIZUHO BANK
EXIM BANK

**REGISTERED OFFICE
& WORKS** VILLAGE: ASRON,
DISTT. SHAHID BHAGAT SINGH
NAGAR (NAWANSHAHR)
PUNJAB-144 533

CORPORATE OFFICE SCO 204-205, SECTOR 34-A,
CHANDIGARH-160 022

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40TH ANNUAL GENERAL MEETING

on Friday, 20th September, 2024

at 11:00 A.M. (IST) through

Video Conferencing / Other Audio Visual Means

REPORT OF THE DIRECTORS

The Directors are pleased to present their Fortieth Annual Report together with audited financial statements for the financial year ended 31st March 2024.

PERFORMANCE REVIEW

During FY 2023-24, the Indian economy achieved robust GDP growth of 8.2% compared to 7.0% achieved during FY 2022-23. GDP growth during the year under review was mainly driven by manufacturing, construction, mining, transport, and other services.

During the year under review, the domestic CV Industry registered flat growth of 0.6% with volumes reaching at 9,67,900. Sale of Light Commercial Vehicles (LCVs) contracted by 1.5% with volumes at 5,94,700 and Medium & Heavy Commercial Vehicles (M&HCVs) increased by 4% with volumes at 3,73,200. The export of Commercial Vehicles has witnessed de-growth for the second consecutive year by 16.3% with volumes at 65,800.

Your Company's sales volume increased by 10.9% (from 12,442 vehicles in FY 2022-23 to 13,797 vehicles in FY 2023-24).

The demand for Commercial Vehicles, during the year under review, was supported by healthy infrastructure spending, growth in macroeconomic activities, and the emphasis on replacing old vehicles under the green mobility policy. However, the high base effect, combined with a perceived slowdown in infrastructure activities ahead of State Elections in some states and General Elections 2024, has led to subdued volumes for the domestic CV industry in Q4 FY 2023-24.

With increase in volumes and softening of commodity prices, the financial performance of the Company has improved considerably during FY 2023-24. **Your Company achieved its highest ever Profit after tax of Rs. 107.9 crores for FY 2023-24.**

Financial highlights are given below:

(Rs. in Crores)

| Year ended 31st March | 2024 | 2023 |
|--|---------------|---------------|
| Sales Volume (No. of Vehicles) | 13,797 | 12,442 |
| Sale of Products (Net) and Other Operating Revenues | 2,195.93 | 1821.59 |
| Profit before Other Income, Depreciation, Finance Costs and Tax | 178.91 | 81.64 |
| Add: Other income | 5.41 | 3.12 |
| Profit before Depreciation, Finance Costs and Tax | 184.32 | 84.76 |
| Less: Depreciation and Amortization | 47.52 | 42.43 |
| Profit before Finance Costs and Tax | 136.80 | 42.33 |
| Less: Finance Costs | 30.35 | 25.05 |
| Profit before tax | 106.45 | 17.28 |
| Less: Tax (including deferred tax) | (1.43) | (2.55) |
| Profit after tax | 107.88 | 19.83 |
| Add: Other Comprehensive Income / (Loss) [net of tax] | (0.24) | (3.37) |
| Total comprehensive income for the year | 107.64 | 16.46 |

DIVIDEND

Keeping in view the improved financial performance of the Company during FY 2023-24, the **Directors have recommended Final Dividend of 160% (Rs.16 per equity share of Rs.10 each fully paid up) for financial year ended on 31st March 2024.** The cash outflow on this account will be Rs. 23.2 crores.

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

https://www.smlisuzu.com/storage/uploads/finance_reports/DividendPolicy.pdf

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

A report on corporate governance together with the Certificate from M/s. A. Arora & Co., a firm of Practicing Company Secretaries, confirming compliance with corporate governance norms as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms a part of this report.

INDUSTRIAL RELATIONS

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

SAFETY, HEALTH AND ENVIRONMENT

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

Employees are continuously made aware of hazards / risks associated with their job, and their knowledge and skills are updated through requisite training to meet any emergency. Medical check-ups and eco-friendly activities are conducted periodically. Regular safety trainings are being conducted to promote awareness among all employees and stakeholders. Safe disposal of hazardous waste is ensured through recyclers / co-processors of hazardous waste. Effluent treatment plant and online monitoring systems have been installed for the treatment of trade & domestic effluents and the usage of treated water for other processes like green belt maintenance.

The Company has comprehensive emergency response plans, and regular drills are being conducted to ensure maintenance and check its emergency preparedness. Periodic safety audits are conducted to identify and mitigate potential risks.

The Company uphold ISO 9001:2015 (Quality Management System), IATF 16949:2016 (Automotive Quality Management System), ISO 27001:2013 (Information Security Management System), ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Health & Safety Management System) and ISO 50001:2018 (Energy Management System) certifications.

CURRENT BUSINESS ENVIRONMENT

During Q1 FY 2024-25, the CV industry registered growth of 3.5%, with volumes reaching at 2,24,200 (last year 2,16,600) due to robust demand in the passenger carrier segment – up 27.4% and marginal growth in the M&HCV truck segment – up 2.6%. The first quarter's growth was driven by strong replacement demand and ongoing government spending on infrastructure.

During Q1 FY 2024-25, Your Company's sales volume increased by 9.3% (from 4006 in Q1 FY 2023-24 to 4379 in Q1 FY 2024-25). The Company's turnover for the first quarter was Rs. 746.1 crores and Profit before tax (PBT) was Rs. 62.0 crores (against Q1 FY 2023-24 turnover of Rs. 631.6 crores and PBT of Rs. 32.0 crores)

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

DIRECTORS

Mr. Eiichi Seto resigned as Director of the Company with effect from 3rd November, 2023. The Board, at its Meeting held on 3rd November, 2023, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, had appointed Mr. Takashi Sakuma as an Additional Director of the Company with effect from 4th November, 2023, which was subsequently approved by the Members of the Company through a Postal Ballot on 28th December, 2023.

Mr. Masaki Morohoshi resigned as Director of the Company with effect from 31st March, 2024. The Board, at its Meeting held on 15th March, 2024, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, had appointed Mr. Ryusuke Miyake as an Additional Director of the Company with effect from 1st April, 2024, which was subsequently approved by the Members of the Company through a Postal Ballot on 23rd May, 2024.

Mr. Takuro Horikoshi resigned as a Director of the Company with effect from 31st March, 2024. The Board, at its Meeting held on 15th March, 2024, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, had appointed Mr. Takahiro Jitoshō as an Additional Director of the Company with effect from 1st April, 2024, which was subsequently approved by the Members of the Company through a Postal Ballot on 23rd May, 2024.

Mr. Takashi Nishida resigned as a Director of the Company with effect from 8th August, 2024. The Board, at its Meeting held on 2nd August, 2024, recorded its deep appreciation for his valuable contributions to the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, has appointed Mr. Tomoyuki Yamaguchi as an Additional Director of the Company with effect from 9th August, 2024, and will hold office of Additional Director up to the ensuing Annual General Meeting of the Company.

The existing tenure of Mr. S.K. Tuteja, Independent Director & Chairman, is up to 21st September, 2024. The Board, at its Meeting held on 2nd August, 2024, recorded its deep appreciation for his strong and inspirational leadership as Independent Director & Chairman of the Company during his long association of more than 26 years with the Company.

The existing tenure of Mr. Sudhir Nayar, Independent Director, is up to 21st September, 2024. The Board, at its Meeting held on 2nd August, 2024, recorded its deep appreciation for his valuable contributions as Independent Director of the Company during his long association of 11 years with the Company.

The first term (of five years) of Mr. C.S. Verma, Independent Director, is up to 21st September, 2024. The Board, on the recommendation of its Nomination & Remuneration Committee, at its meeting held on 2nd August 2024, has proposed to the Members of the Company, the re-appointment of Mr. C.S. Verma as an Independent Director of the Company for a second term of five (5) years with effect from 22nd September, 2024.

Further, the Board has appointed Mr. C.S. Verma as Chairman of the Company w.e.f. 22nd September, 2024, subject to his re-appointment at the ensuing Annual General Meeting of the Company, due to demitting of office by Mr. S.K. Tuteja, Independent Director & Chairman of the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, at its meeting held on 2nd August, 2024, has proposed to the Members of the Company, the appointment of Mr. Sanjeev Mehan as an Independent Director of the Company for a term of five (5) years with effect from 22nd September, 2024.

Mr. Ryusuke Miyake retires by rotation and being eligible, offers himself for re-appointment.

Mr. Takashi Sakuma retires by rotation and being eligible, offers himself for re-appointment.

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

All Independent Directors have given declaration to the Company that they meet the criteria of 'Independence' set out in the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. The Board is of the opinion that the Independent Directors of the Company hold the highest standards of integrity and possess the requisite expertise and experience required to fulfill their duties as Independent Directors.

KEY MANAGERIAL PERSONNEL (KMPs)

In terms of the applicable provisions of the Companies Act 2013, Mr. Junya Yamanishi, Managing Director & CEO, Mr. Rakesh Bhalla, Chief Financial Officer and Mr. Parvesh Madan, Company Secretary, are the Key Managerial Personnel of the Company as on 31st March, 2024. During the year under review, the tenure of Mr. Rakesh Bhalla was extended up to 31st May, 2026. (Earlier his tenure was up to 31st May, 2025).

NOMINATION AND REMUNERATION POLICY

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Sumitomo Corporation, Japan, a body corporate, is the Promoter of the Company and holds 43.96% shareholding of the Company. In terms of the provisions of Section 2(76) the Companies Act, the Company is an Associate Company of Sumitomo Corporation. However, the Company does not have any Subsidiary, Joint Venture or Associate Company.

RELATED PARTY TRANSACTIONS

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

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

The Company has adopted a policy to deal with related party transactions as approved by the Board of Directors. It is available on the Company's website at the web link:

https://www.smlisuzu.com/storage/uploads/finance_reports/RPTPolicy.pdf

In terms of Section 134(3) (h) of the Companies Act, 2013, there are no transactions to be reported in Form AOC-2. The details of the related party transactions as per Ind-AS, are set out in Note 36 to the Financial Statements.

EXTRACT OF ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at the web link.

https://www.smlisuzu.com/storage/uploads/finance_reports/annual_return_reports/2024-2025-SML%20Form_MGT_7%202024%20-%20website.pdf

MEETINGS OF THE BOARD

Six (6) Board Meetings were held during the year as detailed in the Corporate Governance Report which forms part of this report.

AUDIT COMMITTEE

The Audit Committee comprises of three Independent Directors - Mr. Sudhir Nayar, as Chairman, Mr. C.S. Verma and Ms. Atima Khanna.

As the tenure of Mr. Sudhir Nayar is up to 21st September, 2024, the Board at its meeting held on 2nd August, 2024 has appointed Mr. C.S. Verma as Chairman of the Audit Committee w.e.f. 22nd September, 2024, subject to his re-appointment at the ensuing Annual General Meeting of the Company, and Mr. Sanjeev Mehan as the Member of the Audit Committee w.e.f. 22nd September, 2024, subject to his appointment at the ensuing Annual General Meeting of the Company.

All the recommendations made by the Audit Committee during the year were accepted by the Board.

PARTICULARS OF EMPLOYEES

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

The disclosure as per Section 197 of the Companies Act, 2013 read with Rule 5 (2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this Report. That annexure is not being sent to the Members and others entitled to this Report and the financial statements, as provided in Section 136 (1) of the Companies Act, 2013. Any member interested in obtaining a copy of the said Annexure may write to the Company Secretary at investors@smlisuzu.com.

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

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

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

No amount proposed to be transferred to General Reserves.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes have occurred or commitments made after 31st March, 2024, 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 formulated a Risk Management Committee (RMC) comprising two independent Directors and Managing Director & CEO.

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

The Policy sets out key risk areas - financial risks (including risk to assets), commodity price risks, foreign exchange fluctuation risks, legislative and regulatory risks, environmental risks (including natural disasters), operational risks, IT & Cyber Security risks, risks relating to employment and manpower, and individual large transactional risks. The Policy also provides guidance for Business Continuity Plan. The Chief Risk Officer (CRO) identifies and proposes action in respect of all risks as and when any are perceived or foreseen or inherent in operations; analyses these, and then reports to RMC for its review and guidance. The Directors also bring to the notice of, and caution, the Committee of a risk perceived by them.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Committee comprises of three Directors - Mr. C.S. Verma, Independent Director, as the Chairman, Mr. Takahiro Jitosh, Non-Executive Director and Mr. Junya Yamanishi, Managing Director & CEO as its Members. During the year, Mr. Takuro Horikoshi resigned as Director of the Company w.e.f. 31st March, 2024 and Mr. Takahiro Jitosh was appointed in his place w.e.f. 1st April, 2024.

The Board, at its meeting held on 2nd August, 2024, has proposed to reconstitute its CSR Committee with Ms. Atima Khanna as its Member and Chairman in place of Mr. C.S. Verma w.e.f. 22nd September, 2024.

On the recommendations of its CSR Committee, the Board has adopted Company's policy on CSR with key thrust areas defined as - promoting healthcare and sanitation, supporting education of girl child and under privileged children, sponsoring vocational education/ technical education, supporting deserving sportspersons, etc.

Annual Report on CSR activities for the year ended 31st March, 2024 is attached as **Annexure C**.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act and Listing Regulations, performance evaluation of the Board and its Committees and all the Directors was undertaken and the details are covered in the Corporate Governance Report.

CHANGE IN THE NATURE OF BUSINESS

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

SHARE CAPITAL

There was no change in the Company's issued, subscribed and paid-up equity share capital during the year. Further, the Company has not issued any sweat equity shares or equity shares with differential rights during the year under review.

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.

OTHER CONFIRMATIONS

There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016. Further, during the year under review, there was no one-time settlement with any Bank or Financial Institution.

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

The Company has adopted a policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to women at the workplace and prevent and redress complaints of sexual harassment and matters connected or incidental thereto, with the objective of providing a safe working environment. The Company has Internal Complaint Committee(s) for its Plant, Corporate Office and other locations in accordance with the Act, to enquire 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 for the Directors, Employees and Business Associates of the Company to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy or to report genuine concerns or grievances including instances of leak or suspected leaks of unpublished price sensitive information pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. It provides for adequate safeguards against victimization of Directors, Employees and any other person who avails of the mechanism and provides for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of the Company is available on the Company's website at the web link: https://www.smlisuzu.com/storage/uploads/finance_reports/WhistleBlowerPolicy.pdf.

SECRETARIAL STANDARDS

The Company has duly complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the year ended 31st March, 2024, 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, 2024 and of the profit of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; they have prepared the annual accounts on a going concern basis;
- (d) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of familiarization 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:

https://www.smlisuzu.com/storage/uploads/finance_reports/FamiliarisationProgramme.pdf

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s A. Arora & Co., a firm of Company Secretaries in practice, was appointed as the Secretarial Auditors of the Company to carry out the Secretarial Audit of the Company for FY 2023-24.

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

INTERNAL AUDITORS

M/s. S. Tandon & Associates, Chartered Accountants (Firm Registration No. 006388N), was appointed as the Internal Auditors of the Company for three years commencing from FY 2023-24 to FY 2025-26.

STATUTORY AUDITORS

M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), was appointed as the Statutory Auditors of the Company, at its 36th Annual General Meeting held on 24th August, 2020, for a period of five (5) years.

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

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

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

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

COST RECORDS

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Business Responsibility & Sustainability Report for FY 2023-24 is attached as **Annexure F** and forms part of this Report.

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dated: 2nd August, 2024

S.K. TUTEJA
Chairman

JUNYA YAMANISHI
Managing Director & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY REVIEW

The domestic CV industry witnessed a flat growth of 0.6% during FY 2023-24 after a strong growth of 34% in FY 2022-23. FY 2023-24 started on a modest note due to unpredictable rainfall, tightened emission norms effective 1st April, 2023 resulting in pre-buying in the last quarter of FY 2022-23, and elevated interest rates. From Q2 FY 2023-24, CV volumes gained traction due to healthy infrastructure spending, aided by the allocation for capital spending in the Union Budget FY 2023-24 and the focus on the replacement of old vehicles under the green mobility policy. However, the high base effect combined with a perceived slowdown in infrastructure activities, ahead of State Elections in five states and the General Elections 2024, has led to subdued volumes for the CV industry in Q4 FY 2023-24.

During FY 2023-24, the domestic CV industry achieved sales volume of 967,900 vehicles (previous year 962,500)- up 0.6%. The M&HCV truck segment witnessed a marginal decline of 0.2% with volume at 320,000 (previous year 320,600). Demand in the M&HCV truck segment was supported by improved macroeconomic environment, healthy demand from construction and mining sectors and consequent higher freight availability in the early months, which was offset by muted demand seen in the latter months. The LCV truck segment contracted by 2.9% with volumes at 542,900 (previous year 559,200) due to the high base effect and ongoing slowdown in e-commerce demand. Bus segment volumes gained considerable traction in FY 2023-24, with volumes reaching at 104,900 (previous year 82,700), exceeding pre-covid levels.

During the year under review, export volumes declined consecutively for the second year in a row by 16.3% with volumes at 65,800 (last year 78,600) due to ongoing issues in the global economy.

The Company's sales volume reached 13,797 vehicles in FY 2023-24 (12,442 vehicles in FY 2022-23) – up 10.9%.

| Segment | Domestic | | | Exports | | |
|---------------------------|-----------------|-----------------|-------------|---------------|---------------|--------------|
| | 2022-23 | 2023-24 | % Change | 2022-23 | 2023-24 | % Change |
| M&HCVs | | | | | | |
| Trucks | 3,20,593 | 3,20,058 | -0.2 | 11,524 | 8,211 | -28.7 |
| Buses | 38,410 | 53,136 | 38.3 | 10,543 | 10,014 | -5.0 |
| Total M&HCVs-A | 3,59,003 | 3,73,194 | 4.0 | 22,067 | 18,225 | -17.4 |
| LCVs | | | | | | |
| Trucks | 5,59,150 | 5,42,934 | -2.9 | 54,779 | 43,960 | -19.8 |
| Buses | 44,315 | 51,750 | 16.8 | 1,799 | 3,631 | 101.8 |
| Total LCVs-B | 6,03,465 | 5,94,684 | -1.5 | 56,578 | 47,591 | -15.9 |
| Total (A+B) | 9,62,468 | 9,67,878 | 0.6 | 78,645 | 65,816 | -16.3 |

Source: SIAM Report March 2024

2. INDUSTRY OUTLOOK

According to Industry Experts, the CV industry's wholesale volumes may drop marginally by 4-7% in FY 2024-25. The M&HCV truck segment is expected to contract by 4-7% due to the high base effect from the last year and the impact of general elections on infrastructure activities in the first few months. The LCV truck segment, which contracted by 2.9% in FY 2023-24, is likely to fall another 5-8% in FY 2024-25 due to a high base effect and a sustained slowdown in e-commerce and competition from electric three-wheelers. The bus segment which increased by 27% year-on-year in FY 2023-24, is likely to grow by another 2-5% in FY 2024-25, owing primarily to replacement demand from state road transport undertakings.

However, the domestic CV industry outperformed predictions in the first quarter of FY 2024-25 growing 3.5% with volumes reaching at 224,200 due to strong demand in the passenger carrier segment – up 27.4% with volumes reaching at 32,400 and modest growth in M&HCV truck segment – up 2.6% with volumes reaching at 68,600. The first quarter's growth was driven by strong replacement demand and ongoing government spending on infrastructure.

With expectations of policy consistency and the government's continuous focus on infrastructure projects, demand for commercial vehicles is expected to rise further. However, the actual implementation of government policies, execution of infrastructure projects, global environment, commodity prices & interest rates remain key monitorable for the industry.

While the near-term outlook for the domestic CV industry appears challenging, the long-term growth drivers such as focus on infrastructure development, increased mining activities, and improvements in road and highway connectivity, remain positive. The replacement demand, particularly due to an ageing fleet, is expected to support CV volumes in the medium term.

3. COMPANY PERFORMANCE

During FY 2023-24, the Company achieved sales volume of **13,797 vehicles as compared to 12,442 in the previous year – an increase of 10.9%**, due to higher sales of Passenger vehicles. A break up of sales is given hereunder:

(Nos.)

| | 2023-24 | 2022-23 |
|----------------------------|---------------|---------------|
| Passenger vehicles (buses) | 9,472 | 8,284 |
| Cargo vehicles (trucks) | 4,325 | 4,158 |
| Total | 13,797 | 12,442 |

To increase cargo sales, the Company has implemented retail based BTL activities, expanded its distribution network, improved the review mechanism, and provided field team training with extensive market competitive knowledge. These steps have shown results from Q2 onwards.

Total Income for FY 2023-24 is Rs. 2,201.3 crores against Rs.1,824.7 crores in the preceding year, as detailed below:

(Rs. in Crores)

| | 2023-24 | 2022-23 |
|------------------------|----------------|----------------|
| Sale of Vehicles | 2,058.7 | 1,695.2 |
| Sale of Spare Parts | 121.0 | 112.1 |
| Other operating income | 16.2 | 14.3 |
| Other income | 5.4 | 3.1 |
| Total Income | 2,201.3 | 1,824.7 |

Material cost at 77.1% (80.1%) of total income was lower primarily due to higher per vehicle-realization and softening of commodity prices during the year.

Employee costs at Rs. 195.7 crores (Rs. 172.5 crores) as a percentage to total income was lower at 8.9% (9.5%) due to increase in sales revenue.

Marketing cost (including allowance for doubtful trade receivables, bad debts / advances written off, packing & freight, warranty, sales promotion and royalty expense) at Rs. 73.4 crores (Rs. 65.1 crores) is 3.3% (3.6%) of total income.

Other operating & administrative expenses at Rs. 50.6 crores (Rs. 41.3 crores) made up 2.3% (2.3%) of total income.

Depreciation charge stood at Rs. 47.5 crores (Rs. 42.4 crores).

With increase in sales volume and control over costs, Operating profit reached Rs. 184.3 crores (8.4% of total income) against previous year's Rs. 84.8 crores (4.6% of total income).

Finance costs were at Rs. 30.4 crores (Rs. 25.0 crores).

As a result of above, Profit before tax rose to Rs. 106.5 crores (4.8% of total income) against previous year's Rs. 17.3 Crores (0.9% of total income). Profit after tax was Rs. 107.9 crores (Rs. 19.8 crores), which translates to an earnings per share of Rs. 74.54 (Rs. 13.71).

Net worth of the Company as on 31st March, 2024 was Rs. 285.6 crores (Rs. 177.9 crores as on 31st March 2023) made up of equity component of Rs. 14.5 crores (Rs. 14.5 crores) and other equity of Rs. 271.1 crores (Rs. 163.4 crores).

Year-end short-term and long-term borrowings (term loans including current maturities) from banks stood at Rs. 350.0 crores (Rs. 224.0 crores) and Rs. 65.6 crores (Rs. 34.1 crores) respectively. Property, Plant & Equipment including Capital Work-in-progress, right of use assets, intangible assets under development and Intangible assets stood at Rs. 351.1 crores (Rs. 367.1 crores).

Inventories at the year-end at Rs. 579.7 crores increased from last year's level of Rs. 421.9 crores on account of higher stock of buses maintained to meet demand during peak school bus season (April-July).

Year-end trade receivables were at Rs. 169.0 crores (Rs. 75.8 crores) and trade payables were Rs. 331.9 crores (Rs. 291.6 crores).

Cash & Bank Balances (including Fixed Deposits with Banks) were Rs. 48.7 crores (Rs. 5.8 crores).

KEY FINANCIAL RATIOS

| Particulars | Year ended | |
|----------------------------------|---------------|---------------|
| | 31 March 2024 | 31 March 2023 |
| (i) Debtors Turnover | 17.95 | 23.56 |
| (ii) Inventory Turnover | 3.39 | 4.07 |
| (iii) Interest Coverage Ratio | 6.07 | 3.38 |
| (iv) Current Ratio | 1.01 | 0.79 |
| (v) Debt Equity Ratio | 1.46 | 1.45 |
| (vi) Operating Profit Margin (%) | 8.39% | 4.65% |
| (vii) Net Profit Margin (%) | 4.91% | 1.09% |
| (viii) Return on Net worth (%) | 46.44% | 9.70% |

Current ratio improved due to a higher increase in current assets as compared to current liabilities.

Due to higher earnings before depreciation, finance costs and tax, the interest coverage ratio is high.

Operating Profit margin, Net Profit margin and Return on Net Worth for FY 2023-24 has improved considerably compared to last year due to higher sales and lower material cost, resulting in Profit before tax of Rs. 106.5 crores (Rs. 17.3 crores).

4. INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company conducts its affairs within the framework of well-defined business plans, which provides appropriate guidance and direction to its employees. The Annual Business Plan for each fiscal year is formulated based on well-defined processes and is approved by the Board of Directors. Finance & Accounts function is adequately staffed by professionally qualified and experienced personnel.

The Company has an effective reporting and monitoring system, which is regularly reviewed at the meetings of the Audit Committee and the Board while considering quarterly business performance. Business projections are revised in relation to market expectations, and appropriate actions are taken by the Management to offset adverse changes to the extent possible. Policies and procedures have been laid down to provide reasonable assurance that assets are safeguarded from risks of un-authorized use/disposition and that transactions are recorded and reported with propriety, accuracy and speed. These aspects of operations are regularly reviewed and verified by the Internal Auditors and the Statutory Auditors.

The Internal Auditor has carried out an audit based on the Internal Audit Plan, as approved by the Audit Committee which also covers testing of established internal controls and standard operating procedures. Significant observations of the Auditors are presented to the Audit Committee for its consideration and guidance. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal financial controls.

5. HUMAN RESOURCES

The Company has always strived to attract the best talent, provide an invigorating work environment, retain achievers and outstanding performers, and inculcate in the employees commitment to the organization. Raising employees' involvement in the decision-making process and grooming them for leadership positions has been an ongoing process. Industrial relations and the work atmosphere remained cordial throughout the year, with sustained communication and engagement with the workforce through various forums. Employees' strength as on 31st March, 2024, was 957 (882).

6. OPPORTUNITIES AND THREATS

The long-term outlook for the commercial vehicle industry remains positive, backed by expected improvement in economic and industrial activities going forward, increasing government focus on infrastructure development, steady improvement in roads and highway connectivity, and rising consumption expenditure.

The demand for trucks is expected to be driven by macroeconomic growth, infrastructure development, and evolving industry dynamics. The government's focus on infrastructure development, the Bharatmala project, the Smart Cities Mission, and dedicated freight corridors is expected to create a significant demand for commercial vehicles. Rapid urbanization, improved road connectivity, construction of new highways, the implementation of stricter emission norms, the scrappage policy announced by the government, etc. will push the demand for commercial vehicles. Alternative fuels such as Compressed Natural Gas (CNG) are gaining traction as environmentally friendly and cost-effective options.

Overall demand for buses is expected to grow in the coming years, driven by increasing investments in the Country's transit system. Both state and central governments are enthusiastic about advancing the transportation system. Further, the government's focus on improving education infrastructure and the increasing trend of school going children's particularly in urban and semi-urban areas, will increase the demand for school transportation. India is also emerging as a diverse tourist destination and will require more comfortable travel options in both public & private fleets.

The Company is looking at a good opportunity in special application vehicles such as refrigeration vans, water tankers, specialized garbage collection vehicles, dog vans, etc. Due to rapid urbanization, the requirement of specialized transport options, stringent norms for the pharmaceutical & dairy industries, and increased consumer preferences for fresh fruits and ready-to-eat meals, substantial growth is expected in this segment. The Company has a strong presence in this segment and is expecting to further increase its market share there.

Currently, the majority of the Company's export volumes come from the neighbouring countries - Bangladesh, Nepal and Bhutan, which are still struggling with the economic downturn. The government's continued focus on neighbouring countries such as Bangladesh, Nepal, Bhutan & Sri Lanka, is expected to improve the Company's export business. Further, the Company is working aggressively to establish business in other potential countries, which are growing volume markets for commercial vehicles.

Another emerging opportunity is the increasing demand for electric vehicles. There is a global shift towards electric vehicles (EVs) especially in city mobility applications. Indian government is also supporting this transition, and investing substantially to expand the battery charging infrastructure as well as providing additional incentives to both manufacturers and consumers to promote the adoption of EVs. The government

is expected to announce Phase III of the Faster Adoption and Manufacturing of Electric Vehicles scheme (FAME-III) in the near future to boost the adoption of Electric Vehicles. The Company is working towards its readiness to enter this segment.

Key challenges during the current fiscal and going forward for the Company would be to expand its product portfolio, capacity utilization, enhance operational efficiencies, and comply with the new regulatory requirements announced by the government. Furthermore, volatile commodity prices, supply chain disruptions, the availability of skilled manpower, etc. will remain a challenge for the CV industry.

7. BUSINESS RISKS AND CONCERNS

The demand for commercial vehicles is influenced by economic conditions, including, among other things, rates of economic growth, infrastructure development, the availability of finance and its cost, environmental and tax policies, freight rates, fuel prices, and commodity prices. Unfavourable trends in any of these factors pose a risk of demand contraction for commercial vehicles.

During FY 2023-24, the CV Industry implemented Fire Alarm & Protection System (FAPS) in school buses, which has significantly increased the production cost due to modifications in designs and additional investment in new technologies, components and manufacturing processes up-gradations. Earlier, in FY 2022-23, CV Industry implemented BS6-IOBD2 (Integrated On-board Diagnostics for both CNG and Diesel vehicles) and Electronic Stability Control (ESC) which had also significantly impacted the cost of production due to changes in product designs, additional/modified components and an increase in other costs.

Presently, the CV industry is working to meet another regulatory compliance of AC cabins in trucks which is to be implemented from June 2025. It needs additional investment to modify truck cabin designs, upgrade manufacturing technology, and procure additional components. Frequent product design changes and additional investment to meet regulatory compliances are significantly increasing the production cost, and, accordingly, the selling prices of the vehicles, which ultimately may impact the demand for commercial vehicles.

The transition towards electric vehicles (EVs) and growing pressure to adopt sustainable practices are other emerging concerns for the CV industry as they require significant investments in R&D, technology, manufacturing infrastructure, and skill development.

To face the above challenges, the Company is continuing its focus on product development & up-gradation, innovative and cost-effective technological solutions, low cost automation, better after-sales service, enhancing engagement with customers through various activities, reforming the distribution network, and cost optimization across its operations to remain competitive in the market.

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

8. CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

II. BOARD OF DIRECTORS

a) Composition of the Board

The composition of the Board of Directors ("Board") conforms to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with four Independent Directors, including the Chairman and a woman Director; four non-executive non-Independent Directors and one Managing Director & Chief Executive Officer. Out of total four non-executive Directors, three are from the Promoter group, Sumitomo Corporation, Japan and one is from Isuzu Motors, Japan, the Company's technical adviser and having 15% shareholding in the Company. All the non-executive Directors are qualified professionals with expertise in their own fields and have vast knowledge and experience in business and administration. No Directors are inter-se related to each other.

As the tenure of two Independent Directors, Mr. S.K. Tuteja, Independent Director & Chairman and Mr. Sudhir Nayar, Independent Director, is up to 21st September, 2024, the Board has recommended the appointment of Mr. Sanjeev Mehan as Independent Director of the Company w.e.f 22nd September, 2024. Further, the Board has appointed Mr. C.S. Verma as Chairman of the Company w.e.f 22nd September, 2024, subject to his re-appointment at the ensuing AGM of the Company.

All Independent Directors were appointed in accordance with the Companies Act, 2013 and Listing Regulations. A copy of the letter of appointment issued to Independent Directors containing terms and conditions of appointment is disclosed on the Company's website www.smlisuzu.com. All the Independent Directors have declared to the Company that they meet the criteria of 'independence' set out in the Listing Regulations and the Companies Act, 2013. The Board of Directors, based on the declarations received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management of the Company. During the year, none of the Independent Directors of the Company resigned.

The Managing Director & CEO is a professional and has been an employee of the Company's Promoter group - Sumitomo Corporation.

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

b) Meetings of the Board

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

Detailed agenda is sent to each Director / Committee Member prior to a meeting, including, as appropriate, the operating and financial performance statements of the Company. The Board reviews strategy and business plans, the 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 matters.

Information on Meetings, Attendance and Membership

During the year, six (6) Board Meetings were held on 1st May, 2023, 29th May, 2023, 4th August, 2023, 3rd November, 2023, 9th February, 2024, and 15th March, 2024. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

- i) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies as on 31st March, 2024 are given below:

| Name of Director (DIN) | Category | Board Meetings during 2023-24 | | Attendance at the AGM held on 15.09.2023 | Directorships in public Companies* excluding SML ISUZU LIMITED (as on 31.03.2024) | No. of Committee Positions in Public Companies # including SML ISUZU LIMITED (as on 31.03.2024) | |
|---|------------------------------|-------------------------------|-------------------------|--|---|---|--------|
| | | Meetings Held | Board Meetings Attended | | | Chairman | Member |
| Mr. Surender Kumar Tuteja Chairman (00594076) | Independent Non-Executive | 6 | 6 | Yes | 9 | 3 | 7 |
| Mr. Sudhir Nayar (00200415) | Independent Non-Executive | 6 | 6 | Yes | - | 1 | 1 |
| Mr. Chandra Shekhar Verma (00121756) | Independent Non-Executive | 6 | 6 | Yes | 3 | 2 | 3 |
| Ms. Atima Khanna (07145114) | Independent Non-Executive | 6 | 6 | Yes | 7 | 2 | 7 |
| Mr. Masaki Morohoshi (07302404) (ceased w.e.f. 31.03.2024) | Non-Executive | 6 | 6 | Yes | - | - | - |
| Mr. Eiichi Seto (02704734) (ceased w.e.f. 03.11.2023) | Non-Executive | 4 | 4 | Yes | NA | NA | NA |
| Mr. Takuro Horikoshi (09102449) (ceased w.e.f. 31.03.2024) | Non-Executive | 6 | 6 | Yes | 1 | - | - |
| Mr. Takashi Sakuma (09113520) (appointed w.e.f. 04.11.2023) | Non-Executive | 2 | 2 | NA | - | - | 1 |
| Mr. Takashi Nishida (09699655) (ceased w.e.f. 08.08.2024) | Non-Executive | 6 | 6 | Yes | - | - | - |
| Mr. Junya Yamanishi (09174162) (Managing Director & CEO) | Executive | 6 | 6 | Yes | - | - | 1 |
| Mr. Ryusuke Miyake (10569281) (appointed w.e.f. 01.04.2024) | Non-Executive | NA | NA | NA | NA | NA | NA |
| Mr. Takahiro Jitoshō (10551351) (appointed w.e.f. 01.04.2024) | Non-Executive | NA | NA | NA | NA | NA | NA |
| Mr. Tomoyuki Yamaguchi (DIN applied) (appointed w.e.f. 09.08.2024) | Non-Executive | NA | NA | NA | NA | NA | NA |

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

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

- (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 Public Companies in which he is a Director.
- (b) The Senior Management personnel have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which would have potential conflict of interest with the Company at large.

- (c) As on 31st March, 2024, none of the Directors is shareholder of the Company except Mr. S.K. Tuteja, Chairman and Non-Executive Independent Director of the Company who holds 1400 equity shares of the Company.
- (d) None of the Directors acts an Independent Director in more than 7 listed Companies or 3 listed Companies in case he/she serves as a whole time Director in any listed Company.

ii) Details of Directors holding Directorship in Listed Entities including SML Isuzu Limited and the category of their Directorship as on 31.03.2024:

| Name of Director | Name of listed entities in which the concerned Director is a Director | Category of Directorship |
|---|---|--------------------------|
| Mr. Surender Kumar Tuteja, Chairman (00594076) | SML Isuzu Limited | Independent Director |
| Mr. Sudhir Nayar (00200415) | SML Isuzu Limited | Independent Director |
| Mr. Chandra Shekhar Verma (00121756) | SML Isuzu Limited | Independent Director |
| | Multi Commodity Exchange of India Limited | Independent Director |
| | Ikiro Lighting Limited | Independent Director |
| Ms. Atima Khanna (07145114) | SML Isuzu Limited | Independent Director |
| | A2Z Infra Engineering Limited | Independent Director |
| Mr. Masaki Morohoshi (07302404) (ceased w.e.f. 31.03.2024) | SML Isuzu Limited | Non-Executive Director |
| Mr. Takuro Horikoshi (09102449) (ceased w.e.f. 31.03.2024) | SML Isuzu Limited | Non-Executive Director |
| Mr. Ryusuke Miyake (10569281) (appointed w.e.f. 01.04.2024) | SML Isuzu Limited (w.e.f. 01.04.2024) | Non-Executive Director |
| Mr. Takahiro Jitoshō (10551351) (appointed w.e.f. 01.04.2024) | SML Isuzu Limited (w.e.f. 01.04.2024) | Non-Executive Director |
| Mr. Takashi Sakuma (09113520) | SML Isuzu Limited | Non-Executive Director |
| Mr. Takashi Nishida (09699655) | SML Isuzu Limited | Non-Executive Director |
| Mr. Junya Yamanishi (09174162) Managing Director & CEO | SML Isuzu Limited | Whole-Time Director |

c) Familiarization Programme for Independent Directors

The familiarization programme for Independent Directors can be accessed from the website of the Company at the web link: https://www.smlisuzu.com/storage/uploads/finance_reports/FamiliarisationProgramme.pdf

d) Code of Conduct

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

e) Separate Meeting of Independent Directors

A separate meeting of Independent Directors was held on 15th March, 2024, 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.

f) Skills / Expertise / Competencies of the Board Of Directors

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

| Sr. no. | Name of Director | Expertise / Skill |
|---------|--------------------------------------|--|
| 1 | Mr. Surender Kumar Tuteja (Chairman) | Managerial strategy and Innovations, Public Policy, Corporate Finance and Secretarial Regulations |
| 2 | Mr. Sudhir Nayar | General Management, Business Strategy, Marketing & Distribution and Academics |
| 3 | Mr. Chandra Shekhar Verma | Corporate Law & Finance, General Management, Human Resources Development, Legal, Marketing Management- Industrial, Materials Management and Project Management |
| 4 | Ms. Atima Khanna | General Management, Corporate Law and Secretarial Regulations, Accounting & Financial Expertise, Corporate Matters |
| 5 | Mr. Ryusuke Miyake | General Management, Business Strategy and Marketing & Distribution for International Automotive Business |
| 6 | Mr. Takahiro Jitoshō | General Management, Business Strategy, Marketing & Distribution for global automotive and steel business |
| 7 | Mr. Takashi Sakuma | Accounting & Finance, Taxation, Treasury, Risk Management, Human Resource and Administration |
| 8 | Mr. Takashi Nishida | General Management, Business Strategy and Marketing & Distribution for International Automotive Business |
| 9 | Mr. Junya Yamanishi | General Management, Business Strategy and Global Automotive Manufacturing Business |

g) 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 input from all the Directors and members of relevant Committees. The Board has also carried out performance evaluation of each Director based on the evaluation carried out by its Nomination and Remuneration Committee (NRC).

The criteria for performance evaluation were set out by the NRC and adopted by the Board. These included composition and structure of the Board and its Committees, effectiveness of the Committees, knowledge of the Company's operations by the members, their participation at meetings including preparedness for issues for consideration, level of contribution in assessing and improving the performance of the Company and interactions

amongst themselves and with senior management. Adherence to the Code of Conduct of the Company, fiduciary and statutory obligations, continuing maintenance of independence by Independent Directors, etc. were also a part of the performance evaluation.

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

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

III. COMMITTEES OF THE BOARD

The Company currently has six (6) Committees of the Board, namely - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee and Executive Committee. The Board, at its meeting held on 2nd August 2024, has decided to discontinue Executive Committee w.e.f. 22nd September, 2024.

a) Audit Committee

The members of Audit Committee possess vast experience in and knowledge of finance, accounting and corporate affairs. During the financial year under review, five (5) meetings of Audit Committee were held on 28th May, 2023, 3rd August, 2023, 2nd November, 2023, 8th February, 2024 and 15th March, 2024. During the year, the Audit Committee passed three resolution by circulation dated 27th June, 2023, 18th September, 2023 and 19th December, 2023 with the consent of all the Members. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 15th September, 2023. The Committee also met on 22nd May, 2024, prior to the finalization of the Accounts for FY 2023-24.

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

| Name of the Member | Category | No. of meetings attended during the year 2023-24 |
|----------------------------|----------------------------|--|
| Mr. Sudhir Nayar, Chairman | Independent, Non-Executive | 5 |
| Mr. C.S. Verma | Independent, Non-Executive | 5 |
| Ms. Atima Khanna | Independent, Non-Executive | 5 |

The tenure of Mr. Sudhir Nayar is up to 21st September, 2024. The Board, at its meeting held on 2nd August, 2024, has reconstituted the committee and appointed Mr. C.S Verma as Chairman of the Committee and Mr. Sanjeev Mehan as Member of the Committee w.e.f. 22nd September, 2024.

Audit Committee meetings are usually attended by Managing Director & CEO, Chief Financial Officer, Company Secretary, Internal Auditor, and Statutory Auditors. Senior Management is also invited to participate in the deliberations as appropriate.

Terms of reference of the Audit Committee are as per the governing provisions of the Companies Act (Section 177) & the Listing Regulations (Part C of Schedule II) and inter alia includes:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Review with the management, the annual and quarterly financial statements and auditor's report thereon before submission to the Board for approval.
- Review with the management, statutory and internal auditors, adequacy of the internal control systems;
- Evaluation of internal financial controls and risk management systems;
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Discussion with statutory auditors the nature and scope of audit as well as post-audit areas of concern;
- Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- Review adequacy of internal audit function including structure of the internal audit department, staffing and seniority of the official heading the function, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditor of any significant findings and follow up thereof;
- Review findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Approval (or any subsequent modification) of transactions of the Company with related parties;
- Review functioning of the Whistle Blower mechanism;

b) **Nomination and Remuneration Committee**

During the year, four (4) meetings of the Committee were held on 29th May, 2023, 4th August, 2023, 3rd November, 2023 and 15th March, 2024.

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

| Name of the Member | Category | No. of meetings attended during 2023-24 |
|--|----------------------------|--|
| Mr. Sudhir Nayar, Chairman | Independent, Non-Executive | 4 |
| Mr. S. K. Tuteja | Independent, Non-Executive | 4 |
| Mr. Masaki Morohoshi (<i>ceased w.e.f 31.03.2024</i>) | Non-Executive | 4 |
| Mr. Ryusuke Miyake (<i>appointed w.e.f 01.04.2024</i>) | Non-Executive | NA |

The tenure of Mr. S.K.Tuteja and Mr. Sudhir Nayar is up to 21st September, 2024. The Board, at its meeting held on 2nd August, 2024, has reconstituted the committee and appointed Ms. Atima Khanna as Member & Chairman of the Committee and Mr. C.S Verma as Member of the Committee w.e.f. 22nd September, 2024.

Terms of Reference of the Committee are as follows:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- Formulation of criteria for evaluation of director's performance including independent directors and the Board.

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Consider extension or continuation of the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors.

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

Nomination and Remuneration Policy:

Nomination and Remuneration Policy is in place for Directors, KMP's and other employees, in accordance with the provisions of the Act and Listing Regulations. The policy is part of Directors' Report and also available at https://www.smlisuzu.com/storage/uploads/finance_reports/NRCPolicy.pdf

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

c) Stakeholders Relationship Committee

Stakeholders Relationship Committee is headed by Mr. S.K. Tuteja, Independent Director, and consists of two other members – a Non-Executive Director and MD & CEO.

During the financial year ended 31st March, 2024, six (6) meetings of the Committee were held on 28th April, 2023, 4th July, 2023, 16th August, 2023, 17th October, 2023, 6th December, 2023 and 9th February, 2024. During the year, Stakeholders Relationship Committee passed four resolution by circulation dated 14th April, 2023, 17th July, 2023, 28th December, 2023 and 28th March, 2024 with the consent of all the Members.

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 2023-24 |
|---|-------------------------------------|--|
| Mr. S. K. Tuteja, Chairman | Independent, Non-Executive | 6 |
| Mr. Eiichi Seto (ceased w.e.f. 03.11.2023) | Non-Executive | 4 |
| Mr. Takashi Sakuma (appointed w.e.f. 04.11.2023) | Non-Executive | 2 |
| Mr. Junya Yamanishi | Executive (Managing Director & CEO) | 6 |

The tenure of Mr. S.K. Tuteja is up to 21st September, 2024. The Board, at its meeting held on 2nd August, 2024, has reconstituted the committee and appointed Mr. Sanjeev Mehan as Member & Chairman of the Committee w.e.f. 22nd September, 2024.

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

Terms of Reference of the Committee are as follows:

- Consider and resolve the grievances of the security holders of the Company including complaints related to transfer /Transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the company.
- Transmission of shares, de-materialization of shares, issue of duplicate share certificates and such other functions as may be stipulated under the Companies Act, 2013 / SEBI Regulations

During the year, the Company received 635 queries / requests from the shareholders which, inter-alia, included queries/ requests related to dematerialization of shares, up-dation of PAN & Bank mandate, non-receipt of dividend / annual reports, transfer of shares and revalidation of dividend, duplicate shares etc. which were duly attended to and the Company has furnished necessary documents/ information to the shareholders.

During the year, the Company had received 6 complaints from the shareholders and all of them have been attended / resolved.

d) Risk Management Committee

During the year, two (2) meetings were held on 13th September, 2023 and 6th March, 2024.

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 2023-24 |
|----------------------------|-------------------------------------|--|
| Mr. Sudhir Nayar, Chairman | Independent, Non-Executive | 2 |
| Mr. C.S. Verma | Independent, Non-Executive | 2 |
| Mr. Junya Yamanishi | Executive (Managing Director & CEO) | 2 |

The tenure of Mr. Sudhir Nayar is up to 21st September, 2024. The Board, at its meeting held on 2nd August, 2024, has reconstituted the committee and appointed Mr. C.S Verma as Chairman of the Committee and Mr. Sanjeev Mehan as Member of the Committee w.e.f. 22nd September, 2024.

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

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

e) Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. During the year two (2) meetings were held on 28th May, 2023 and 28th March, 2024.

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 2023-24 |
|--|-------------------------------------|---|
| Mr. C. S. Verma, Chairman | Independent, Non-Executive | 2 |
| Mr. Takuro Horikoshi (ceased w.e.f 31.03.2024) | Non-Executive | 2 |
| Mr. Junya Yamanishi | Executive (Managing Director & CEO) | 2 |
| Mr. Takahiro Jitoshō (appointed w.e.f 01.04.2024) | Non-Executive | NA |

The Board, at its meeting held on 2nd August, 2024, has decided to reconstitute the Committee and appointed Ms. Atima Khanna as Member and Chairman w.e.f 22nd September, 2024 in place of Mr. C.S.Verma.

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

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

The Policy is available on the Company's website at web link-

https://www.smlisuzu.com/storage/uploads/finance_reports/CSRPolicy.pdf

The annual report on CSR activities, for FY 2023-24, forms a part of Directors' Report.

f) Executive Committee

The Executive Committee was set up by the Board to periodically monitor the transition of new CEO, Capex and performance of Company and matters connected with Divisional heads.

During the year three (3) meetings were held on 3rd July, 2023, 17th October, 2023 and 5th March, 2024.

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 2023-24 |
|----------------------------|-------------------------------------|---|
| Mr. S. K. Tuteja, Chairman | Independent, Non-Executive | 3 |
| Mr. Junya Yamanishi | Executive (Managing Director & CEO) | 3 |

The Board at its meeting, held on 2nd August 2024, has decided to discontinue Executive Committee w.e.f 22nd September, 2024.

IV. SENIOR MANAGEMENT:

Particulars of senior management including the changes since the close of the previous financial year:

| Name | Designation | Changes during the year |
|------------------------|---|-------------------------------------|
| Mr. Manjit Singh Ramta | ED-Works | Tenure extended upto 31st May 2025 |
| Mr. Rakesh Bhalla | Chief Financial Officer | Tenure extended upto 31st May, 2026 |
| Mr. Anuj Kumar Sethi | Chief General Manager – Corporate Planning & IT | No change |
| Mr. Prashant Kumar | Chief General Manager - Marketing | No change |
| Mr. Parvesh Madan | Company Secretary & General Manager- Finance | No change |

V. REMUNERATION OF DIRECTORS:

Remuneration paid to Whole-time Directors is decided by the Board on the recommendations of the Nomination and Remuneration Committee and approved by the shareholders at Annual General Meetings.

Independent Directors are paid sitting fee of Rs. 50,000 per meeting for attendance at Board Meetings and Rs. 30,000 per meeting for attendance at Committees Meetings and reimbursement of expenses incurred for attending such meetings.

At the 32nd Annual General Meeting, held in August, 2016, the shareholders had authorized the Board of Directors for payment of commission, a sum not exceeding one percent of the Net profits of the Company per annum, computed in accordance with the provisions of the Companies Act, 2013, to the Independent Directors of the Company, for each financial year commencing from 1st April, 2016.

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

Following are the details of Directors remuneration paid in FY 2023-24.

Whole-time Directors

(Amount in Rs.)

| Name of Director | Salary (Basic & DA) | Allowances (including HRA, Leave Travel & Special Allowances) | Commission for the FY 2023-24 | Contribution to Provident and other Funds | Other Perquisites | Stock Option | Total | Service Contract (Tenure) |
|--|---------------------|---|-------------------------------|---|-------------------|--------------|-------------|---------------------------|
| Junya Yamanishi Managing Director & CEO | 69,30,000 | - | 69,30,000 | - | 12,31,332 | - | 1,50,91,332 | Upto 19th May, 2026 |

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

Non-Executive Independent Directors

(Amount in Rs.)

| Name of Director | Sitting Fees | Remuneration* |
|------------------|--------------|---------------|
| Mr. S.K. Tuteja | 7,20,000 | 18,00,000 |
| Mr. Sudhir Nayar | 6,60,000 | 18,00,000 |
| Mr. C.S. Verma | 6,00,000 | 18,00,000 |
| Ms. Atima Khanna | 4,80,000 | 18,00,000 |

*Related to Financial Year 2023-24 and paid in Financial Year 2024-25.

VI. GENERAL BODY MEETINGS

(i) Annual General Meetings:

| Financial Year | Date | Time | Venue | Special Resolutions passed |
|----------------|------------|----------|--|---|
| 2020-21 | 30.07.2021 | 1:00 PM | Through VC/OAVM (Deemed Venue - Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab) | 1. Appointment of Mr. Junya Yamanishi (DIN 09174162) as Managing Director & Chief Executive Officer 2. Re-appointment of Mr. Tadanao Yamamoto (DIN 08291307) as Whole-time Director designated as Director – Quality Assurance |
| 2021-22 | 21.09.2022 | 11:30 AM | Through VC/OAVM (Deemed Venue - Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab) | 1. Appointment of Ms. Atima Khanna (DIN 07145114) as Independent Director |
| 2022-23 | 15.09.2023 | 11:30 AM | Through VC/OAVM (Deemed Venue - Village Asron, Distt. SBS Nagar (Nawanshahr) Punjab) | NIL |

(ii) Details of Postal Ballot(s)

- The Company sought the approval of the Shareholders through Postal Ballot notice dated 25th November, 2023 for appointment of Mr. Takashi Sakuma as Non-Executive (Non-Independent) Director of the Company, who was appointed by the Board as Additional Director w.e.f. 4th November, 2023, by way of an Ordinary Resolution. The said Postal Ballot concluded on 28th December, 2023. The aforesaid resolution was duly passed by the Members and the result of the Postal Ballot was announced on 29th December, 2023.
- The Company sought the approval of Shareholders through Postal Ballot notice dated 9th February, 2024 to increase the borrowing limits of the Company under section 180(1)(c) and to increase the existing limits for creating Mortgage/Hypothecation/ Charge on all or any of the movable and/ or immovable properties/assets of the Company under Section 180(1)(a) of the Companies Act, 2013. The said Postal Ballot concluded on 20th March, 2024. The aforesaid resolutions were duly passed by the Members and the result of the Postal Ballot was announced on 21st March, 2024.
- The Company sought the approval of the Shareholders through Postal Ballot notice dated 15th April, 2024 for appointment of Mr. Ryusuke Miyake and Mr. Takahiro Jitoshō as Non-Executive (Non-Independent) Directors of the Company, who were appointed by the Board as Additional Director(s) w.e.f. 1st April, 2024 by way of Ordinary Resolution(s). The said Postal Ballot concluded on 23rd May, 2024. The aforesaid resolutions were duly passed by the Members and the result of the Postal Ballot was announced on 25th May, 2024.

Mr. Kanwaljit Singh Thanewal, a Practicing Company Secretary, (Membership No: 5901; CP No. 5870) was appointed as the Scrutinizer for conducting the above-mentioned Postal Ballots through remote e-voting, in a fair and transparent manner.

(iii) Extraordinary General Meeting:

No extraordinary general meeting was held during financial year 2023-24.

VII. OTHER DISCLOSURES

(i) Transactions with related parties

The Company has adopted a policy to deal with related party transactions and during the year there were no material related party transactions made by the Company that would have required shareholders' approval. The Company has not entered into any transaction of material nature that may have any potential conflict with the interest of the Company. The details of the related party transactions as per Ind AS 24 'Related Parties Disclosures' are set out in note 36 to the Financial Statements.

The Policy on related party transactions is uploaded on the Company's website and can be assessed at web link: https://www.smlisuzu.com/storage/uploads/finance_reports/RPTPolicy.pdf

(ii) 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.

(iii) Whistle Blower Policy/Vigil Mechanism

The Company has adopted a whistle blower policy, to provide formal mechanism for the Directors, Employees and Business Associates of the Company to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy or to report genuine concerns or grievances including instances of leaks or suspected leaks of unpublished price sensitive information pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. It provides for adequate safeguards against the victimisation of Employees and any other person who avails of the mechanism and accordingly provides for direct access to the Chairman of the Audit Committee.

During the year under review no Whistle Blower complaint was reported to the Audit Committee.

Whistle Blower Policy of the Company is available on the Company's website at the web link: https://www.smlisuzu.com/storage/uploads/finance_reports/WhistleBlowerPolicy.pdf

(iv) Code for prevention of Insider Trading Practices

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

(v) Disclosure in relation to recommendation made by any Committee which was not accepted by the Board

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

(vi) Total fees for all services paid by the Company to the statutory Auditors

Total fees of Rs. 63.27 lacs (including out of pocket expense) for financial year 2023-24, for all services, was paid by the Company, on a consolidated basis, to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part.

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

| | |
|--|-----|
| Number of complaints filed during the financial year 2023-24 | Nil |
| Number of complaints disposed off during the financial year 2023-24 | Nil |
| Number of complaints pending as on end of the financial year 2023-24 | Nil |

(viii) Secretarial Compliance Report

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

The said Secretarial Compliance Report for the year ended 31st March, 2024, has been submitted to the Stock Exchange(s) within stipulated time.

(ix) Certificate from Practicing Company Secretary

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

(x) Accounting treatment

In preparation of the Financial Statements, the Company has followed the Indian Accounting Standards (Referred to as Ind AS) prescribed under Section 133 of the Companies Act, 2013 as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, to the extent applicable. The material accounting policy information is set out under Note 2 of the Financial Statements for the year ended 31st March, 2024.

(xi) Means of Communication

(a) Publication of results

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

(b) Website and News Releases

The Company's website www.smlisuzu.com was upgraded in May 2024 with modern design, improved navigation, enhanced functionality & stringent security measures. The website displays the information, prescribed to be made available on website of the Company under the Listing Regulations, which inter alia includes - details of business of the Company, terms and conditions of Independent directors, composition of Board committees, policies adopted by the Company, shareholding pattern, presentations made to the Analysts / Institutional investors, announcements / disclosures made by the Company, notices published in the newspapers, status of unclaimed dividend, Annual Reports, quarterly and Annual Financial results, contact for investor grievances, etc.

(c) Stock Exchanges

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

(xii) Management Discussion and Analysis Report

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

(xiii) Compliance with Mandatory Requirements

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

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

(xiv) CEO/CFO CERTIFICATION

As required under the Listing Regulations, the Managing Director & CEO and Chief Financial Officer (CFO) have certified to the Board regarding Annual Financial Statements for the year ended 31st March, 2024. A copy of the certificate was placed before the Board of Directors at their meeting held on 23rd May, 2024 and forms part of this report.

(xv) Adoption of discretionary requirements**i) The Board**

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

ii) Shareholder Rights

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

iii) Modified opinion(s) in Audit Report

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

iv) Separate posts of Chairman and CEO

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

v) Reporting of Internal Auditor

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

(xvi) Policy on determining Material Subsidiary

The Company has no subsidiary.

VIII. INTIMATION OF THE AGREEMENTS, IF ANY, UNDER THE LISTING REGULATIONS

In terms of Regulation 30(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) read with clause 5A of Para A of Part A of Schedule III of the Regulations, please note that Sumitomo Corporation, Japan (Promoter of the Company) and Isuzu Motors Limited, Japan, (Shareholder of the Company), had entered into a Shareholders' Agreement on 25th November, 2011. The Company is not a party to the Shareholders' Agreement. The details in relation to the Shareholders' Agreement is available at the link:

https://www.smlisuzu.com/storage/uploads/finance_reports/corporate_announcements/1705147690-2b74a66a_50LettertoSESHAclause5A.pdf

SHAREHOLDERS' INFORMATION

1. Annual General Meeting

| | | |
|-------|---|---|
| Date | : | 20th September, 2024 (Friday) |
| Time | : | 11:00 A.M. |
| Venue | : | Through Video Conferencing (VC) or Other Audio Visual Means (OAVM) (Deemed Venue for the Meeting: Registered office of the Company i.e Village Asron, Distt. Shahid Bhagat Singh Nagar, (Nawanshahr), Punjab-144533) |

2. Calendar (tentative) for Financial Results

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

| | | |
|----------------------------------|---|---------------------------|
| Quarter ended on 30th June, 2024 | : | 2nd August, 2024 |
| Quarter ending 30th Sept., 2024 | : | 1st/2nd week of Nov, 2024 |
| Quarter ending 31st Dec., 2024 | : | 1st/2nd week of Feb, 2025 |
| Year ending 31st March, 2025 | : | 1st/2nd week of May, 2025 |

3. Book Closure : 7th September, 2024 to 13th September, 2024 (Both days inclusive)

4. Dividend Payment date : On or before 20th October, 2024

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 2024-25 for both these stock exchanges has been paid.

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

7. CIN : L50101PB1983PLC005516

8. Dematerialisation and Liquidity of Shares:

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

As on 31st March, 2024, 98.85% of the Company's shares were held in electronic form. International Securities Identifications Number: INE294B01019 (with NSDL and CDSL).

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

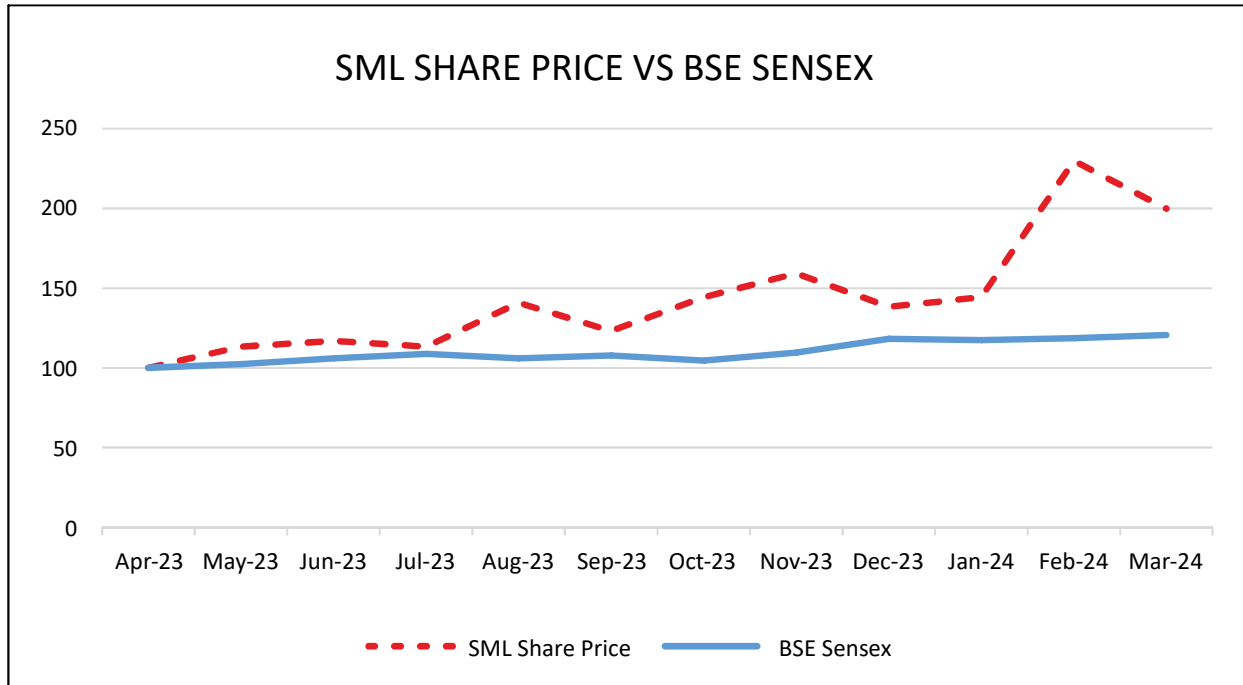
9. Stock Market Data

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

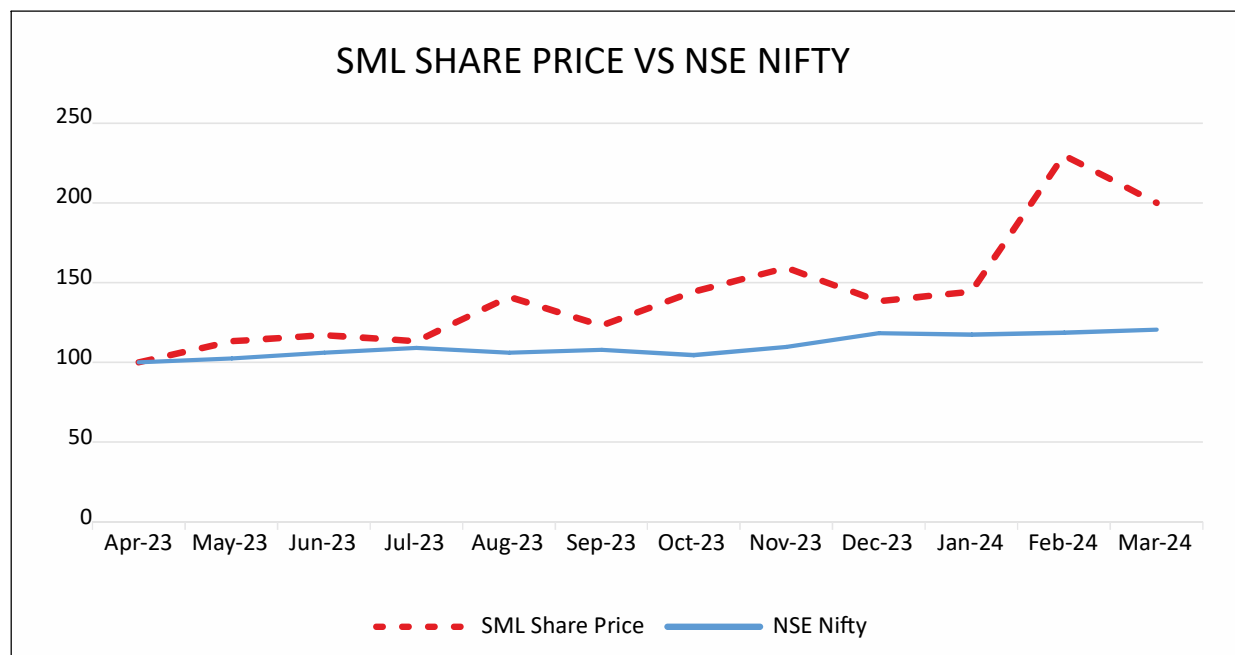
| Month | BSE Limited (BSE) | | NSE Limited (BSE) | |
|--------|-------------------|-----------|-------------------|-----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| Apr-23 | 1055 | 748 | 1055 | 762 |
| May-23 | 1125 | 890 | 1125 | 920 |
| Jun-23 | 1205 | 1037 | 1206 | 1037 |
| Jul-23 | 1115 | 990 | 1115 | 991 |
| Aug-23 | 1400 | 1062 | 1402 | 1058 |
| Sep-23 | 1366 | 1155 | 1366 | 1144 |
| Oct-23 | 1416 | 1197 | 1415 | 1195 |
| Nov-23 | 1575 | 1265 | 1578 | 1266 |
| Dec-23 | 1551 | 1274 | 1550 | 1290 |
| Jan-24 | 1419 | 1225 | 1419 | 1234 |
| Feb-24 | 2470 | 1365 | 2480 | 1363 |
| Mar-24 | 2299 | 1728 | 2309 | 1726 |

10. Stock Price Performance

SML ISUZU Ltd. Share Price performance relative to BSE Sensex



SML ISUZU Ltd. Share Price performance relative to NSE Nifty



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

11. Transfer / Transmission System for physical shares:

SEBI effective from 1st April, 2019, has barred physical transfer of shares of listed companies and mandated transfer only through demat. However, investors are not barred from holding shares in physical form. The Company obtains half yearly certificate of compliance, with respect to issue of share certificates, from a Company Secretary in Practice as required under Regulation 40(9) of the Listing Regulations and files a copy of the said certificate with Stock Exchanges.

Total number of shares transferred during 2023-24 was 3300 (Previous Year 1800)

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

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

Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Accordingly, the Company has transferred the unclaimed dividends for and upto the Financial Year ended 31st March, 2016 to IEPF. Further, amount of Unclaimed Dividend for financial year 2016-17 is due for deposit to the IEPF on 28th October, 2024. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 31st March, 2024 on the website of the Company (www.smlisuzu.com).

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

Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account'). During FY 2023-24, the Company had transferred 9953 equity shares in respect of FY 2015-16 to the IEPF Account after following the prescribed procedure.

Members who have not encashed their Dividends in respect of financial year 2016-17 & onwards are requested to lodge their claims with the Company. In this regard, the Company will individually inform the concerned shareholders and will also publish notice in the newspapers as per the IEPF Rules. The details of such shareholders along with the shares due for transfer will be available on the "Investors Section" of the website of the Company viz. www.smlisuzu.com

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

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

14. Registrar and transfer Agents

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

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

All communications regarding share transfers/transmissions, duplicate share certificates, dividends and change of address etc. may be addressed to the Registrar, M/s MCS Share Transfer Agent Limited or to the Company Secretary of the Company at SCO: 204-205, Sector-34 A, Chandigarh-160 022.

15. Company Rating

The Company has short term rating of A1 ('A one') and long term rating of A+ (A Plus) from ICRA. During the year, short term rating of A1 and long term rating of A+ were re-affirmed and outlook was revised from negative to stable based on expected improvement in the financial performance of the Company, going forward, aided by revival in the CV industry, especially in the bus segment, wherein the Company has a strong presence.

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

17. Commodity Price Risks and Hedging Activities

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

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

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

| Commodity Name | Exposure in INR towards the particular commodity | Exposure in quantity terms towards the particular commodity | % of such exposure hedged through commodity derivatives | | | | |
|---------------------|--|---|---|----------|----------------------|----------|-------|
| | | | Domestic market | | International market | | Total |
| | | | OTC | Exchange | OTC | Exchange | |
| Steel (Sheet Metal) | Rs. 7103 Lacs | 9314 Ton | Nil | Nil | Nil | Nil | Nil |
| Castings (Steel) | Rs. 6971 Lacs | 7394 Ton | Nil | Nil | Nil | Nil | Nil |
| Aluminium | Rs. 653 Lacs | 234 Ton | Nil | Nil | Nil | Nil | Nil |
| Forging Steel | Rs. 299 Lacs | 256 Ton | Nil | Nil | Nil | Nil | Nil |

Presently, the Commodity Price Risk is managed without any hedging.

18. Foreign exchange risk

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

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

As on 31st March, 2024, no shares were lying under the Demat Suspense Account/Unclaimed Suspense Account.

20. Shareholding Pattern as on 31st March, 2024

| Category | No. of Shareholders | Voting Strength % | No. of Shares held |
|-----------------------------|---------------------|-------------------|--------------------|
| Promoters | 1 | 43.96 | 6362306 |
| Foreign Body Corporate | 1 | 15.00 | 2170747 |
| Mutual Funds | 0 | 0.00 | 0 |
| FII/Banks | 0 | 0.00 | 0 |
| Foreign Portfolio Investors | 19 | 0.81 | 116794 |
| NBFCs registered with RBI | 1 | 0.00 | 113 |
| Other Bodies Corporate | 156 | 1.42 | 205329 |
| Trust | 5 | 0.01 | 1790 |
| NRIs | 593 | 0.84 | 121984 |
| IEPF | 1 | 1.67 | 241818 |
| Foreign National | 1 | 0.00 | 100 |
| HUF | 625 | 0.68 | 98919 |
| Clearing Member | 22 | 0.10 | 13687 |
| Individuals /Others* | 24022 | 35.51 | 5138059 |
| TOTAL | 25447 | 100 | 14471646 |

21. Distribution of Shareholding as on 31st March, 2024

| No. of Equity Shares held | No. of Shareholders | No. of Shares | %age of Shareholding |
|---------------------------|---------------------|-----------------|----------------------|
| 1-500 | 24821 | 1324714 | 9.2 |
| 501-1,000 | 335 | 262683 | 1.8 |
| 1,001-2,000 | 146 | 213425 | 1.5 |
| 2,001-3,000 | 52 | 127908 | 0.9 |
| 3,001-4,000 | 18 | 62968 | 0.4 |
| 4,001-5,000 | 17 | 78784 | 0.5 |
| 5,001-10,000 | 27 | 191928 | 1.3 |
| 10,001-50,000 | 23 | 469303 | 3.2 |
| 50,001-100,000 | 2 | 170062 | 1.2 |
| 100,000 above | 6 | 11569871 | 80.0 |
| TOTAL | 25447 | 14471646 | 100 |

* Includes total shareholding of 29,28,100 shares (20.23%) of Navodya Enterprises (Acquirer) along with Person Acting in Concert (PAC)-SPV Traders, Anandam Enterprises, Sapna Gupta, Sachin Bansal and Parveen Kumar Bansal.

22. Plant Location : SML Isuzu Limited

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

23 Address for correspondence (for Investor queries etc.)

Registrar and Share Transfer Agents

M/s MCS Share Transfer Agent Limited

Unit : SML Isuzu Limited

Sri Venkatesh Bhavan, F-65, 1st Floor

Okhla Industrial Area, Phase-1

New Delhi-110 020

Phone : 011-41406149

Fax : 011-41709881

Email : helpdeskdelhi@mcsregistrars.com

Compliance Officer & Company Secretary

Mr. Parvesh Madan

SML Isuzu Limited

SCO: 204-205

Sector 34 - A

Chandigarh - 160 022

Tele : 0172-2647700-02 / 0172-4155901

Fax : 0172-2615111

Email : pmadan@smlisuzu.com

investors@smlisuzu.com

24. Website Address : www.smlisuzu.com

ANNEXURE A TO DIRECTORS' REPORT

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

Introduction

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

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

General

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

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

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

Composition of the Board

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

Independent Directors

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

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

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

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

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

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

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

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

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

Other Directors

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

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

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

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

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

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

Key Managerial Personnel ('KMP') and Senior Management

This group comprises:

1. Managing Director/Chief Executive Officer 'CEO'
2. Chief Financial Officer 'CFO'
3. Company Secretary
4. **Senior Management** – Executives of the Company who are members of its core management team, members one level below the Chief Executive Officer/ Managing Director/ Whole-time Director and the functional heads.

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.

Whole-time Director

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.

KMP (other than Managing/Whole-time Director) and Senior Management

Managing Director propose the appointment and removal of KMP (other than Managing / Whole-time Directors) and Senior Management to NRC and Board.

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 proposed 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. Further, in designing and setting the levels of KMP and Senior Management, relevant statutory provisions, market trends and other relevant factors are taken into account.

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

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

ANNEXURE B TO DIRECTORS' REPORT

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

(i) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year (2023-24)

| | |
|--|-------|
| - Mr. Junya Yamanishi, Managing Director & CEO | 13.40 |
|--|-------|

(ii) Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year (2023-24)

| | |
|--|--------------------------|
| - Mr. Junya Yamanishi, Managing Director & CEO | 82.7% (Refer Note below) |
| - Mr. Rakesh Bhalla, Chief Financial Officer | 10.0% |
| - Mr. Parvesh Madan, Company Secretary | 10.0% |

(iii) Percentage increase in the median remuneration of employees in the financial year (2023-24)

-1.2%

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

957

(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 | 34.3% |
| - Average increase in remuneration of employees other than the Managerial Personnel | 9.5% |

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company

The remuneration is as per the Nomination and Remuneration Policy of the Company, formulated pursuant to the provisions of section 178 of the Companies Act, 2013.

Notes: Includes Commission (1% of Net profits subject to maximum of 100% of Annual Salary) - Rs.69.30 lacs (Previous Year – Rs. 16.78 lacs)

ANNEXURE C TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2023-24

1. Brief outline on CSR Policy of the Company

The key thrust areas of Company's policy on CSR, adopted by the Board of Directors in adherence to Section 135 of the Companies Act, 2013, are - promoting healthcare and sanitation, supporting the education of girls & underprivileged children, sponsoring vocational and technical education, supporting deserving sportsperson etc.

2. Composition of CSR Committee.

| S. No. | Name of the Director | Designation / Nature of Directorship | No. of meeting held during the year 2023-24 | No. of meeting attended during the year 2023-24 |
|--------|---|--------------------------------------|---|---|
| 1 | Mr. Chandra Shekhar Verma (Chairman) | Independent, Non-Executive | 2 | 2 |
| 2 | Mr. Takuro Horikoshi (Member) Ceased w.e.f 31.03.2024 | Non-Executive | 2 | 2 |
| 3 | Mr. Takahiro Jitoshō (Member) Appointed w.e.f 01.04.2024 | Non-Executive | NA | NA |
| 4 | Mr. Junya Yamanishi (Member) | Executive (Managing Director & CEO) | 2 | 2 |

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company

- Composition of CSR Committee: <https://smlisuzu.com/IN/investors/board/board-committees>
- CSR Policy: https://smlisuzu.com/storage/uploads/finance_reports/CSRPolicy.pdf
- CSR Projects approved by the Board: https://smlisuzu.com/storage/uploads/finance_reports/csr_projects/1699505209-1234.pdf

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable : Not Applicable

5. a) Average net profit of the Company as per sub-section (5) of section 135 : Not Applicable
The average net profits for last three Financial Years is negative.

b) Two percent of average net profit of the Company as per sub-section (5) of section 135 : Nil

c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Not Applicable

d) Amount required to be set off for the financial year, if any : Not Applicable

e) Total CSR obligation for the financial year [(b)+(c)-(d)] : Nil

6. a) Amount spent on CSR project (both ongoing project and other than ongoing project) : Rs. 34.3 Lakhs
- b) Amount spent in administrative overheads : Nil
- c) Amount spent on impact assessment, if applicable : Not Applicable
- d) Total amount spent for the financial year [(a)+(b)+(c)] : Rs. 34.3 Lakhs
- e) CSR amount spent or unspent for the financial year

| Total Amount Spent for the Financial Year (in Rs. Lakhs) | Amount Unspent (in Rs. Lakhs) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| Rs. 34.3 Lakhs | NIL | | NIL | | |

- f) Excess amount for set off, if any:

| Sl. No. | Particular | Amount (in Rs. Lakhs) |
|---------|---|---|
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | Not Applicable <i>The average net profits for last three Financial Years is negative</i> |
| (ii) | Total amount spent for the Financial Year | Rs. 34.3 Lakhs |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | Rs. 34.3 Lakhs |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | Rs. 34.3 Lakhs |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs. Lakhs) | Balance amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs. Lakhs) | Amount spent in the Financial Year (in Rs. Lakhs) | Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | Amount remaining to be spent in succeeding financial years (in Rs. Lakhs) | Deficiency, if any |
|---------|-----------------------------|---|---|---|--|------------------|---|--------------------|
| | | | | | Amount (in Rs. Lakhs) | Date of transfer | | |
| 1. | FY 2020-21 | | | | NIL | | | |
| 2. | FY 2021-22 | | | | NIL | | | |
| 3. | FY 2022-23 | | | | NIL | | | |

-
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year : No
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135 : Not Applicable

Chandra Shekhar Verma
Chairman, CSR Committee

Junya Yamanishi
Managing Director & CEO

Dated : 23.05.2024
Place : New Delhi

ANNEXURE D TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FORM No. MR-3

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SML ISUZU LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2024 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, 2024, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021- Not applicable to the company during the year under review.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: Not Applicable to the company during the financial year under review.
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.
 - f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021: Not applicable during the financial year under review.
 - g) 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.

- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
- (vi) The Motor Vehicles Act, 1988 and the rules made thereunder (the law which is applicable specifically to the Company, being manufacturer of Commercial Vehicles).
- (vii) Other laws applicable to the company.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on the National Stock Exchange of India Limited and BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Based on our 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 Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year, were carried out in compliance with the applicable Act and Regulations.
2. Adequate notice is 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 through majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

1. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred 9953 equity shares to the Investor Education and Protection Fund.
2. The company has increased its borrowing limits under Section 180(1)(c) of the Companies Act, 2013 to Rs. 600 Crores plus the paid-up capital, free reserves and securities premium of the Company.
3. The company has authorised the board of directors to sell, lease or otherwise dispose of the properties/ assets of the company under Section 180(1)(a) of the Companies Act, 2013 upto an amount Rs. 750 Crores.

I further report that, there were no instances of

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity
- (ii) Redemption/ buy-back of securities
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

For A. Arora & Co.
Company Secretaries

AJAY K. ARORA

(Proprietor)

FCS No. 2191

C P No.: 993

Peer review Cert No. 2120/2022

Place: Chandigarh

Date: 17.07.2024

UDIN: F002191F000763006

ANNEXURE E TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

1. The steps taken or impact on conservation of energy

- LED lights with better luminous efficacy and low power consumption provided at various locations in the plant.
- More than 2500 points identified and corrected to stop compressed air leakage and reduce power consumption of air compressors.

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

- Rooftop solar plant of 2 MWp commissioned at Chassis plant, making total solar plant capacity 3.04 MWp and generated total 2289001 KWH with saving of approx. Rs 174 lakhs during FY 2023-24.
- The Company has shifted from HSD to PNG for its thermal energy requirements in its manufacturing processes which has resulted in saving of Rs. 340 lakhs during FY 2023-24.

3. Capital investment on energy conservation equipments

Capital Investment for 2MWp Solar project and LED lights: Rs. 815 lakhs.

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

- Incorporation of advance safety features such as ESC (Electronic Stability Control) & FAPS (Fire Alarm & Protection System).
- Up-gradation of Diesel & CNG engines / vehicles to meet BS6-IOBD 2 compliance.

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

- Development of BS 6 engines diesel and CNG as per BS6-IOBD2 will improve in service control of emission on the vehicle.
- Implementation of the Electronic Stability Control and Fire Alarm & Protection System in buses will improve safety of passengers.

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

| | |
|--|----------------|
| (iv) The expenditure incurred on Research and Development: | (Rs. in lakhs) |
| (a) Capital | 54.77 |
| (b) Recurring | 2058.70 |
| (c) Total | 2113.47 |
| (d) R&D expenditure as a %age of total income | 0.96% |

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 | 910.43 |
| Payment in foreign currency | 676.12 |

ANNEXURE F TO DIRECTORS' REPORT

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT FOR FINANCIAL YEAR 2023-24

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

| | | |
|-----|--|--|
| 1. | Corporate Identity Number (CIN) of the Listed Entity | L50101PB1983PLC005516 |
| 2. | Name of the Listed Entity | SML ISUZU LIMITED (SMLI) |
| 3. | Year of Incorporation | 26th July, 1983 |
| 4. | Registered office address | Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144533 |
| 5. | Corporate address | SCO 204-205, Sector 34-A, Chandigarh - 160022 |
| 6. | E-mail id | investors@smlisuzu.com |
| 7. | Telephone | +91 172 2647700-02 |
| 8. | Website | www.smlisuzu.com |
| 9. | Financial Year reported | 1st April 2023 to 31st March 2024 |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE Limited (BSE), National Stock Exchange of India Limited (NSE) |
| 11. | Paid-up Capital | Rs. 14.47 crores |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Mr. Parvesh Madan Company Secretary Tel: 0172-2647700-02 pmadan@smlisuzu.com |
| 13. | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Standalone |
| 14. | Name of assurance provider | Not Applicable |
| 15. | Type of assurance obtained | Not Applicable |

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

| S.No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|-------|---|--|-----------------------------|
| 1 | Manufacturing and Sale of Commercial vehicles | Manufacturing and Sale of Trucks & Buses | 94% |

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S.No. | Product/Service | NIC Code | % of total Turnover contributed |
|-------|----------------------------|----------|---------------------------------|
| 1 | Cargo Vehicles (Trucks) | 29102 | 24% |
| 2 | Passenger Vehicles (Buses) | 29109 | 70% |

III. Operations
18. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 1 | 10 | 11 |
| International | - | - | - |

19. Markets served by the entity:
a. Number of locations

| Locations | Number |
|----------------------------------|--------|
| National (No. of States) | 28 |
| International (No. of Countries) | 10 |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

1.27%

c. A brief on types of customers:

The Company is in the business of manufacturing & sale of Commercial Vehicles such as Buses, Trucks & Special Application vehicles. The users of these vehicles, including fleet owners, educational institutions, offices, transporters, Government agencies, etc., are our customers in India and abroad.

IV. Employees
20. Details as at the end of Financial Year: As on 31.03.2024
a. Employees and workers (including differently abled):

| S.No. | Particulars | Total (A) | Male | | Female | |
|------------------|------------------------------|------------|------------|--------------|-----------|-------------|
| | | | No.(B) | %(B/A) | No.(C) | %(C/A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 678 | 657 | 96.9% | 21 | 3.1% |
| 2. | Other than Permanent (E) | 93 | 86 | 92.5% | 7 | 7.5% |
| 3. | Total employees (D+E) | 771 | 743 | 96.4% | 28 | 3.6% |

| S.No. | Particulars | Total (A) | Male | | Female | |
|----------------|------------------------------|--------------|--------------|---------------|----------|--------------|
| | | | No.(B) | %(B/A) | No.(C) | %(C/A) |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 279 | 279 | 100.0% | - | - |
| 5. | Other than Permanent (G) | 2,003 | 2,002 | 99.95% | 1 | 0.05% |
| 6. | Total employees (F+G) | 2,282 | 2,281 | 99.96% | 1 | 0.04% |

b. Differently abled Employees and workers:

| S.No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--|-----------|----------|-------------|----------|----------|
| | | | No.(B) | %(B/A) | No.(C) | %(C/A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 1 | 1 | 100% | - | - |
| 2. | Other than Permanent (E) | - | - | - | - | - |
| 3. | Total differently abled employees (D+E) | 1 | 1 | 100% | - | - |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | 3 | 3 | 100% | - | - |
| 5. | Other than Permanent(G) | 4 | 4 | 100% | - | - |
| 6. | Total differently abled workers (F+G) | 7 | 7 | 100% | - | - |

21. Participation/Inclusion/Representation of women

| | Total (A) | No. and percentage of Females | |
|---|-----------|-------------------------------|--------|
| | | No. (B) | %(B/A) |
| Board of Directors | 9 | 1 | 11% |
| Key Management Personnel (in terms of Section 203 of the Companies Act, 2013) | 3 | - | - |

22. Turnover rate for permanent employees and workers

| | FY 2023-24 | | | FY 2022-23 | | | FY 2021-22 | | |
|----------------------------|------------|--------|-----------|------------|--------|------------|------------|--------|-----------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 9% | - | 9% | 10% | 7% | 10% | 8% | 17% | 8% |
| Permanent Workers | 6% | - | 6% | 8% | - | 8% | 2% | - | 2% |

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding/ subsidiary / associate companies / joint ventures (A) | Indicate whether holding/Subsidiary/ Associate/Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|--|--|-----------------------------------|--|
| | NA | NA | NA | NA |

Note: Sumitomo Corporation, Japan, a body corporate, is the Promoter of the Company and holds 43.96% shareholding of the Company. In terms of the provisions of Section 2(76) the Companies Act, the Company is an Associate Company of Sumitomo Corporation. However, the Company does not have any Subsidiary, Joint Venture or Associate Company.

Sumitomo Corporation, Japan, does not participate in the BRSR initiatives of the Company.

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes
- (ii) Turnover (in Rs. Lakhs) - 219,593
- (iii) Net worth (in Rs. Lakhs) - 28,559

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) | FY 2023-24 | | | FY 2022-23 | | |
|---|---|--|--|---------|--|--|---------|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes | - | - | - | 1 | - | - |
| Investors (other than shareholders) | Yes | - | - | - | - | - | - |
| Shareholders | Yes | 6 | - | - | 4 | - | - |
| Employees and workers | Yes | - | - | - | 1 | - | - |
| Customers | Yes | 120 | - | - | 87 | - | - |
| Value Chain Partners | Yes | - | - | - | - | - | - |

* The Grievances Redressal Policy of the Company is available at the following link:

https://smlisuzu.com/storage/uploads/finance_reports/GrievancesRedressalPolicy.pdf

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (indicate positive or negative implications) |
|--------|---|--|---|--|--|
| 1 | Product Safety, Quality and Innovation | Opportunity | To ensure that products of the Company are compliant with Central Motor Vehicles Rules (CMVR) and adhere to prescribed emission norms that will enhance Company's brand value and nurturing customer trust. | - | Positive Implications |
| 2 | Cyber Security | Risk | Inadequate data security and privacy systems have the potential to result in financial losses, damage to reputation and erosion of customer confidence in the company. | <ul style="list-style-type: none"> - The Company has an Information Security/ Cyber security Policy, accessible to all employees across the organization. - Close monitoring of information security systems and processes to safeguard the Company's sensitive data and information. - Training to Employees | Negative Implications |
| 3 | Regulatory Compliance | Risk | Non-compliance with regulatory requirements frequently leads to legal repercussions, including fines and penalties. | <ul style="list-style-type: none"> - Conducting periodic risk assessments to identify potential areas of compliance related risks. | Negative Implications |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (indicate positive or negative implications) |
|--------|---|--|---|---|--|
| | | | | <ul style="list-style-type: none"> - Creating a strong ethical culture in the organization with a focus on transparency and compliance. | |
| 4 | Green Energy and Energy Management | Risk | <ul style="list-style-type: none"> - Stringent regulatory standards to reduce carbon emission. - High and increasing cost of fuel and energy. | <ul style="list-style-type: none"> - Regular energy consumption assessment and action to optimize energy consumption. - Shifting to alternate source of energy such as Solar Power Plant for electricity & Piped Natural Gas (PNG) in place of Diesel. | Negative Implications |
| 5 | Anti-bribery and Anti-corruption | Risk | <ul style="list-style-type: none"> - The Company may be subject to legal fines, penalties, reputational harm, business disruptions and loss of trust in case of non-adherence to ethical business practices. | <ul style="list-style-type: none"> - Effective Whistle-blower and Grievances Redressal mechanism - Internal controls to ensure compliance with applicable laws - Regular awareness programmes and training sessions for the stakeholders on ethical practices. | Negative Implications |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (indicate positive or negative implications) |
|--------|---------------------------------------|--|---|--|--|
| 6 | Occupational Health and Safety | Opportunity | <ul style="list-style-type: none"> - Various Health and wellbeing measures are taken for the welfare of employees. - Safety rules have been implemented and being monitored on regular basis - Awareness programmes are conducted on regular basis to follow the safety rules. | - | Positive Implications |
| 7 | Grievances Redressal Mechanism | Opportunity | To ensure compliance with applicable laws while building trust among all the stakeholders | - | Positive Implications |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Sr.No. | Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|--|---|----|----|----|----|----|----|----|----|
| | Policy and management processes | | | | | | | | | |
| 1 | a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | b. Has the policy been approved by the Board? (Yes/No) – Refer Note 1 | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | c. Web Link of the Policies, if available | https://www.smlisuzu.com/IN/investors/policies/corporate-policies | | | | | | | | |
| 2 | Whether the entity has translated the policy into procedures. (Yes / No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Do the enlisted policies extend to your value chain partners? (Yes/No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |

| | | |
|--|--|---|
| 4 | <p>Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.</p> | <ul style="list-style-type: none"> - ISO 9001 : 2015 (Quality Management System) - IATF16949: 2016 (Automotive Quality Management System) - ISO 14001 : 2015 (Environment Management System) - ISO 45001 : 2018 (Occupational Health and Safety Management System) - ISO 27001: 2013 (Information Security Management System) - ISO 50001:2018 (Energy Management System) |
| 5 | <p>Specific commitments, goals and targets set by the entity with defined timelines, if any.</p> | <ul style="list-style-type: none"> - To replace all conventional lights with LED Lights to save energy. - To Plant 1500 Trees around the plant periphery for environment protection. |
| 6 | <p>Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.</p> | <ul style="list-style-type: none"> - Installed additional 2 MWp Solar Power Plant in this Financial Year. With this, total solar power plant capacity is 3.04MWp. - 2289001 KWH produced through solar plant in FY 2023-24. - 12000 kWh saved through replacement of conventional lighting fixtures with LED lights. - 1500 Trees planted around the plant for environment protection |
| <p>Governance, leadership and oversight</p> | | |
| 7 | <p>Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)</p> <p>The Company is cautious about the use of natural resources and is making efforts to reduce pollution and sustain the environment. The Company has upgraded all its products to meet the latest emission norms. As an alternate source of energy, additional 2MWp solar power plant has been installed in FY 2023-24. Now, the solar plant's capacity is 3.04 MWp, which has produced 2,289,001 kWh in FY 2023-24. Biodiversity promotion is another focus area of the Company. During FY 2023-24, the Company planted more than 1,500 saplings through plantation drives across the organization.</p> <p>The Company has also maintained a greenbelt across the plant by utilizing the treated water from its ETP. Additionally, PNG is being used in place of diesel in the manufacturing process. The Company is also optimizing its water consumption through initiatives such as improving water use efficiency by plugging waste, rainwater harvesting and the use of treated wastewater in plantations. To encourage a culture of continuous improvement and ensure long-term success, the Company has also attained and upheld ISO 14001:2015 (Environment Management System) certification.</p> <p>The Company follows principles of good corporate governance, disclosure and transparency, giving due attention to core values and ethics. It considers itself the custodian and trustee of all its stakeholders. It seeks corporate excellence by offering quality vehicles and service to customers, fostering team spirit amongst employees through their continuous involvement and participation in decision making processes, and placing high emphasis on their integrity and commitment to the Company.</p> <p>The key thrust areas of Company's Policy on Corporate Social Responsibility (CSR) includes promoting healthcare and sanitation, supporting education of girls and underprivileged children, sponsoring vocational & technical education, supporting deserving sportspersons, etc.</p> | |

| | | | | | | | | | | | | | | | | | | | |
|----|--|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 8 | Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Mr. Junya Yamanishi Managing Director & CEO | | | | | | | | | | | | | | | | | |
| 9 | Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes Mr. Junya Yamanishi Managing Director & CEO | | | | | | | | | | | | | | | | | |
| 10 | Details of Review of NGRBCs by the Company: | | | | | | | | | | | | | | | | | | |
| | Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify) | | | | | | | | |
| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| | Performance against above policies and follow up action | Y | Y | Y | Y | Y | Y | Y | Y | Y | Periodically or on a need basis | | | | | | | | |
| | Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | Y | Y | Y | Y | Y | Y | Y | Y | Y | Quarterly | | | | | | | | |
| 11 | Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | No | | | | | | | | |
| | <p>Note 1. The Board of Directors of the Company have approved, from time to time, entity level policies such as Code of Ethics & Conduct (for Directors and Senior Management), Whistle Blower Policy, Anti-Bribery and Anti-Corruption Policy, Corporate Social Responsibility Policy, etc. in line with the regulatory requirements.</p> <p>Other policies & procedures are formulated having regard to business needs, controls and compliance with applicable laws & regulations and are approved and signed by the Managing Director & CEO.</p> | | | | | | | | | | | | | | | | | | |
| 12 | If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated: Not applicable | | | | | | | | | | | | | | | | | | |

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

| Segment | Total number of training and awareness programmes held | Topics/principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|--|--|---|--|
| Board of Directors | 1 | Covering Company's Policies & Procedures | 100% |
| Key Managerial Personnel (KMP) and Senior Management | 2 | Awareness Program on all Nine (9) Principles | 100% |
| Employees other than BoD and KMPs/Senior Management | 22 | Awareness Program has been conducted online / offline on all the Nine (9) Principles including training programs - covering behavioral, emerging skills, functional competencies, technical training, Behavior Based safety, Hazard Identification and Risk Assessment (HIRA), Fire Safety, Emergency Preparedness, Code of Conduct, Prevention of Sexual Harassment, cybersecurity, sustainability, ISO 45001 & ISO 14001, Safety Standards, 7QC Tools, FMEA, APQP, MSA, SPC, TPM etc. | 100% |
| Workers | 45 | Awareness Program on all nine (9) principles, Basic Safety Rules, Usage of PPEs, First Aid, Identification of unsafe condition, Quality and Assembly operations along with need-based training as per their job and role requirement. | 100% |

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format** (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| Monetary | | | | | |
|-----------------|-----------------|---|-------------------|---------------------------------------|---------------------------------------|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred?(Yes/No) |
| Penalty/ Fine | | | | | |
| Settlement | | | - | | |
| Compounding fee | | | | | |
| Non-Monetary | | | | | |
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/judicial institutions | Brief of the Case | Has an appeal been preferred?(Yes/No) | |
| Imprisonment | | | | | |
| Punishment | | | - | | |

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Not Applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. The Company has recently adopted a policy on Anti-bribery and Anti-corruption ('ABAC' policy) available at: <https://www.smlisuzu.com/IN/investors/policies/corporate-policies>.

The Policy applies to all Directors, Employees of the Company working at all levels and grades (whether permanent, fixed-term or temporary), Business Associates, Consultants, Contractors including all other person directly or indirectly associated with the Company or acting on its behalf.

The Company does not tolerate bribery or corruption in any form in all its business dealings and relationships. The Company is committed to ensure adequate system & procedures to detect, prevent and counter bribery and corruption in any of its form or manner.

The Company follow zero tolerance approach for bribery and corruption. To offer cash or cash equivalents, or make any illegal payments, remuneration, gifts, donations directly or indirectly to influence the business decisions are strictly prohibited. However, gifts or hospitality as an ordinary business gestures is permissible, if these are reasonable, made in good faith, not intended to influence business decisions and are in compliance with the Company's policies.

Furthermore, the Company has a "Code of Ethics & Conduct" for its Directors, Employees and its Business Associates which strictly prohibits any practice of corruption, bribery and potential conflicts of interest in the business dealings.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

There were no such instances reported during FY 2023-24 and FY 2022-23.

6. Details of complaints with regard to conflict of interest:

| | FY 2023-24 | | FY 2022-23 | |
|--|------------|---------|------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | - | - | - | - |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | - | - | - | - |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

| | FY 2023-24 | FY 2022-23 |
|-------------------------------------|------------|------------|
| Number of days of accounts payables | 61 | 62 |

Note: Average trade payables and purchase of materials and stock in trade has been considered in the computation of days of accounts payable.

9. Open-ness of business Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | FY 2023-24 | FY 2022-23 |
|----------------------------|--|------------|------------|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | - | - |
| | b. Number of trading houses where purchases are made from | - | - |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | - | - |
| Concentration of Sales | a. Sales to dealers / distributors as % of total sales | 91.0% | 91.2% |
| | b. Number of dealers / distributors to whom sales are made | 154 | 150 |
| | c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors | 40.36% | 41.60% |
| Share of RPTs in | a. Purchases (Purchases with related parties / Total Purchases) | 0.04% | 0.04% |
| | b. Sales (Sales to related parties / Total Sales) | - | - |
| | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | - | - |
| | d. Investments (Investments in related parties / Total Investments made) | - | - |

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Topics/principles covered under the training | %age of value chain partners covered (by value of business done with such partners) under the awareness program |
|---|---|---|
| 6 Sessions 2 Sessions 4 Sessions | All Nine (9) Principles including Company's Policies. | 100% Contractors 100% Dealers 60% Suppliers |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company ensures disclosures/declarations from its Board Members regarding their Directorships/Committees/shareholding(s) on an annual basis.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | Current Financial Year FY 2023-24 | Previous Financial Year FY 2022-23 | Details of improvements in environmental and social impacts |
|----------------|-----------------------------------|------------------------------------|---|
| R&D | 26% | 77% | <ul style="list-style-type: none"> - Electrical Vehicle - BS 6 - IOBD-2 in Diesel and CNG vehicles. - Electronic stability control system. - Higher HP Engines |
| Capex | 37% | 9.5% | <ul style="list-style-type: none"> - 2 MW Solar Power Plant. - Fire Alarm and Protection System - Rain Water Harvesting - PNG in place of LPG in Canteen. - Electric Fork lifters. |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, the Company has a Supplier Quality Manual (SQM) that outlines structured and uniform terms & conditions for the suppliers across the supply chain. SQM is accessible to the Suppliers and ensures ethical governance and standardization of sourcing processes for sustainability. The Company has also established a process for supplier selection and an assessment system to identify areas for further improvements in reinforcing sustainability principles. The Company's sourcing practices are focused towards optimizing logistics, returnable packaging to minimize waste and maximize re-use. The majority of parts are procured within the country.

- b. If yes, what percentage of inputs were sourced sustainably?

100%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company is continuously making efforts to reduce waste arising from its operations. To reduce usage of plastics, including packaging, the Company has been using returnable packaging to minimize waste and maximize re-use. Similarly, the waste generated in other operations is also being monitored and segregated at the source for proper disposal. E-waste and Hazardous waste are disposed-off through authorized scrap dealers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) registration has been done with Central Pollution Control Board (CPCB). Waste collection plan is in line with the EPR plan submitted to CPCB.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

| NIC Code | Name of Product/ Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective/ Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link. |
|--|--------------------------|---------------------------------|---|---|---|
| The Company has not conducted LCA for its products | | | | | |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2023-24 | | | FY 2022-23 | | |
|--------------------------------|------------|----------|-----------------|------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | - | - | - | - | - | - |
| E-waste | - | - | - | - | - | - |
| Hazardous waste | - | - | - | - | - | - |
| Other waste | - | - | - | - | - | - |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees: As on 31.03.2024

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|-------------------|---------|--------------------|-------------|--------------------|-------------|--------------------|---------|---------------------|---------|
| | Total (A) | Health insurance* | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| Permanent employees | | | | | | | | | | | |
| Male | 657 | - | - | 657 | 100% | - | - | - | - | - | - |
| Female | 21 | - | - | 21 | 100% | 21 | 100% | - | - | - | - |
| Total | 678 | - | - | 678 | 100% | 21 | 3.1% | - | - | - | - |
| Other than Permanent employees | | | | | | | | | | | |
| Male | 86 | - | - | 86 | 100% | - | - | - | - | - | - |
| Female | 7 | - | - | 7 | 100% | 7 | 100% | - | - | - | - |
| Total | 93 | - | - | 93 | 100% | 7 | 7.5% | - | - | - | - |

* All Employees are covered under Company's internal medical policy and / or ESI/PF-EDLI.

b. Details of measures for the well-being of workers: As on 31.03.2024

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|-------------------|---------|--------------------|-------------|--------------------|--------------|--------------------|---------|---------------------|---------|
| | Total (A) | Health insurance* | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| Permanent workers | | | | | | | | | | | |
| Male | 279 | - | - | 279 | 100% | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - | - |
| Total | 279 | - | - | 279 | 100% | - | - | - | - | - | - |
| Other than Permanent workers | | | | | | | | | | | |
| Male | 2,002 | - | - | - | - | - | - | - | - | - | - |
| Female | 1 | - | - | - | - | 1 | 100% | - | - | - | - |
| Total | 2,003 | - | - | - | - | 1 | 0.05% | - | - | - | - |

* All Workers are covered under Company's internal medical policy and/or ESI/PF-EDLI.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

| | FY 2023-24 | FY 2022-23 |
|---|-------------------|-------------------|
| Cost incurred on well-being measures as a % of total revenue of the company | 0.34% | 0.33% |

2. Details of retirement benefits, for Current FY and Previous Financial Year.

| Benefits | FY 2023-24 | | | FY 2022-23 | | |
|-----------------|---|---|---|---|---|---|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Yes | 100% | 100% | Yes |
| Gratuity | 100% | 100% | Yes | 100% | 100% | Yes |
| ESI | 10.2% | 83.5% | Yes | 9.0% | 80.6% | Yes |
| Superannuation | 18.5% | - | Yes | 17.1% | - | Yes |

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the premises of the Company are accessible to differently abled employees and workers as per the requirements. The Company also provides necessary assistance as per the Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Company has an equal employment opportunity policy. It is available on Company website: https://smlisuzu.com/storage/uploads/finance_reports/EqualOpportunityPolicy.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|---------------|----------------------------|-----------------------|----------------------------|-----------------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | - | - | - | - |
| Female | 100% | 100% | - | - |
| Total | 100% | 100% | - | - |

Note: The Company does not provide paternity leave to male employees.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | Yes/No (If Yes, then give details of the mechanism in brief) |
|--------------------------------|--|
| Permanent Workers | Yes, the Company has a well-established Grievances Redressal policy, in integration with Whistle-blower Policy and Prevention of Sexual Harassment Policy (POSH) to maintain an effective grievances Redressal mechanism and ensuring that every grievance is addressed promptly and effectively. All these policies are made available on Employees' Portal & Company's Website and also communicated to everyone through proper channels. The Company's web link is: https://smlisuzu.com/IN/investors/policies/corporate-policies |
| Other than Permanent Workers | |
| Permanent Employees | |
| Other than Permanent Employees | |

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

| Category | FY 2023-24 | | | FY 2022-23 | | |
|---------------------------|--|--|---------|--|--|---------|
| | Total employees/workers in respective category (A) | No. of employees/workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees/workers in respective category (C) | No. of employees/Workers in respective category, who are part of association(s) or Union (D) | % (D/C) |
| Total Permanent Employees | 678 | - | - | 591 | - | - |
| - Male | 657 | - | - | 575 | - | - |
| - Female | 21 | - | - | 16 | - | - |
| Total Permanent Workers | 279 | 279 | 100% | 291 | 291 | 100% |
| - Male | 279 | 279 | 100% | 291 | 291 | 100% |
| - Female | - | - | - | - | - | - |

8. Details of training given to employees and workers:

| Category | FY 2023-24 | | | | | FY 2022-23 | | | | |
|------------------|------------|-------------------------------|------------|----------------------|------------|------------|-------------------------------|------------|----------------------|------------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Male | 657 | 507 | 77% | 585 | 89% | 575 | 247 | 43% | 375 | 65% |
| Female | 21 | 11 | 52% | 17 | 81% | 16 | - | - | 1 | 6% |
| Total | 678 | 518 | 76% | 602 | 89% | 591 | 247 | 42% | 376 | 64% |

| Category | FY 2023-24 | | | | | FY 2022-23 | | | | |
|----------------|------------|-------------------------------|------------|----------------------|-----------|------------|-------------------------------|------------|----------------------|------------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Workers | | | | | | | | | | |
| Male | 279 | 82 | 29% | 17 | 6% | 291 | 154 | 53% | 55 | 19% |
| Female | - | - | - | - | - | - | - | - | - | - |
| Total | 279 | 82 | 29% | 17 | 6% | 291 | 154 | 53% | 55 | 19% |

9. Details of performance and career development reviews of employees and worker:(Only of permanent employees (both worker & staff))

| Category | FY 2023-24 | | | FY 2022-23 | | |
|------------------|------------|------------|-------------|------------|------------|-------------|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| Employees | | | | | | |
| Male | 657 | 657 | 100% | 575 | 575 | 100% |
| Female | 21 | 21 | 100% | 16 | 16 | 100% |
| Total | 678 | 678 | 100% | 591 | 591 | 100% |
| Workers | | | | | | |
| Male | 279 | 279 | 100% | 291 | 291 | 100% |
| Female | - | - | - | - | - | - |
| Total | 279 | 279 | 100% | 291 | 291 | 100% |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, safety is top priority for the Company and is an integral part of its operations. The Company has adopted and implemented the ISO 45001: 2018 (Occupational health and Safety Management System) by integrating all critical processes to provide safe and healthy environment and is being audited by third party agency. All Employees and Workers are covered.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company is certified with ISO 45001: 2018 (Occupational health and Safety Management System). Standard Operating Procedures (SOP) and system of Hazard Identification and Risk Assessment (HIRA) have been developed for identifying work related risks & hazards in respect of both routine and non-routine activities. These are being reviewed and updated regularly.

The Company also provides training to the operating team to conduct HIRA of all activities across its Manufacturing Plant. Job Safety Analysis (JSA) is a mandatory requirement to obtain a permit for non routine work. The Company also has a well-defined EHS (Environment, Health, and Safety) Policy and its performance is reviewed by the management on regular basis.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company has a well-established system that involves workers' participation to capture unsafe conditions and proactively identify and address potential risks. A Safety Committee with representation of workers is in place and meets on regular basis to report and resolve safety related issues. The Company fosters a culture that empowers "Safety champions" among workers, who are appointed in each shop to identify and report unsafe conditions, near misses, accident risks and hazardous conditions across the operations.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, employees / workers have access to non-occupational medical and healthcare services. Health awareness sessions are conducted by Chief Medical Officer of the Company on regular basis. Consulting Doctors are invited for health awareness.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2023-24 | FY 2022-23 |
|---|-----------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | - | - |
| | Workers | 0.20 | 0.72 |
| Total recordable work-related injuries | Employees | - | - |
| | Workers | 2 | 3 |
| No. of fatalities | Employees | - | - |
| | Workers | - | - |
| High consequence work - related injury or ill-health (excluding fatalities) | Employees | - | - |
| | Workers | - | - |

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company is committed towards providing a safe workplace environment. The Company is certified with ISO 45001: 2018 and have a well-established Environment, Health & Safety Policy to ensure safety of its employees. All the activities carried out in Plant are subject to Hazard Identification and Risk Assessment (HIRA) and Plan-Do-Check-Act cycle of continual improvements to ensure safe operations. The Company is imparting training to its employees as per the pre-defined training calendar to encourage & involve them in activities related to safety. Beside this, various other initiatives are also taken to ensure safe and healthy work place such as:

- Safety Committee is in place with participation of workers to address safety concerns.
- Dedicated "DOJO" training center to impart safety training.
- Surprised & regular safety audits to identify unsafe conditions for continual improvements.
- Periodic mock drills are being conducted to ensure emergency preparedness.
- Safety training is mandatory for all employees.

13. Number of Complaints on the following made by employees and workers:

| | FY 2023-24 | | | FY 2022-23 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | - | - | - | - | - | - |
| Health & Safety | - | - | - | - | - | - |

14. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100% |
| Working Conditions | |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

For all safety-related incidents, proper investigation with Why-Why Analysis are done to identify the root cause. Appropriate corrective actions are taken in all applicable areas of 6M (Man, Machine, Method, Material, Measurement, and Mother Nature). The Hazard Identification and Risk Assessment (HIRA) is carried out on various activities to mitigate risks according to the hierarchy of controls such as engineering controls, administrative controls, and use of personal protective equipment (PPEs).

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, the Company extends compensatory packages to its Employees as well as Workers in the event of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Code of Conduct for the Business Associates of the Company covers all applicable regulatory compliances. Further, the Company also verifies statutory dues like PF & ESI in case of the contractors providing manpower services to the Company.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|------------|---|------------|
| | FY 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 |
| Employees | - | - | - | - |
| Workers | - | - | - | - |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Health and safety practices | The Company's code of conduct for its Business Associates specifies this requirement. |
| Working Conditions | |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners

None

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company has identified the key stakeholders through internal and peer review and analysis of stakeholders group that could have a potential impact on them. The Company actively engages with all stakeholders on a regular basis to understand their expectations and develop strategies to address them.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/Half yearly/ Quarterly/ others—please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagements |
|--------------------|--|--|---|---|
| Employees/ Workers | No | Performance Management Review, Regular interaction with workers union, communication through Notice Board, Employees Portal & Emails | On going | <ul style="list-style-type: none"> - Feedback to/from Employees - Training & development - Rewards & recognition |
| Suppliers | No | Suppliers online portal, One-to-one interactions, Suppliers meet & Emails | On going | <ul style="list-style-type: none"> - Scheduling of material - Supplier development |

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), others | Frequency of engagement (Annually/Half yearly/ Quarterly/ others—please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagements |
|----------------------------|--|--|---|---|
| Customers/ Dealers | No | Dealers online portal, One-to-one interactions, Dealers meet, E-mails, WhatsApp, SMS & Social media | On going | <ul style="list-style-type: none"> - Delivery of vehicles - After sales service - Quality of service - Handling customer complaints |
| Shareholders/ Investors | No | Annual General Meeting, Emails, Newspaper Publications and Communication through stock exchanges | Annually/ Quarterly/ Monthly | <ul style="list-style-type: none"> - Financial results - Update on the Company's performance and material events |
| Local Communities | Yes | CSR activities / initiatives at various locations nearby to the Company's Plant/Offices | On going | To assess local community needs |

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The broad process of engagement with the stakeholders is outlined above. The sub-committees of the Board ensure interaction between the stakeholders and the Board to ensure their views/feedback on various matters.

- Stakeholders Relationship Committee (SRC) ensure to address the grievances of the stakeholders.
- Risk Management Committee (RMC) is entrusted with the functions of determining the efficacy of risk management framework of the Company, evaluation of risks and mitigating measures. The Risk Management Policy of the Company sets out key risk areas including financial risks, legislative and regulatory risks, environmental risks and operational risks.
- The Corporate Social Responsibility (CSR) Committee ensures feedback from the concerned stakeholders on the CSR initiatives/activities undertaken by the Company.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, the Company engage with its internal and external stakeholders whenever required. The Company takes feedback in respect of its CSR initiatives / activities from the concerned stakeholders.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

Under its CSR initiatives, the Company is driving various projects to uplift the marginalized and vulnerable communities.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

| Category | FY 2023-24 | | | FY 2022-23 | | |
|------------------------|-------------|-----------------------------------|-------------|-------------|-----------------------------------|-------------|
| | Total (A) | No. employees workers covered (B) | % of (B/A) | Total (C) | No. employees workers covered (D) | % of (D/C) |
| Employees | | | | | | |
| Permanent | 678 | 678 | 100% | 591 | 591 | 100% |
| Other Than permanent | 93 | 93 | 100% | 112 | 112 | 100% |
| Total Employees | 771 | 771 | 100% | 703 | 703 | 100% |
| Workers | | | | | | |
| Permanent | 279 | 279 | 100% | 291 | 291 | 100% |
| Other Than permanent | 2003 | 2003 | 100% | 1660 | 1660 | 100% |
| Total Workers | 2282 | 2282 | 100% | 1951 | 1951 | 100% |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2023-24 | | | | | FY 2022-23 | | | | |
|---------------------------------|--------------|--------------------------|------------|---------------------------|-------------|--------------|--------------------------|------------|---------------------------|-------------|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Permanent | 678 | - | - | 678 | 100% | 591 | - | - | 591 | 100% |
| Male | 657 | - | - | 657 | 100% | 575 | - | - | 575 | 100% |
| Female | 21 | - | - | 21 | 100% | 16 | - | - | 16 | 100% |
| Other than Permanent | 93 | - | - | 93 | 100% | 112 | - | - | 112 | 100% |
| Male | 86 | - | - | 86 | 100% | 106 | - | - | 106 | 100% |
| Female | 7 | - | - | 7 | 100% | 6 | - | - | 6 | 100% |
| Workers | | | | | | | | | | |
| Permanent | 279 | - | - | 279 | 100% | 291 | - | - | 291 | 100% |
| Male | 279 | - | - | 279 | 100% | 291 | - | - | 291 | 100% |
| Female | - | - | - | - | - | - | - | - | - | - |
| Other than Permanent | 2003 | 951 | 47% | 1052 | 53% | 1660 | 562 | 34% | 1098 | 66% |
| Male | 2002 | 951 | 48% | 1051 | 52% | 1660 | 562 | 34% | 1098 | 66% |
| Female | 1 | - | - | 1 | 100% | - | - | - | - | - |

3. Details of remuneration/salary/wages, in the following format

a. Median remuneration / wages:

| | Male | | Female | |
|--|--------|---|--------|---|
| | Number | Median remuneration/ salary/wages of respective category Rs. in Lacs | Number | Median remuneration/ salary/wages of respective category Rs. in Lacs |
| Board of Directors (BoD) - MD & CEO | 1 | 150.9 | - | - |
| Key Managerial Personnel (excluding MD & CEO) | 2 | 59.4 | - | - |
| Employees other than BoD and KMP | 654 | 13.1 | 21 | 7.3 |
| Workers | 279 | 10.9 | - | - |

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

| | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Gross wages paid to females as % of total wages | 1.11% | 0.94% |

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, head of HR Department is responsible for addressing human rights and other concerns.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company is committed to provide an inclusive environment, where everyone is treated with dignity and respect. The Company has well defined policies such as Whistle-Blower Policy, POSH Policy, Grievances Redressal Policy etc. to effectively address grievances.

6. Number of Complaints on the following made by employees and workers:

| | FY 2023-24 | | | FY 2022-23 | | |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | - | - | - | - | - | - |
| Discrimination at workplace | - | - | - | - | - | - |
| Child Labour | - | - | - | - | - | - |
| Forced Labour/ Involuntary Labour | - | - | - | - | - | - |
| Wages | - | - | - | - | - | - |
| Other human rights related issues | - | - | - | - | - | - |

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

| | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | - | - |
| Complaints on POSH as a % of female employees / workers | - | - |
| Complaints on POSH upheld | - | - |

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Mechanisms to prevent adverse consequences to the complainant are available.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, wherever relevant.

10. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|--|
| Child labour | 100% |
| Forced/involuntary labour | 100% |
| Sexual harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |
| Others - please specify | - |

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable.

Leadership Indicators

1. Details of a business process being modified / introduced because of addressing human rights grievances/complaints.

Not applicable. The Company has not received any grievances/complaints regarding Human Rights principles and guidelines.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company has well defined Human Rights Policy which is applicable to all Employees/Workers.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the premises and offices of the Company are fully accessible to differently abled visitors based on need.

4. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|----------------------------------|--|
| Sexual harassment | The Company's Code of Conduct for its Business Associates sets out these requirements. |
| Discrimination at workplace | |
| Child labour | |
| Forced labour/involuntary labour | |
| Wages | |
| Others - please specify | |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter | FY 2023-24 (in Gigajoules) | FY 2022-23 (in Gigajoules) |
|--|-------------------------------|-------------------------------|
| From renewable sources | | |
| Total electricity consumption (A) | 7,611 | 3,626 |
| Total fuel consumption (B) | - | - |
| Energy consumption through other sources (C) | - | - |
| Total energy consumed from renewable sources (A+B+C) | 7,611 | 3,626 |
| From non-renewable sources | | |
| Total electricity consumption (D) | 28,647 | 27,444 |
| Total fuel consumption (E) | 47,507 | 37,727 |
| Energy consumption Through other sources (F) | - | - |
| Total energy consumed from non-renewable sources (D+E+F) | 76,154 | 65,171 |
| Total energy consumed (A+B+C+D+E+F) | 83,765 | 68,797 |
| Energy intensity per rupee of turnover (Total energy consumed in Gigajoules/ Revenue from operations in Rupees Crores) | 38.1 | 37.8 |
| Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed in Gigajoules / Revenue from operations in Rupees Crores adjusted for PPP*) | 854.5 | 846.0 |
| Energy intensity in terms of physical Output (Total energy consumed in Gigajoules / Total vehicles produced) | 5.6 | 5.5 |
| Energy intensity (<i>optional</i>) - the relevant metric may be selected by the entity | - | - |

* The revenue from operations has been adjusted for PPP based on the latest implied PPP conversion factor published [World Economic Outlook (April 2024) - Implied PPP conversion rate (imf.org)] for the year 2024 by the IMF which is 22.4.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, data evaluation / verification has been carried out by BSI (British Standards Institution).

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

The Company does not have sites/facilities identified as designated consumer under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|---|---------------|-----------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | - | - |
| (ii) Groundwater | 99,668 | 122,284 |
| (iii) Third party water | - | - |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 99,668 | 1,22,284 |
| Total volume of water consumption (in kilolitres) | 99,668 | 1,22,284 |
| Water intensity per rupee of turnover (Water Consumed in Kiloliters / Revenue from operations in Rupees Crores) | 45.4 | 67.1 |
| Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption in Kilolitres/ Revenue from operations in Rupees Crores adjusted for PPP) | 1016.7 | 1503.7 |
| Water intensity in terms of physical Output (Total water consumption in Kilolitres / Total vehicles produced) | 6.7 | 9.7 |
| Water intensity (optional) – the relevant metric may be selected by the entity | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, however, monthly water extraction record is submitted to PWRDA (Punjab Water Regulation and Development Authority).

4. Provide the following details related to water discharged:

| Parameter | FY 2023-24 | FY 2022-23 |
|--|----------------------|----------------------|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| (ii) To Groundwater | | |
| - No treatment | - | - |
| - With treatment - please specify level of treatment | - | - |
| (iii) To Seawater | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| (iv) Sent to third-parties | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| (v) Others * | 56,713 | 41,979 |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | 56,713 (Tertiary) | 41,979 (Tertiary) |
| Total water discharged (in kilolitres) | 56,713 | 41,979 |

* Data pertains to STP/ETP treated water used for in-house plantations.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the quality of effluent discharge is being ensured through Punjab Pollution Control Board (PPCB) approved labs. Treated water reports are also submitted to PPCB whenever required.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes. The Company has accomplished 'Zero Liquid Discharge' through the appropriate reuse of Effluent Treatment Plant (ETP) and Sewerage Treatment Plant (STP) as per the consent to operate issued by the regulatory bodies i.e. Punjab Pollution Control Board (PPCB). The quality of effluent discharge is being ensured through approved labs and is also regularly checked by PPCB.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2023-24 | FY 2022-23 |
|-------------------------------------|---------------------|--------------------------------|--------------------------------|
| NOx (Nitrogen oxide) | ppm | 378 | 331 |
| SOx (Sulphur Oxide) | mg/Nm ³ | BDL (Below Detection Limit) | BDL (Below Detection Limit) |
| Particulate matter (PM) | mg/Nm ³ | 36 | 46 |
| Persistent organic pollutants (POP) | ppm | - | - |
| Volatile organic compounds (VOC) | ppm | - | - |
| Hazardous air pollutants (HAP) | ppm | - | - |
| Others—please specify | - | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No. However, assessment / evaluation is being carried by PPCB and PPCB approved laboratories on quarterly basis.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2023-24 | FY 2022-23 |
|--|--|------------|-------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | <i>Metric tonnes of Co2 equivalent</i> | 3,324 | 7,186 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | <i>Metric tonnes of CO2 equivalent</i> | 5,698 | 14,103 |
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations in rupees crores) | <i>Metric tonnes of CO2 equivalent per rupee of turnover in rupees Crores</i> | 4.1 | 11.7 |
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations in rupees crores adjusted for PPP) | <i>Metric tonnes of CO2 Equivalent per rupee of turnover in rupees crores adjusted for PPP</i> | 91.8 | 262 .1 |
| Total Scope 1 and Scope 2 emission intensity in terms of physical output (Total Scope 1 and Scope 2 GHG emissions / Total vehicles produced) | <i>Metric tonnes of CO2 Equivalent per vehicle produced</i> | 0.6 | 1.7 |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | - | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, data evaluation / verification has been carried out by BSI (British Standards Institution).

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, the Company has taken several initiatives to optimize its energy consumption such as solar power plant to harness renewable energy, switching to PNG in place of diesel in manufacturing process and replacing old lights with energy-efficient LED light etc.

As an alternate source of energy, the Company has installed an additional 2 MWp rooftop solar power plant, in addition to earlier installed 1.04 MWp Solar plant, which produced 2,289,001 units in FY 2023-24.

The Company is also improving its Products in terms of fuel efficiency, emission and material usage. The Company is adopting new technology in its operations to reduce waste and to optimize the consumption of natural resources. To encourage a culture of continuous improvements and for long term success, the Company has attained and upheld ISO 14001:2015 (Environment Management System) certification.

9. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2023-24 (In Metric tonnes) | FY 2022-23 (In Metric tonnes) |
|---|--|--|
| Plastic waste (A) | 100.40 | 83.65 |
| E-waste (B) | 1.00 | 0.82 |
| Bio-medical waste (C) | 0.016 | 0.014 |
| Construction and demolition waste (D) | - | - |
| Battery waste (E) | 3.89 | 1.82 |
| Radioactive waste (F) | - | - |
| Other Hazardous waste. (Paint Sludge, ETP sludge, Used Oil, Empty cans, etc.) (G) | 55.40 | 17.62 |
| Other Non-hazardous waste generated (H). (Rubber, metal, cardboard, wooden, etc.) | 3,201 | 3,369 |
| Total (A + B + C + D + E + F + G + H) | 3,361.7 | 3,472.9 |
| Waste intensity per rupee of turnover (Total waste generated in metric tonnes / Revenue from operations in rupees crores) | 1.5 | 1.9 |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated in metric tonnes / Revenue from operations in rupees crores adjusted for PPP) | 34.3 | 42.7 |
| Waste intensity in terms of physical output (Total waste generated in metric tonnes / Total vehicles produced) | 0.2 | 0.3 |

| Parameter | FY 2023-24 (In Metric tonnes) | FY 2022-23 (In Metric tonnes) |
|--|----------------------------------|----------------------------------|
| Waste intensity (optional) – the relevant metric may be selected by the entity | - | - |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | - | - |
| (ii) Re-used | - | - |
| (iii) Other recovery operations | - | - |
| Total | - | - |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | - | - |
| (ii) Landfilling | - | - |
| (iii) Other disposal operations | - | - |
| Total | - | - |

Total waste generated for each category other than non-hazardous waste, is being disposed-off through recyclers and co-processors authorized by Pollution Control Board .

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.-

No assessment has been carried out by any external agency.

- 10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

The Company has well established EHS management System and also certified to ISO 14001: 2015 (Environment Management System) and ISO 45001: 2018 (Occupation health and safety management system). Waste management is an integral part of our EHS management system. The Company also have obtained authorization from State Pollution Control Board for management of Hazardous and Non-hazardous waste. All types of waste are segregated at source and stored at designated storage area. Generation and disposal records are being maintained for every type of waste as per consent / applicable rule requirement. Our operations does not generate any hazardous / toxic chemicals. Chemicals are being handled as per their MSDS by trained persons and consumption is reduced based on the specific process requirement. The Company also conducts regular awareness programs on waste management for its employees & workers to ensure proper waste handling and safety.

- 11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

| S. No | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N). If no, the reasons thereof and corrective action taken, if any. |
|----------------|--------------------------------|--------------------|--|
| Not Applicable | | | |

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency(Yes/No) | Results communicated in public domain (Yes/No) | Relevant Web link |
|-----------------------------------|----------------------|------|--|--|-------------------|
| Not Applicable | | | | | |

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non compliances, in the following format:

During FY 2023-24, Punjab Pollution Control Board made certain observations and impose penalty on the Company. The Company has already taken corrective actions.

| S. No. | Specify the law/ regulation/ guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|--------|---|---|---|---|
| 1. | Violations of some of the provisions of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (w.r.t. Directions u/s 33-A of the Water (Prevention & Control of Pollution) Act, 1974 as amended in 1988 & u/s 31-A of the Air (Prevention & Control of Pollution) Act, 1981 and u/s 5 of the Environment (Protection) Act, 1986) | <ul style="list-style-type: none"> •Authorization for some categories of Hazardous Waste was not available. •Hazardous Waste storage facility is inadequate, without roof & lock and is mixed with solid waste. •Separate measuring devices are not provided for waste lines & consumption points. •No oil and grease trap was provided. •MBBR in the ETP installed was observed having less media growth. •pH sensor was Malfunctioning. | Penalty of Rs. 5 lacs imposed on the Company by Punjab Pollution Control Board (PPCB) in September 2023. | <ul style="list-style-type: none"> •Authorization obtained from PPCB for the recommended categories. •Facility created to separately store Hazardous waste category wise with roof & lock. •New Hazardous waste management system strengthened. Red-Bin system implemented to segregate hazardous waste at the source. •New meters installed on wastewater lines & at consumption points. |

| S. No. | Specify the law/ regulation/ guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|--------|---|--|---|---|
| | | <ul style="list-style-type: none"> •Fresh water flowing in drain. •FRP manufacturing process lacks an emission control system and sanding is being done in open. | | <ul style="list-style-type: none"> •Oil Skimmers installed at all input lines of ETP & STP to trap oil & grease. •Separate Secondary Tube settler tank for ETP installed to facilitate media growth. •pH sensor replaced. •All ruptured water pipes repaired to stop flowing of fresh water into the drain. •Exhaust fans and hopper having replaceable dust filter installed in FRP manufacturing area and dedicated sanding booth allocated. •Regular Audit & awareness to ensure compliances. <p>Above actions/ installations have been verified and approved by authorized PPCB officials.</p> |

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of **water stress** (in kilolitres):
 For each facility / plant located in areas of water stress, provide the following information:
 - (i) Name of the area
 - (ii) Nature of operations
 - (iii) Water withdrawal, consumption and discharge in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | - | - |
| (ii) Groundwater | - | - |
| (iii) Third party water | - | - |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| Total volume of water withdrawal (in kilolitres) | - | - |
| Total volume of water consumption (in kilolitres) | - | - |
| Water intensity per rupee of turnover (Water consumed / turnover) | - | - |
| Water intensity (optional) - the relevant metric may be selected by the entity | - | - |
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) Into Surface water | | |
| - No treatment | - | - |
| - With treatment (please specify level of treatment) | - | - |
| (ii) Into Groundwater | | |
| - No treatment | - | - |
| - With treatment (please specify level of treatment) | - | - |
| (iii) Into Seawater | | |
| - No treatment | - | - |
| - With treatment (please specify level of treatment) | - | - |
| (iv) Sent to third-parties | | |
| - No treatment | - | - |
| - With treatment (please specify level of treatment) | - | - |
| (v) Others | | |
| - No treatment | - | - |
| - With treatment (please specify level of treatment) | - | - |
| Total water discharged (in kilolitres) | - | - |

The Company's Plant is not located in water stress area.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2023-24 | FY 2022-23 |
|---|---------------------------------|------------|------------|
| Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of CO2 equivalent | - | - |
| Total Scope 3 emissions per rupee of turnover | | - | - |
| Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity | | - | - |

Presently, the Company is not maintaining the details of Scope 3 emissions.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not applicable.

3. **With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.**

Not Applicable.

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

| Sr.No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|-------|--|--|--|
| 1 | Solar Power Plant: as alternate of electricity consumption. | Additional 2.0 MWp solar plant installed on rooftop to harness energy. | 22,89,001 kWh produced through solar in FY 2023-24 that will lead to reduction in Carbon emissions |
| 2 | Use of PNG: in place of Diesel & LPG | PNG pipeline installed in Plant to use PNG in place of Diesel & LPG in manufacturing facilities. | Reduction in Carbon emissions |
| 3 | Energy efficient Lights in place on conventional lights : LED Lights are being used in place of conventional lights | 483 nos. conventional lighting fixtures have been replaced with LED lights | More than 12,000 kWh of electricity saved in FY 2023-24. |
| 4 | Improvements in STP (sewerage treatment Plant) & ETP (Effluent treatment plant) | Installed separate secondary tube settler for ETP and screw press to improve ETP/STP efficiency. | 56,713 KL water treated and used for plantation in FY 2023-24 |
| 5 | Waste Management | The Company has registered with CPCB for E-waste and Plastic waste under EPR compliance. | Meeting EPR compliances. |

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

Disaster management is an integral part of our EHS management system. The Company has implemented an onsite emergency plan to tackle emergency situations, which covers emergency preparedness (EPPs) addressing emergencies such as flooding, earthquake, major fires, disease outbreaks etc. These plans are focused on mitigation, preparedness, response and recovery to ensure minimal disruptions to business operations in case of emergencies. Key locations are equipped with emergency sirens, first aid, medical treatment facilities, and identified assembly points. To maintain a high level of preparedness, relevant training, and capacity-building programmes, including mock drills, are undertaken for employees and workers. Disaster management plans are readily available and easily accessible to all relevant stakeholders.

Overall, the Company's disaster management and emergency preparedness plans aim to ensure business continuity in case of emergencies or disasters and ensure safety of all personnel, assets and other resources.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

No significant risks/concerns have been raised during the year. The Code of Conduct for the Business Associates of the Company covers all applicable EHS compliances that advised all its contractors, suppliers & other business associates to comply with policies and guidelines of various environmental & statutory regulations and ethical practices.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

The Company has developed a self-assessment system for its value chain partners and verifying it on random basis to check their preparedness & efficacy to EHS compliances.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

The Company is an active member of Six (6) associations.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|--|---|
| 1 | Society of Indian Automobile Manufacturers (SIAM) | National |
| 2 | Automotive research association of India (ARAI) | National |
| 3 | The Associated Chambers of Commerce & Industry of India (ASSOCHAM) | National |
| 4 | Japan Chamber of Commerce and Industry in India (JCCII) | National |
| 5 | Northern India Chamber of Commerce & Industry (NICCI) | National |
| 6 | Engineering Export Promotion Council (EEPC) of India | National |

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Not Applicable.

Leadership Indicators

1. Details of public policy positions advocated by the entity:

None

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

The Company has a Grievance Redressal Policy, which is available on Company's website -

https://smlisuzu.com/storage/uploads/finance_reports/GrievancesRedressalPolicy.pdf

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2023-24 | FY 2022-23 |
|--|------------|------------|
| Directly sourced from MSMEs/ small producers | 9.1% | 1.7% |
| Directly from within India | 99.8% | 99.8% |

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

| Location | FY 2023-24 | FY 2022-23 |
|--------------|------------|------------|
| Rural* | 81% | 84% |
| Semi-urban | - | - |
| Urban | - | - |
| Metropolitan | 19% | 16% |

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

*Company's Plant is located in Village Asron, Distt. Shahid Bhagat Singh Nagar, Punjab - 144533.

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Not Applicable.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, the Company does not have a Preferential Procurement Policy. However, MSME suppliers are given preference and are supported in terms of payment and technical inputs.

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6. Details of beneficiaries of CSR Projects undertaken during FY 2023-24:

| Sr. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|---------|--|---|--|
| 1 | Education Support to Girls studying in Govt. Schools | 270 | 100% |
| 2 | Educational Infrastructure in Govt. Schools | 500 | 100% |
| 3 | Vocational Education at Govt. Schools | 1800 | 75% |
| 4 | Medical Infrastructure at PGIMER, Chandigarh | 1800 (on monthly basis) | 80% |

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has a comprehensive system for communicating with consumers for receiving and resolving their complaints. Consumers can send their feedbacks, suggestions and complaints 24/7 via call, WhatsApp, e-mail, service center, etc., they can also forward it to the company through channel partners.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | 100% - All products complying with the mandated emission norms. |
| Safe and responsible usage | 100% - All products complying with Central Motor Vehicles Rules (CMVR compliance) |
| Recycling and/or safe disposal | 100% |

3. Number of consumer complaints in respect of the following:

| | FY 2023-24 | | Remarks | FY 2022-23 | | Remarks |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | - | - | - | - | - | - |
| Advertising | - | - | - | - | - | - |
| Cyber-security | - | - | - | - | - | - |
| Delivery of essential services | - | - | - | - | - | - |
| Restrictive Trade Practices | - | - | - | - | - | - |
| Unfair Trade Practices | - | - | - | - | - | - |
| Other | 120 | - | - | 87 | - | - |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | - | - |
| Forced recalls | - | - |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has a robust framework for cyber security and data privacy. The Company is certified as ISO 27001: 2013. The Information Security Policy of the Company is available at:

<https://smlisuzu.com/IN/investors/policies/corporate-policies>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches

Nil

b. Percentage of data breaches involving personally identifiable information of customers

Nil

c. Impact, if any, of the data breaches

Not Applicable.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

All information about the company's products and services are available on the company's website: <https://www.smlisuzu.com>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

All the required information is being provided through "Customer's Manual" to every customer. Drivers, Dealer Mechanics and other concerned persons receive training through the Company's Training Centers and Training Vans.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not Applicable.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Product Information, as per the applicable laws, is being provided through Customer's Manual which is provided to every customer. The surveys for capturing Customer satisfaction are undertaken on regular basis.



BALANCE SHEET AS AT 31 MARCH 2024
(All amounts in Rs. Lakhs unless stated otherwise)

| | Note No. | As at 31 March 2024 | As at 31 March 2023 |
|--|----------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 26,719.40 | 27,531.10 |
| Capital work-in-progress | 3 | 257.39 | 93.56 |
| Right of use assets | 3 | 500.78 | 593.18 |
| Intangible assets | 3 | 6,830.17 | 7,465.35 |
| Intangible assets under development | 3 | 800.79 | 1,024.50 |
| Financial assets | | | |
| - Loans | 4A | 201.99 | 82.29 |
| - Other financial assets | 5A | 294.33 | 418.90 |
| Deferred tax assets (net) | 19 | 1,908.22 | 1,749.84 |
| Income tax assets (net) | 6 | 502.35 | 270.70 |
| Other non-current assets | 7 | 775.94 | 610.55 |
| Total non-current assets | | 38,791.36 | 39,839.97 |
| Current assets | | | |
| Inventories | 8 | 57,973.06 | 42,189.29 |
| Financial assets | | | |
| - Trade receivables | 9 | 16,897.23 | 7,574.73 |
| - Cash and cash equivalents | 10 | 3,482.01 | 349.16 |
| - Bank balances other than cash and cash equivalents | 11 | 1,387.14 | 235.17 |
| - Loans | 4B | 66.83 | 45.22 |
| - Other financial assets | 5B | 132.54 | 56.85 |
| Other current assets | 12 | 2,521.94 | 3,366.00 |
| Total current assets | | 82,460.75 | 53,816.42 |
| Total assets | | 1,21,252.11 | 93,656.39 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 13 | 1,447.88 | 1,447.88 |
| Other equity | 14 | 27,111.00 | 16,346.79 |
| Total equity | | 28,558.88 | 17,794.67 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15A | 4,035.24 | 1,652.16 |
| - Lease liabilities | 32 | 306.60 | 406.11 |
| - Other financial liabilities | 16A | 1,183.23 | 1,133.99 |
| Provisions | 18A | 5,027.71 | 4,007.25 |
| Other non-current liabilities | 20 | 184.89 | 166.04 |
| Total non-current liabilities | | 10,737.67 | 7,365.55 |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15B | 37,530.31 | 24,158.86 |
| - Trade payables | 21 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 2,103.66 | 1,740.40 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 31,084.09 | 27,420.12 |
| - Lease liabilities | 32 | 254.69 | 234.18 |
| - Other financial liabilities | 16B | 1,179.56 | 1,453.98 |
| Other current liabilities | 17 | 6,552.44 | 11,884.22 |
| Provisions | 18B | 3,236.28 | 1,589.88 |
| Current tax liabilities (net) | 22 | 14.53 | 14.53 |
| Total current liabilities | | 81,955.56 | 68,496.17 |
| Total liabilities | | 92,693.23 | 75,861.72 |
| Total equity and liabilities | | 1,21,252.11 | 93,656.39 |
| Material accounting policy information | 2 | | |
| Notes to the financial statements | 1-46 | | |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Walker Chandiook & Co LLP

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

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

Rakesh Bhalla

Chief Financial Officer

FCMA: 09442

S.K. Tuteja

Chairman

DIN: 00594076

Sandeep Mehta

Partner

Membership Number: 099410

Parvesh Madan

Company Secretary

ACS: 31266

Junya Yamanishi

Managing Director & CEO

DIN: 09174162

Place: New Delhi

Date: 23 May 2024

Place: New Delhi

Date: 23 May 2024

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| | Note No. | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|----------|-----------------------------|-----------------------------|
| Income: | | | |
| Revenue from operations | 23 | 2,19,593.38 | 1,82,159.09 |
| Other income | 24 | 540.54 | 311.52 |
| Total income | | 2,20,133.92 | 1,82,470.61 |
| Expenses: | | | |
| Cost of materials consumed | 25 | 1,75,480.48 | 1,49,183.27 |
| Purchase of stock-in-trade | | 7,840.83 | 7,847.96 |
| Changes in inventories of finished goods, work in progress and stock-in-trade | 26 | (13,588.60) | (10,911.84) |
| Employee benefits expense | 27 | 19,569.11 | 17,245.19 |
| Finance costs | 28 | 3,034.91 | 2,504.41 |
| Depreciation and amortisation expense | 29 | 4,751.65 | 4,243.18 |
| Other expenses | 30 | 12,400.46 | 10,630.88 |
| Total expenses | | 2,09,488.84 | 1,80,743.05 |
| Profit before tax | | 10,645.08 | 1,727.56 |
| Tax expense / (credit): | | | |
| Current tax | 39 | - | - |
| Tax adjustment related to prior years | | 7.73 | (23.83) |
| Deferred tax | | (150.45) | (232.13) |
| Income tax expense | | (142.72) | (255.96) |
| Profit for the year | | 10,787.80 | 1,983.52 |
| Other comprehensive income | | | |
| A. (i) Items that will not be reclassified to profit or loss | 14 | | |
| - Re-measurement losses on defined benefit plans | | (31.52) | (377.33) |
| (ii) Income tax related to items that will not be reclassified to profit or loss | | 7.93 | 94.97 |
| Net other comprehensive income/(loss) not to be reclassified to profit or loss | | (23.59) | (282.36) |
| B. (i) Items that will be reclassified to profit or loss | | | |
| - Effective portion of gains on hedging instruments in cash flow hedges | | - | 27.84 |
| (ii) Income tax related to items that will be reclassified to profit or loss | | - | (82.83) |
| Net other comprehensive income/loss to be reclassified to profit or loss | | - | (54.99) |
| Total comprehensive income for the year | | 10,764.21 | 1,646.17 |
| Basic and diluted earnings per share in Rupees (Face value of ₹ 10 per share) | 33 | 74.54 | 13.71 |
| Material accounting policy information | 2 | | |
| Notes to the financial statements | 1-46 | | |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Sandeep Mehta
Partner
Membership Number: 099410

Place: New Delhi
Date: 23 May 2024

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

Rakesh Bhalla
Chief Financial Officer
FCMA: 09442

Parvesh Madan
Company Secretary
ACS: 31266

S.K. Tuteja
Chairman
DIN: 00594076

Junya Yamanishi
Managing Director & CEO
DIN: 09174162

Place: New Delhi
Date: 23 May 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 10,645.08 | 1,727.56 |
| Adjustments for : | | |
| Depreciation and amortization expense | 4,751.65 | 4,243.18 |
| Unrealised loss on foreign exchange fluctuation (net) | 0.14 | 1.18 |
| Finance costs | 3,034.91 | 2,504.41 |
| Interest income | (206.99) | (163.42) |
| Property, plant and equipment written off (net) | 52.11 | 9.71 |
| Net gain on sale of property, plant and equipment | (107.72) | (0.17) |
| Rent concession / gain on lease modification | - | (0.34) |
| Allowance for doubtful trade receivables / advances | 6.68 | - |
| Provision for inventories written down / (written back) | 271.20 | (86.29) |
| Bad debts / advances written off | 34.50 | 15.30 |
| Liabilities/provisions/allowances no longer required written back | (39.73) | (173.17) |
| Operating profit before working capital changes | 18,441.83 | 8,077.95 |
| Adjustments for changes in : | | |
| Trade receivables | (9,342.94) | 430.04 |
| Inventories | (16,054.97) | (12,503.80) |
| Other non-current and current financial assets | (64.84) | 166.12 |
| Other non-current and current loans | (141.32) | (43.91) |
| Other non-current and current assets | 789.72 | (837.42) |
| Trade payables | 4,057.22 | 4,699.69 |
| Non-current and current provisions | 2,554.28 | 835.39 |
| Other non-current and current financial liabilities | 242.70 | 15.17 |
| Other non-current and current liabilities | (5,312.93) | 7,551.70 |
| CASH (USED IN) / GENERATED FROM OPERATIONS | (4,831.25) | 8,390.93 |
| Less: Direct tax paid / (refund) [net] | 136.73 | (615.32) |
| NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES | (4,967.98) | 9,006.25 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Payment for property, plant and equipment, intangible assets, capital work in progress and intangible assets under development | (4,242.63) | (4,130.64) |
| Proceeds from sale of property, plant and equipment | 522.93 | 0.17 |
| Maturity of / (investment in) bank deposits [having original maturity of more than three months] | 98.59 | (179.78) |
| (Investment in) / maturity of bank deposits held as margin money | (1,153.00) | 43.69 |
| Interest received | 194.13 | 57.86 |
| NET CASH USED IN INVESTING ACTIVITIES | (4,579.98) | (4,208.70) |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024
(All amounts in Rs. Lakhs unless stated otherwise)

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long-term borrowings taken during the year | 4,925.74 | 3,067.30 |
| Long-term borrowings repaid during the year | (1,774.42) | (4,817.05) |
| Payment of lease liabilities (Principal) | (178.55) | (256.51) |
| Payment of lease liabilities (Interest) | (55.02) | (63.61) |
| Short-term borrowings taken / (repaid) during the year (net) | 12,603.21 | (1,044.35) |
| Dividend transferred to Investor Education and Protection Fund | (28.06) | (20.02) |
| Dividend paid | (0.30) | (0.50) |
| Withdrawal from unpaid dividend accounts | 28.36 | 20.52 |
| Finance costs paid | (2,840.15) | (2,401.50) |
| NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES | 12,680.81 | (5,515.72) |
| Net increase / (decrease) in cash and cash equivalents | 3,132.85 | (718.17) |
| Cash and cash equivalents at the beginning of the year | 349.16 | 1,067.33 |
| Cash and cash equivalents at the end of the year | 3,482.01 | 349.16 |

Notes to the Cash Flow Statement :-

1. Components of cash and cash equivalents

Balances with banks

- Bank deposits (original maturity of 3 months or less)
- Current accounts

| | |
|-----------------|---------------|
| 1,241.00 | 160.00 |
| 2,241.01 | 189.16 |
| 3,482.01 | 349.16 |

2. The above "Statement of Cash flows" has been prepared as per the Indirect method as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

3. Refer note 41 (b) of financial statements for reconciliation of movements of liabilities (including cross currency interest rate swap) to cash flows arising from financing activities.

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

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

S.K. Tuteja
Chairman
DIN: 00594076

Sandeep Mehta
Partner
Membership Number: 099410

Parvesh Madan
Company Secretary
ACS: 31266

Junya Yamanishi
Managing Director & CEO
DIN: 09174162

Place: New Delhi
Date: 23 May 2024

Place: New Delhi
Date: 23 May 2024

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| A. Equity share capital | Note | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--------------------------------------|------|-----------------------------|-----------------------------|
| Balance at the beginning of the year | | 1,447.88 | 1,447.88 |
| Balance at the end of the year | 13 | 1,447.88 | 1,447.88 |

B. Other equity

| Particulars | Reserves and surplus | | | Other comprehensive income | Total other equity |
|---|--|---------------------------------------|---|---|-----------------------|
| | Securities premium (Refer note 14) | General reserve (Refer note 14) | Retained earnings (Refer note 14) | Cash flow hedge reserve (Refer note 14) | |
| Balance as at 1 April 2022 | 7,452.88 | 10,202.51 | (3,009.76) | 54.99 | 14,700.62 |
| Profit for the year | - | - | 1,983.52 | - | 1,983.52 |
| Other comprehensive income / (loss), net of tax | - | - | (282.36) | (54.99) | (337.35) |
| Total comprehensive income for the year | - | - | 1,701.16 | (54.99) | 1,646.17 |
| Balance as at 31 March 2023 | 7,452.88 | 10,202.51 | (1,308.60) | - | 16,346.79 |
| Balance as at 1 April 2023 | 7,452.88 | 10,202.51 | (1,308.60) | - | 16,346.79 |
| Profit for the year | - | - | 10,787.80 | - | 10,787.80 |
| Other comprehensive income / (loss), net of tax | - | - | (23.59) | - | (23.59) |
| Total comprehensive income for the year | - | - | 10,764.21 | - | 10,764.21 |
| Balance as at 31 March 2024 | 7,452.88 | 10,202.51 | 9,455.61 | - | 27,111.00 |

Notes:

- Securities premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.
- Profits from retained earnings are transferred to general reserve from time to time for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.
- Retained earnings represents the profits that the Company has earned till date less any transfer to general reserve, dividends distributed, or other distributions to shareholders.
- Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Material accounting policy information 2
Notes to the financial statements 1-46

The accompanying notes form an integral part of the financial statements

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

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

S.K. Tuteja
Chairman
DIN: 00594076

Sandeep Mehta
Partner
Membership Number: 099410

Parvesh Madan
Company Secretary
ACS: 31266

Junya Yamanishi
Managing Director & CEO
DIN: 09174162

Place: New Delhi
Date: 23 May 2024

Place: New Delhi
Date: 23 May 2024

Notes forming part of the financial statements for the year ended 31 March 2024
(All amounts in Rs. Lakhs unless stated otherwise)

1. Reporting entity

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

The financial statements of the Company for the year ended 31 March 2024 have been prepared as per the requirements of Schedule III (Division II) of the Companies Act, 2013.

2. Material Accounting Policy Information

(a) Basis of preparation

(i) Statement of compliance

These financial statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and, other relevant provisions of the Act and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

The financial statements have been prepared on accrual and going concern basis.

The financial statements were authorized for issue by the Company's Board of Directors on 23 May 2024.

(ii) Functional and presentation currency

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

(iii) Basis of measurement

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

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

(iv) Use of estimates and judgments

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

Notes forming part of the financial statements for the year ended 31 March 2024**(All amounts in Rs. Lakhs unless stated otherwise)**

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

Judgments

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

- Note 2 (b) and 3 – Assessment of useful life and residual value of Property, plant and equipment
- Note 2 (c) and 3 – Assessment of useful life of Intangible assets
- Note 2 (d) and 8 – Inventory valuation
- Note 2 (f), 2 (g), 18 A, 18 B and 31 – Provisions and contingent liabilities
- Note 2 (i) and 23 – Revenue recognition
- Note 2 (l) and 39 – Income taxes
- Note 2 (m), 3 and 32 – Leases

Assumptions and estimation uncertainties

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

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

Note 2 (g), 18 (A), 18 (B) and 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

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

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

Note 38 (B) and 2 (a) (v) - Fair value measurement of financial instruments

Note 19 and 2 (l) - Recognition of deferred tax assets: availability of future taxable profits against which such deferred tax assets can be adjusted

(v) *Measurement of fair values*

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

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

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

Notes forming part of the financial statements for the year ended 31 March 2024

(All amounts in Rs. Lakhs unless stated otherwise)

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

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

Further information about the assumptions made while measuring fair values is included in note 38 - financial instruments.

(vi) New Accounting Standards and Amendments adopted by the Company

No new accounting standard has been implemented by the Company during the year ending 31 March 2024. The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

- Disclosure of accounting policies – amendments to Ind AS 1
- Definition of accounting estimates – amendments to Ind AS 8
- Deferred tax related to assets and liabilities arising from a single transaction - amendments to Ind AS 12

These amendments did not have any material impact on the financial statements of the Company.

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

(i) Recognition and measurement

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

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

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

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

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

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

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

Notes forming part of the financial statements for the year ended 31 March 2024
(All amounts in Rs. Lakhs unless stated otherwise)

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

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

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

(c) Intangible assets

(i) Intangible assets acquired separately:

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

Notes forming part of the financial statements for the year ended 31 March 2024

(All amounts in Rs. Lakhs unless stated otherwise)

(ii) Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss as incurred.

(iv) Amortisation

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

The estimated useful lives are as follows:

- Software 3-10 years
- Technical know-how 2.5-15 years

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

(v) Derecognition

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

(d) Inventories

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

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

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

Notes forming part of the financial statements for the year ended 31 March 2024**(All amounts in Rs. Lakhs unless stated otherwise)**

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

(e) Employee benefits*Short-term employee benefits*

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

Post-employment benefits- Defined contribution plans

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

- Defined benefit plans

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

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

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

Notes forming part of the financial statements for the year ended 31 March 2024**(All amounts in Rs. Lakhs unless stated otherwise)***Other long-term employee benefits*Compensated absences

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

Termination benefits

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

(f) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Expected future operating losses are not provided for.

(i) Warranties

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

(ii) Onerous contracts

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

(g) Contingent liabilities

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

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

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

Notes forming part of the financial statements for the year ended 31 March 2024**(All amounts in Rs. Lakhs unless stated otherwise)****(h) Commitments**

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

(i) Revenue**(a) Revenue from contract with customers*****Sale of goods and rendering of services***

Under Ind AS 115, the Company recognizes revenue when or as a performance obligation is satisfied by transferring a promised good or service to a customer.

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when or as the entity satisfies a performance obligation

The Company disaggregates revenue from contracts with customers by geography.

Use of significant judgements in revenue recognition:

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

Notes forming part of the financial statements for the year ended 31 March 2024

(All amounts in Rs. Lakhs unless stated otherwise)

- iv. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Sale of products

Revenue from sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products at an amount that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Rendering of services

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

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

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

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(b) Other operating revenue – Export incentives

Export incentives are accounted for on an accrual basis.

(j) Recognition of interest income or expense

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

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

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

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

Notes forming part of the financial statements for the year ended 31 March 2024**(All amounts in Rs. Lakhs unless stated otherwise)****(k) Borrowing costs**

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

(l) Income-tax

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

Current tax

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

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

Deferred tax

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

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

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

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

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

Notes forming part of the financial statements for the year ended 31 March 2024

(All amounts in Rs. Lakhs unless stated otherwise)

(m) Leases

The Company's lease asset classes primarily consist of leases for Buildings and Plant and equipment. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

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

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

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

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

Judgements and estimates:-

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

Notes forming part of the financial statements for the year ended 31 March 2024
(All amounts in Rs. Lakhs unless stated otherwise)**(n) Financial Instruments***i) Recognition and initial measurement*

Trade receivables are initially recognised at their transaction price. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

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

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

- a. Amortised cost; or
- b. Fair value through profit and loss ('FVTPL')

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

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

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

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

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

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

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

Notes forming part of the financial statements for the year ended 31 March 2024

(All amounts in Rs. Lakhs unless stated otherwise)

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

Financial assets: Subsequent measurement and gains and losses

| | |
|------------------------------------|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss. |

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii) De-recognition

Financial assets

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

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

Financial liabilities

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

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

Notes forming part of the financial statements for the year ended 31 March 2024
(All amounts in Rs. Lakhs unless stated otherwise)*iv) Offsetting*

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

(o) Impairment*i) Impairment of financial assets*

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

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

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

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

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

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

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as the date of initial recognition. It considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Notes forming part of the financial statements for the year ended 31 March 2024**(All amounts in Rs. Lakhs unless stated otherwise)***Write-off*

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

ii) Impairment of non-financial assets

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

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

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

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

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

(p) Operating segments

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

(q) Cash and cash equivalents

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

(r) Statement of Cash flows

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

Notes forming part of the financial statements for the year ended 31 March 2024**(All amounts in Rs. Lakhs unless stated otherwise)****(s) 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.

(t) Research and development

Expenditure on research is recognised in the Statement of Profit and Loss under the respective heads of account in the period in which it is incurred.

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

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

(u) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. There is no such notification which would have been applicable from 1 April 2024.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
(All amounts in Rs. Lakhs unless stated otherwise)

Note 3

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

| | Freehold Land** | Buildings | Plant and equipment | Furniture and fixtures | Office equipment | Vehicles | Computers | Total | Capital Work in Progress ^ |
|------------------------------------|-----------------|------------------|---------------------|------------------------|------------------|-----------------|-----------------|------------------|----------------------------|
| GROSS BLOCK | | | | | | | | | |
| Balance as at 1 April 2022 | 283.92 | 12,756.74 | 30,320.34 | 1,242.72 | 328.91 | 909.55 | 968.46 | 46,810.64 | 474.84 |
| Add: Additions during the year | - | 17.97 | 1,004.64 | 12.26 | 9.38 | 35.80 | 140.84 | 1,220.89 | 641.33 |
| Less: Disposals / Adjustments | - | - | 100.27 | 24.68 | 7.26 | 2.13 | 9.73 | 144.07 | 1,022.61 |
| Balance as at 31 March 2023 | 283.92 | 12,774.71 | 31,224.71 | 1,230.30 | 331.03 | 943.22 | 1,099.57 | 47,887.46 | 93.56 |
| Add: Additions during the year | - | 75.52 | 1,720.61 | 101.59 | 29.24 | 211.78 | 316.65 | 2,455.39 | 1,959.96 |
| Less: Disposals / Adjustments | 235.18 | 8.06 | 131.50 | 1.30 | 11.91 | 1.24 | 103.17 | 492.36 | 1,796.13 |
| Balance as at 31 March 2024 | 48.74 | 12,842.17 | 32,813.82 | 1,330.59 | 348.36 | 1,153.76 | 1,313.05 | 49,850.49 | 257.39 |
| ACCUMULATED DEPRECIATION | | | | | | | | | |
| Balance as at 1 April 2022 | - | 3,116.71 | 11,524.35 | 945.98 | 305.20 | 717.07 | 857.99 | 17,467.30 | - |
| Add: Charge during the year | - | 559.69 | 2,196.90 | 116.22 | 11.24 | 64.75 | 74.62 | 3,023.42 | - |
| Less: Disposals / Adjustments | - | - | 93.73 | 22.10 | 7.26 | 1.55 | 9.72 | 134.36 | - |
| Balance as at 31 March 2023 | - | 3,676.40 | 13,627.52 | 1,040.10 | 309.18 | 780.27 | 922.89 | 20,356.36 | - |
| Add: Charge during the year | - | 560.11 | 2,134.91 | 69.31 | 10.25 | 81.30 | 123.92 | 2,979.80 | - |
| Less: Disposals / Adjustments | - | 2.35 | 85.10 | 1.30 | 11.91 | 1.24 | 103.17 | 205.07 | - |
| Balance as at 31 March 2024 | - | 4,234.16 | 15,677.33 | 1,108.11 | 307.52 | 860.33 | 943.64 | 23,131.09 | - |
| NET BLOCK | | | | | | | | | |
| Balance as at 31 March 2023 | 283.92 | 9,098.31 | 17,597.19 | 190.20 | 21.85 | 162.95 | 176.68 | 27,531.10 | 93.56 |
| Balance as at 31 March 2024 | 48.74 | 8,608.01 | 17,136.49 | 222.48 | 40.84 | 293.43 | 369.41 | 26,719.40 | 257.39 |

Intangible assets

| | Softwares | Technical know-how | Total | Intangible assets under development ^ |
|------------------------------------|-----------------|--------------------|------------------|---------------------------------------|
| GROSS BLOCK - Acquired | | | | |
| Balance as at 1 April 2022 | 1,073.63 | 7,187.07 | 8,260.70 | 1,165.82 |
| Add: Additions during the year # | 11.54 | 3,537.30 | 3,548.84 | 3,407.52 |
| Less: Disposals / Adjustments | - | - | - | 3,548.84 |
| Balance as at 31 March 2023 | 1,085.17 | 10,724.37 | 11,809.54 | 1,024.50 |
| Add: Additions during the year # | - | 1,124.76 | 1,124.76 | 901.05 |
| Less: Disposals / Adjustments | - | 355.77 | 355.77 | 1,124.76 |
| Balance as at 31 March 2024 | 1,085.17 | 11,493.36 | 12,578.53 | 800.79 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| | Softwares | Technical know-how | Total | Intangible assets underdevelopment [^] |
|------------------------------------|---------------|--------------------|-----------------|---|
| ACCUMULATED AMORTISATION | | | | |
| Balance as at 1 April 2022 | 558.61 | 2,757.35 | 3,315.96 | - |
| Add: Charge during the year | 107.66 | 920.57 | 1,028.23 | - |
| Less: Disposals / Adjustments | - | - | - | - |
| Balance as at 31 March 2023 | 666.27 | 3,677.92 | 4,344.19 | - |
| Add: Charge during the year | 108.43 | 1,471.47 | 1,579.90 | - |
| Less: Disposals / Adjustments | - | 175.73 | 175.73 | - |
| Balance as at 31 March 2024 | 774.70 | 4,973.66 | 5,748.36 | - |
| NET BLOCK | | | | |
| Balance as at 31 March 2023 | 418.90 | 7,046.45 | 7,465.35 | 1,024.50 |
| Balance as at 31 March 2024 | 310.47 | 6,519.70 | 6,830.17 | 800.79 |

Right of use assets

| | Buildings | Plant and equipment | Total |
|------------------------------------|---------------|---------------------|-----------------|
| GROSS BLOCK | | | |
| Balance as at 1 April 2022 | 927.75 | 351.07 | 1,278.82 |
| Add: Additions during the year | 42.76 | 134.61 | 177.37 |
| Less: Disposals / Adjustments | 153.82 | - | 153.82 |
| Balance as at 31 March 2023 | 816.69 | 485.68 | 1,302.37 |
| Add: Additions during the year | 26.75 | 72.80 | 99.55 |
| Less: Disposals / Adjustments | 23.64 | - | 23.64 |
| Balance as at 31 March 2024 | 819.80 | 558.48 | 1,378.28 |
| ACCUMULATED DEPRECIATION | | | |
| Balance as at 1 April 2022 | 518.90 | 152.58 | 671.48 |
| Add: Charge during the year | 118.25 | 73.28 | 191.53 |
| Less: Disposals / Adjustments | 153.82 | - | 153.82 |
| Balance as at 31 March 2023 | 483.33 | 225.86 | 709.19 |
| Add: Charge during the year | 118.44 | 73.51 | 191.95 |
| Less: Disposals / Adjustments | 23.64 | - | 23.64 |
| Balance as at 31 March 2024 | 578.13 | 299.37 | 877.50 |
| NET BLOCK | | | |
| Balance as at 31 March 2023 | 333.36 | 259.82 | 593.18 |
| Balance as at 31 March 2024 | 241.67 | 259.11 | 500.78 |

Notes:

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

** Title deeds of all immovable properties are held in the name of the Company.

Additions during the year includes capitalised borrowing costs of Rs. 35.03 lakhs (previous year Rs. 134.67 lakhs) in intangible assets under development, with a capitalisation rate of 8.75% (previous year 8.06%).

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
(All amounts in Rs. Lakhs unless stated otherwise)

Capital work in progress ageing schedule

| Particulars | Amount in CWIP for a period of | | | | Total |
|-----------------------------|--------------------------------|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31 March 2024* | | | | | |
| Projects in progress** | 206.71 | 47.37 | 0.06 | 3.25 | 257.39 |
| As at 31 March 2023 | | | | | |
| Projects in progress | 75.89 | 0.15 | 1.60 | 15.92 | 93.56 |

Intangible assets under development ageing schedule (IAUD)

| Particulars | Amount in IAUD for a period of | | | | Total |
|-----------------------------|--------------------------------|-----------|-----------|-------------------|----------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31 March 2024* | | | | | |
| Projects in progress** | 577.70 | 223.09 | - | - | 800.79 |
| As at 31 March 2023 | | | | | |
| Projects in progress | 822.10 | 158.90 | 43.50 | - | 1,024.50 |

Notes:

* There are no projects whose completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2024.

** Capital work in progress comprises expenditure for buildings under construction, plant and equipments yet to be installed and intangible assets under development mainly consists of new technical knowhow.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 4

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| LOANS * | | |
| A. Non-current | | |
| Loan to employees considered good - unsecured | 201.99 | 82.29 |
| | <u>201.99</u> | <u>82.29</u> |
| B. Current | | |
| Loan and advances to employees considered good - unsecured | 66.83 | 45.22 |
| | <u>66.83</u> | <u>45.22</u> |
| | <u>268.82</u> | <u>127.51</u> |

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

Note 5

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| OTHER FINANCIAL ASSETS * | | |
| A. Non-current | | |
| Other bank balances: | | |
| - Bank deposits (due to mature after twelve months from the reporting date) | 156.69 | 282.60 |
| Interest accrued but not due on bank deposits | 12.88 | 13.76 |
| Security deposits | 124.76 | 122.54 |
| | <u>294.33</u> | <u>418.90</u> |
| B. Current | | |
| Interest accrued but not due on deposits | 20.43 | 6.69 |
| Royalty income receivable | 27.85 | 17.68 |
| Export incentive receivable | 16.29 | 19.90 |
| Insurance claim receivable | 39.48 | - |
| Security deposits | 28.49 | 12.58 |
| | <u>132.54</u> | <u>56.85</u> |
| | <u>426.87</u> | <u>475.75</u> |

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 6

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| INCOME TAX ASSETS (NET) | | |
| Advance income-tax and tax deducted at source (net of provision for income tax) | 502.35 | 270.70 |
| | <u>502.35</u> | <u>270.70</u> |

Note 7

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| OTHER NON-CURRENT ASSETS | | |
| (Unsecured considered good unless stated otherwise) | | |
| Balance with government authorities | 15.09 | 46.77 |
| Capital advances | 556.63 | 322.20 |
| Prepaid expenses and other advances | 71.94 | 18.49 |
| Amount paid under protest to government authorities | | |
| - Income tax | 119.17 | 221.81 |
| - Sales tax/VAT/GST | 11.77 | 1.28 |
| - Excise duty | 1.34 | - |
| | <u>775.94</u> | <u>610.55</u> |

Note 8

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| INVENTORIES** | | |
| (valued at cost or net realisable value, whichever is lower) | | |
| Raw materials* | 13,538.79 | 11,372.76 |
| Work-in-progress | 5,867.47 | 8,787.78 |
| Finished goods (vehicles)* | 37,441.96 | 20,877.35 |
| Stock-in-trade (spare parts)* | 881.57 | 937.27 |
| Stores and spares* | 219.79 | 200.37 |
| Loose tools | 23.48 | 13.76 |
| | <u>57,973.06</u> | <u>42,189.29</u> |
| * Includes goods / stock-in-transit: | | |
| - Raw materials | 1,637.08 | 2,009.11 |
| - Finished goods (vehicles) | 5,054.54 | 7,777.75 |
| - Stock-in-trade (spare parts) | 38.11 | 33.58 |
| - Stores and spares | 1.98 | 10.11 |

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

Note:

The net inventory written down during the year amounted to Rs. 271.20 lakhs (previous year write back Rs. 86.29 lakhs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 9

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| TRADE RECEIVABLES ** | | |
| Trade receivables considered good - secured | 496.24 | 321.99 |
| Trade receivables considered good - unsecured | 16,407.79 | 7,256.24 |
| Trade receivables - credit impaired | 205.00 | 205.00 |
| | 17,109.03 | 7,783.23 |
| Less: Allowance for expected credit losses | 211.80 | 208.50 |
| | 16,897.23 | 7,574.73 |

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

Trade receivables is part of contract balances as per Ind AS 115. These are non-interest bearing and are generally on terms of 7 to 90 days [refer credit risk note 38 (A) (II)]

Trade Receivables ageing schedule

| Particulars | Outstanding for following periods from due date of payment | | | | | | | Total |
|--|--|------------------|--------------------|--------------------|--------------|-------------|-------------------|------------------|
| | Unbilled dues | Not Due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31 March 2024 | | | | | | | | |
| (i) Undisputed trade receivables - considered good | - | 13,146.32 | 3,657.90 | 72.93 | 26.88 | - | - | 16,904.03 |
| (iii) Disputed trade receivables - credit impaired | - | - | - | - | - | - | 205.00 | 205.00 |
| Sub total | - | 13,146.32 | 3,657.90 | 72.93 | 26.88 | - | 205.00 | 17,109.03 |
| Less: Allowance for expected credit losses | | | | | | | | 211.80 |
| Total | | | | | | | | 16,897.23 |
| As at 31 March 2023 | | | | | | | | |
| (i) Undisputed trade receivables - considered good | - | 7,276.12 | 282.48 | 18.28 | 0.62 | 0.71 | 0.02 | 7,578.23 |
| (iii) Disputed trade receivables - credit impaired | - | - | - | - | - | - | 205.00 | 205.00 |
| Sub total | - | 7,276.12 | 282.48 | 18.28 | 0.62 | 0.71 | 205.02 | 7,783.23 |
| Less: Allowance for expected credit losses | | | | | | | | 208.50 |
| Total | | | | | | | | 7,574.73 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
(All amounts in Rs. Lakhs unless stated otherwise)

Note 10

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| CASH AND CASH EQUIVALENTS * | | |
| Balances with banks | | |
| - in deposit accounts (original maturity of three months or less) | 1,241.00 | 160.00 |
| - in current accounts | 2,241.01 | 189.16 |
| | <u>3,482.01</u> | <u>349.16</u> |

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

Note 11

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS * | | |
| Bank deposits (with original maturity of more than three months and due to mature within twelve months from the reporting date) | 161.50 | 137.48 |
| Unpaid dividend accounts | 36.63 | 64.99 |
| Bank deposits held as margin money ^ | 1,153.00 | - |
| Earmarked balances # | 36.01 | 32.70 |
| | <u>1,387.14</u> | <u>235.17</u> |

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

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

^ These balances are held as margin money against bank guarantees [refer footnote *** (i) to note 18].

Note 12

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| OTHER CURRENT ASSETS | | |
| (Unsecured considered good unless stated otherwise) | | |
| Balance with government authorities | 2,089.09 | 2,947.37 |
| Advances for supply of goods | 54.96 | 126.94 |
| Prepaid expenses and other advances | 377.89 | 291.69 |
| | <u>2,521.94</u> | <u>3,366.00</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 13

| | As at 31 March 2024 | | As at 31 March 2023 | |
|--|----------------------|-----------------|----------------------|-----------------|
| EQUITY SHARE CAPITAL | | | | |
| 1. Details of Share Capital | | | | |
| | <u>No. of shares</u> | <u>Amount</u> | <u>No. of shares</u> | <u>Amount</u> |
| Authorised | | | | |
| Equity shares of Rs. 10 each | 4,00,00,000 | 4,000.00 | 4,00,00,000 | 4,000.00 |
| | <u>4,00,00,000</u> | <u>4,000.00</u> | <u>4,00,00,000</u> | <u>4,000.00</u> |
| Issued, subscribed and paid up | | | | |
| Equity shares of Rs. 10 each fully paid up * | 1,44,71,646 | 1,447.17 | 1,44,71,646 | 1,447.17 |
| Forfeited equity shares of Rs.10 each | 13,300 | 0.71 | 13,300 | 0.71 |
| | <u>1,44,84,946</u> | <u>1,447.88</u> | <u>1,44,84,946</u> | <u>1,447.88</u> |

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

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

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

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

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|----------------------|---------------|----------------------|---------------|
| Particulars | <u>No. of shares</u> | <u>Amount</u> | <u>No. of shares</u> | <u>Amount</u> |
| Balance at the beginning and at the end of the year | 1,44,71,646 | 1,447.17 | 1,44,71,646 | 1,447.17 |

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

| | As at 31 March 2024 | | | As at 31 March 2023 | | |
|--------------------------------|---------------------------|--------------------------|---------------------------------|---------------------------|---------------------------|---------------------------------|
| Promoter name | <u>No. of shares held</u> | <u>% of total shares</u> | <u>% Change during the year</u> | <u>No. of shares held</u> | <u>% of equity shares</u> | <u>% Change during the year</u> |
| 1. Sumitomo Corporation, Japan | 63,62,306 | 43.96% | - | 63,62,306 | 43.96% | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

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

| Name of shareholder | As at 31 March 2024 | | As at 31 March 2023 | |
|--|---------------------|-------------------------|---------------------|-------------------------|
| | No. of shares | % of equity shares held | No. of shares | % of equity shares held |
| Sumitomo Corporation, Japan | 63,62,306 | 43.96% | 63,62,306 | 43.96% |
| Isuzu Motors Limited | 21,70,747 | 15.00% | 21,70,747 | 15.00% |
| Navodya Enterprises (Sachin Bansal & Vivek Bansal partner of Navodya Enterprises) [refer note below] | 13,80,000 | 9.54% | 12,20,000 | 8.43% |
| SPV Traders (Sachin Bansal - partner of SPV Traders) [refer note below] | 9,25,000 | 6.39% | 6,43,000 | 4.44% |

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

- As on 31st March 2024 - Total shareholding 29,28,100 shares (20.2334%) : Navodya Enterprises (Acquirer) along with Person Acting in Concert (PAC) - SPV Traders, Anandam Enterprises, Sapna Gupta, Sachin Bansal and Parveen Kumar Bansal.
- As on 31st March 2023 - Total shareholding 21,53,100 shares (14.8781%) : Navodya Enterprises (Acquirer) along with Person Acting in Concert (PAC) - SPV Traders, Anandam Enterprises, Sapna Gupta & Sachin Bansal.

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

Note 14

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| OTHER EQUITY | | |
| i. Securities premium | | |
| Balance at the beginning of the year | 7,452.88 | 7,452.88 |
| Add: Movement during the year | - | - |
| Balance at the end of the year | 7,452.88 | 7,452.88 |
| ii. General reserve | | |
| Balance at the beginning of the year | 10,202.51 | 10,202.51 |
| Add : Amount transferred from surplus | - | - |
| Balance at the end of the year | 10,202.51 | 10,202.51 |
| iii. Retained earnings | | |
| Balance at the beginning of the year | (1,308.60) | (3,009.76) |
| Add: Profit for the year | 10,787.80 | 1,983.52 |
| Add: Other comprehensive income / (loss), net of tax | (23.59) | (282.36) |
| Balance at the end of the year | 9,455.61 | (1,308.60) |
| iv. Other comprehensive income | | |
| Cash flow hedge reserve (net of tax) | | |
| Balance at the beginning of the year | - | 54.99 |
| Net movement of cash flow hedge (net of tax) | - | (54.99) |
| Balance at the end of the year | - | - |
| v. Summary of components of Other Equity | | |
| Securities premium account (i) | 7,452.88 | 7,452.88 |
| General reserve (ii) | 10,202.51 | 10,202.51 |
| Retained earnings (iii) | 9,455.61 | (1,308.60) |
| Other comprehensive income - Cash flow hedge reserve (iv) | - | - |
| | 27,111.00 | 16,346.79 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 15

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| BORROWINGS * | | |
| A. Non-current | | |
| Term loan | | |
| - From banks - secured ** | 6,370.53 | 2,509.73 |
| - From banks - unsecured # | 193.74 | 903.22 |
| Less: Current maturities of term loan [refer note 15 (B)] | (2,529.03) | (1,760.79) |
| | 4,035.24 | 1,652.16 |

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

** includes (i) outstanding term loan Rs. 800 lakhs (previous year Rs. 1,300 lakhs) from Axis Bank which carries variable interest rate of 1 year MCLR + 0.10% repayable in quarterly instalments commencing from 31 December 2022 and ending on 31 December 2025. The lender has exclusive charge on the fixed assets of the Company which are created through this term loan. The lender also has negative lien on fixed assets of the Company (excluding fixed assets exclusively charged for this loan). (ii) outstanding term loan Rs. 594.06 lakhs (previous year Rs. 1,142.43 lakhs) from HDFC Bank which carries variable interest rate of 1 month MCLR + 0.15% / 3 months MCLR + 0.25% repayable in monthly instalments commencing from 5 August 2022 and ending on 5 April 2025. The lender has exclusive charge on movable fixed assets of the project. (iii) outstanding term loan Rs. 4,781 lakhs (previous year Rs. 50 lakhs) from Exim Bank which carries variable interest rate of 3 months T bill rate + 1.72% for disbursements upto 30 April 2023 and 3 months T bill rate + 1.97% for disbursements 1 May 2023 onwards, repayable in quarterly instalments commencing from 1 April 2024 and ending on 1 January 2028. The lender has first charge on movable fixed assets of the Company, giving a minimum cover of 1.25 times of the loan amount (excluding those movable fixed assets which are exclusively charged to other lenders). (iv) outstanding term loans for vehicles Rs. 195.47 lakhs (previous year Rs. 17.30 lakhs) from Axis Bank which carries fixed interest rate ranging from 8.75% to 9.50% per annum (previous year 8.95% per annum) repayable in monthly instalments commencing from 10 April 2023 and ending on 5 March 2029. The lender has exclusive charge on vehicle financed by such loan.

includes (i) outstanding term loan amounting to Nil (previous year Rs. 400 lakhs) from HDFC Bank which carries floating interest rate of 3 months MCLR, repayable in monthly instalments commencing from 1 April 2020 and ending on 1 July 2023. The lender has a negative lien on fixed assets of the Company. (ii) outstanding term loan amounting to Rs. 193.74 lakhs (previous year Rs. 503.22 lakhs) from Axis Bank which carries variable interest rate of 1 year MCLR + 0.15%, repayable in quarterly instalments commencing from 5 October 2021 and ending on 31 March 2025. The lender has a negative lien on fixed assets of the Company.

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| B. Current | | |
| Loans repayable on demand | | |
| Cash credit from banks - secured (i) * | - | 890.04 |
| Other loans from banks - secured (ii) * | 30,000.00 | 8,500.00 |
| Other loans from banks / non-banking finance company - unsecured (iii) | 5,001.28 | 13,008.03 |
| Current maturities of term loan [refer to note 15(A)] | 2,529.03 | 1,760.79 |
| | 37,530.31 | 24,158.86 |

(i) The cash credit limits sanctioned by the bankers are secured by a parri passu charge on the Company's current assets. These carry floating interest rate ranging from 8.70% to 9.10% per annum during 2023-24 (previous year 6.50% to 8.70% per annum).

(ii) Other loans from banks – secured represents working capital demand loan taken from (a) Axis Bank and HDFC bank, secured by parri passu charge on current assets of the Company (b) Exim Bank, secured by first charge on movable fixed assets of the Company, giving a minimum cover of 1.25 times of the loan amount (excluding those movable fixed assets which are exclusively charged to other lenders). These carry an interest rate ranging from 7.98% to 9.53% per annum (previous year 5.51% to 8.50% per annum).

(iii) Other loans from banks – unsecured represents working capital demand loan / working capital loan taken from ICICI Bank, Bajaj Finance Limited, and credit card taken from HDFC Bank. These loans carry an interest rate ranging from 7.95% to 8.75% per annum (previous year 5.25% to 8.50% per annum).

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 16

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| OTHER FINANCIAL LIABILITIES * | | |
| A. Non-current | | |
| Security deposits from dealers | 1,183.23 | 1,133.99 |
| | <u>1,183.23</u> | <u>1,133.99</u> |
| B. Current | | |
| Capital creditors [^] | 185.89 | 673.80 |
| Unpaid dividends | 36.63 | 64.98 |
| Interest accrued but not due on borrowings | 119.74 | 65.95 |
| Payable to employees | 715.26 | 575.42 |
| Payable to non-executive directors (refer note 36) | 72.00 | 32.00 |
| Security deposit from others | 50.04 | 41.83 |
| | <u>1,179.56</u> | <u>1,453.98</u> |

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

[^] For disclosures relating to Micro Enterprises and Small Enterprises, refer to note 21

Note 17

| | As at 31 March 2024 | As at 31 March 2023 |
|----------------------------------|------------------------|------------------------|
| OTHER CURRENT LIABILITIES | | |
| Advance from customers | 2,110.02 | 5,053.74 |
| Revenue received in advance | 341.61 | 259.79 |
| Statutory dues | 4,100.81 | 6,570.69 |
| | <u>6,552.44</u> | <u>11,884.22</u> |

CONTRACT BALANCES

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

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Advance from customers * | 2,110.02 | 5,053.74 |
| Revenue received in advance (current) * | 341.61 | 259.79 |
| Revenue received in advance (non-current) [refer note 20] | 184.89 | 166.04 |
| | <u>2,636.52</u> | <u>5,479.57</u> |

* During the year, the Company has recognised revenue of Rs. 4,994.20 Lakhs (previous year Rs. 2,416.74 Lakhs) and Rs.259.79 Lakhs (previous year Rs. 159.56 Lakhs) from amount included in contract liabilities (advance from customers and revenue received in advance) at the beginning of the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 18

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| PROVISIONS | | |
| A. Non-current | | |
| Provisions for employee benefits (refer to note 37) | | |
| Gratuity | 1,483.14 | 996.19 |
| Compensated absences | 2,963.87 | 2,814.96 |
| | <u>4,447.01</u> | <u>3,811.15</u> |
| Other provisions | | |
| Provision for warranties* | 580.70 | 196.10 |
| | <u>5,027.71</u> | <u>4,007.25</u> |
| B. Current | | |
| Provisions for employee benefits (refer to note 37) | | |
| Gratuity | 100.00 | 100.00 |
| Compensated absences | 545.66 | 593.49 |
| Superannuation | 73.31 | 58.54 |
| | <u>718.97</u> | <u>752.03</u> |
| Other provisions | | |
| Provision for warranties* | 1,218.17 | 800.04 |
| Provision for liquidated damages** | 24.08 | 5.19 |
| Provision for contingencies *** | 1,275.06 | 32.62 |
| | <u>2,517.31</u> | <u>837.85</u> |
| | <u>3,236.28</u> | <u>1,589.88</u> |

Movement of Other Provisions

| Particulars | Warranties* | Liquidated Damages** | Contingencies*** |
|---|-----------------|----------------------|------------------|
| Balance as on 1 April 2022 | 341.31 | 145.29 | 32.62 |
| Add: Accrued / (reversed) during the year [net] # | 1,369.74 | (24.67) | - |
| Less: Amount utilized during the year | 722.75 | 115.43 | - |
| Add: Unwinding of discount | 7.84 | - | - |
| Balance as on 31 March 2023 | 996.14 | 5.19 | 32.62 |
| Add: Accrued / (reversed) during the year [net] # | 1,527.26 | 33.95 | 1,242.44 |
| Less: Amount utilized during the year | 729.79 | 15.06 | - |
| Add: Unwinding of discount | 5.26 | - | - |
| Balance as on 31 March 2024 | 1,798.87 | 24.08 | 1,275.06 |

net of reversal of unutilised provisions during the year for warranty Rs. 151 lakhs (previous year Nil), liquidated damages Rs.4.89 lakhs (previous year Rs. 34.43 lakhs) and contingencies Nil (previous year Nil).

* The Company is liable towards warranty claims made by end users of its products. The year-end provision is based on its estimate of past experience regarding failure trends of products and costs of repair or replacement. It is estimated that the provision would be fully utilised over the warranty period, which range from two to five years.

** Represents provision for liquidated damages as per the contracts entered with the customers and expected to be utilised within one year from the reporting date.

*** Represents provision for contingencies pertaining to estimated outflow in respect of litigations and disputes. While the timing and amount of cash outflows is determinable only on occurrence of future uncertain events, the Company expects outflow within one year from the reporting date. It includes:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

- (i) contingencies pertaining to arbitration award received by the company amounting to Rs. 1,152.44 lakhs. In September 2010, the Company had initiated arbitration proceedings against the Delhi Metro Railway Corporation (DMRC) seeking compensation for losses due to cancellation of a contract. The Company had won an arbitral award in August 2014 allowing claims of Rs. 1,152.44 lakhs which was challenged by DMRC before Hon'ble High Court of Delhi ('High Court'). During the year, the Company filed an Execution Petition before High Court for enforcement of Arbitration Award and High Court directed the release of the said amount to the Company, subject to satisfaction of the Registrar General on submission of security. The amount of Rs. 1,152.44 lakhs was released to the Company on 30 March 2024, upon furnishing bank guarantee. The management is expecting a favorable outcome based on the evaluation of the case. As the case filed by DMRC is presently sub-judice and bank guarantee has been furnished, the management has recorded a provision for contingencies of Rs. 1,152.44 lakhs in the financial statements.
- (ii) contingencies pertaining to sales tax and consumer court case amounting to Rs. 122.62 lakhs.

Note 19

| | As at 31 March 2024 | As at 31 March 2023 |
|------------------------------------|------------------------|------------------------|
| DEFERRED TAX ASSETS (NET) * | | |
| Deferred tax liabilities | 3,464.20 | 3,586.63 |
| Deferred tax assets | <u>(5,372.42)</u> | <u>(5,336.47)</u> |
| | <u>(1,908.22)</u> | <u>(1,749.84)</u> |

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

Note 20

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| OTHER NON-CURRENT LIABILITIES | | |
| Revenue received in advance (refer note 17) | 184.89 | 166.04 |
| | <u>184.89</u> | <u>166.04</u> |

Note 21

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| TRADE PAYABLES * # | | |
| Total outstanding dues of micro enterprises and small enterprises | 2,103.66 | 1,740.40 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises ** | 31,084.09 | 27,420.12 |
| | <u>33,187.75</u> | <u>29,160.52</u> |

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

** includes Rs. 103.53 lakhs (previous year Rs. 371.89 lakhs) payable to controlling enterprise (refer note 36)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| (a) The amounts remaining unpaid to micro enterprises and small enterprises as at the end of the year | | |
| - Principal ^ | 2,129.01 | 1,776.30 |
| - Interest | - | - |
| (b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 | - | - |
| (c) The amounts of the payments made to micro enterprises and small enterprises beyond the appointed day during each accounting year | - | - |
| (d) The amount of interest due and payable for the period (where the principal has been paid but interest under the Micro Small and Medium Enterprises Development Act, 2006 not paid) | - | - |
| (e) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

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

^ includes Rs. 25.35 lakhs (previous year Rs. 35.90 lakhs) pertaining to capital creditors (refer note 16 B)

Ageing of trade payables

| Particulars | Unbilled dues* | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|----------------------------|-----------------|------------------|--|---------------|--------------|-------------------|------------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31 March 2024 | | | | | | | |
| (i) MSME | 15.10 | 2,088.56 | - | - | - | - | 2,103.66 |
| (ii) Others | 2,127.82 | 18,896.88 | 9,873.03 | 113.47 | 22.04 | 50.85 | 31,084.09 |
| Total | 2,142.92 | 20,985.44 | 9,873.03 | 113.47 | 22.04 | 50.85 | 33,187.75 |
| As at 31 March 2023 | | | | | | | |
| (i) MSME | 3.30 | 1,737.10 | - | - | - | - | 1,740.40 |
| (ii) Others | 1,943.24 | 17,528.10 | 7,864.48 | 31.86 | 31.33 | 21.11 | 27,420.12 |
| Total | 1,946.54 | 19,265.20 | 7,864.48 | 31.86 | 31.33 | 21.11 | 29,160.52 |

*includes dues recognised on account of provisions at the year end

Note 22

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| CURRENT TAX LIABILITIES (NET) | | |
| Provision for Income Tax (net of Advance Tax) | 14.53 | 14.53 |
| | <u>14.53</u> | <u>14.53</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 23

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| REVENUE FROM OPERATIONS | | |
| Sale of products (Goods transferred at a point in time) | | |
| Finished goods - vehicles | 2,05,870.35 | 1,69,518.83 |
| Traded goods - spare parts | 12,097.10 | 11,211.78 |
| | 2,17,967.45 | 1,80,730.61 |
| Other operating revenues* | | |
| Sale of scrap | 947.36 | 827.13 |
| Rendering of services | 306.17 | 196.86 |
| Export incentives | 27.37 | 51.22 |
| Royalty | 305.30 | 180.10 |
| Liabilities/provisions/allowances no longer required written back | 39.73 | 173.17 |
| | 1,625.93 | 1,428.48 |
| | 2,19,593.38 | 1,82,159.09 |

* Other operating revenues have been recognised at a point in time for the year ended 31 March 2024 and 31 March 2023, excluding revenue from rendering of services Rs. 306.17 lakhs (previous year Rs. 196.86 lakhs) which is recognised over a period of time.

Reconciliation of revenue recognised with contract price:

| | | |
|---|--------------------|-------------|
| Contracted Price | 2,21,268.79 | 1,84,673.82 |
| Less: Adjustment on account of incentives and discounts | 3,301.34 | 3,943.21 |
| Revenue from contract with customers | 2,17,967.45 | 1,80,730.61 |

Note 24

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| OTHER INCOME | | |
| Interest income on | | |
| Bank deposits carried at amortised cost | 33.79 | 20.71 |
| Refund of Income Tax | 24.46 | 94.94 |
| Others | 148.74 | 47.77 |
| Net gain on sale of property, plant and equipment | 107.72 | 0.17 |
| Exchange gain on foreign exchange fluctuations (net) | 14.73 | 66.44 |
| Miscellaneous | 211.10 | 81.49 |
| | 540.54 | 311.52 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 25

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| COST OF MATERIALS CONSUMED | | |
| Inventory of materials at the beginning of the year | 11,372.76 | 9,723.24 |
| Add: Purchase of materials | 1,77,646.51 | 1,50,832.79 |
| | <u>1,89,019.27</u> | <u>1,60,556.03</u> |
| Inventory of materials at the end of the year | 13,538.79 | 11,372.76 |
| | <u>1,75,480.48</u> | <u>1,49,183.27</u> |

Note 26

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE | | |
| Opening stock | | |
| - Finished goods (Vehicles) | 20,877.35 | 16,273.23 |
| - Stock-in-trade (Spare parts) | 937.27 | 743.12 |
| - Work-in-progress | 8,787.78 | 2,674.21 |
| | <u>30,602.40</u> | <u>19,690.56</u> |
| Less : Closing stock | | |
| - Finished goods (Vehicles) | 37,441.96 | 20,877.35 |
| - Stock-in-trade (Spare parts) | 881.57 | 937.27 |
| - Work-in-progress | 5,867.47 | 8,787.78 |
| | <u>44,191.00</u> | <u>30,602.40</u> |
| | <u>(13,588.60)</u> | <u>(10,911.84)</u> |

Note 27

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages, bonus and compensated absences | 16,414.31 | 14,383.39 |
| Contributions to provident and other funds (refer note 37) | 1,667.24 | 1,568.70 |
| Staff welfare | 1,487.56 | 1,293.10 |
| | <u>19,569.11</u> | <u>17,245.19</u> |

Note 28

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| FINANCE COSTS | | |
| Interest expense on | | |
| Financial liabilities measured at amortised cost | 2,414.09 | 1,958.94 |
| Others | 349.34 | 61.62 |
| Interest on defined benefit liability / asset (net) | 80.68 | 24.60 |
| Interest on lease liabilities | 55.02 | 63.61 |
| Unwinding of discount on warranty provisions | 5.26 | 7.84 |
| Other borrowing costs (refer note 36) | 130.52 | 387.80 |
| | <u>3,034.91</u> | <u>2,504.41</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note 29

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| DEPRECIATION AND AMORTISATION EXPENSE | | |
| Depreciation of property, plant and equipment (refer note 3) | 2,979.80 | 3,023.42 |
| Depreciation of Right of use assets (refer note 3) | 191.95 | 191.53 |
| Amortisation of intangible assets (refer note 3) | 1,579.90 | 1,028.23 |
| | <u>4,751.65</u> | <u>4,243.18</u> |

Note 30

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| OTHER EXPENSES | | |
| Consumption of stores and spares and loose tools | 489.51 | 377.98 |
| Repairs and maintenance: | | |
| - Plant and Machinery | 405.09 | 291.64 |
| - Buildings | 128.79 | 128.04 |
| - Others | 265.04 | 196.42 |
| Power and fuel | 1,026.06 | 985.18 |
| Rent (refer note 32) | 82.33 | 80.69 |
| Rates and taxes | 221.21 | 197.16 |
| Legal and professional | 184.92 | 152.39 |
| Auditor's remuneration: | | |
| Statutory audit | 21.50 | 19.20 |
| Tax audit | 3.36 | 3.00 |
| Limited review | 32.26 | 28.80 |
| Other services | 1.50 | - |
| Reimbursement of expenses | 4.65 | 4.36 |
| Insurance | 194.09 | 184.32 |
| Printing, stationery and other communication | 97.67 | 88.97 |
| Travelling and conveyance | 721.39 | 622.12 |
| Allowance for doubtful trade receivables / advances | 6.68 | - |
| Packing and freight outward | 4,892.57 | 4,388.74 |
| Warranty | 1,527.26 | 1,369.74 |
| Other selling and distribution expenses | 915.73 | 632.41 |
| Royalty | - | 114.30 |
| Testing and homologation | 473.09 | 261.67 |
| Property, plant and equipment written off (net) | 52.11 | 9.71 |
| Bad debts / advances written off | 34.50 | 15.30 |
| Corporate social responsibility (refer note 44) | 34.32 | 19.79 |
| Miscellaneous | 584.83 | 458.95 |
| | <u>12,400.46</u> | <u>10,630.88</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

31 Contingent liabilities and commitments

(to the extent not provided for)

Contingent liabilities

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

| | As at 31 March 2024 | As at 31 March 2023 |
|--------------------------------|------------------------|------------------------|
| Income tax matters | 2,123.80 | 2,028.35 |
| Sales tax and GST matters | 613.78 | 131.21 |
| Excise and service tax matters | 28.93 | 28.87 |
| Civil matters | 420.17 | 546.56 |
| | 3,186.68 | 2,734.99 |

The above matters comprise of proceedings pending with various direct tax, indirect tax and other authorities.

(b) 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.

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

Capital commitments

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Capital Commitments (net of advances) not provided for | 1,543.81 | 1,869.46 |

32 Leases

The Company (lessee) leases a number of buildings, plant and equipment used in its operations. Leases of buildings and plant and equipment generally have lease terms between 2 to 7 years. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option as per respective lease agreements.

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

| | As at 31 March 2024 | As at 31 March 2023 |
|-------------|------------------------|------------------------|
| Current | 254.69 | 234.18 |
| Non-Current | 306.60 | 406.11 |
| | 561.29 | 640.29 |

The maturity analysis of undiscounted lease liabilities amounting to Rs. 658.56 lakhs (previous year Rs. 763.65 lakhs) has been disclosed in Note 38 (A) (III) Financial risk management - liquidity risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

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

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--------------------------------------|-----------------------------|-----------------------------|
| Balance as at beginning of the year | 640.29 | 719.77 |
| Additions | 99.55 | 177.37 |
| Finance cost accrued during the year | 55.02 | 63.61 |
| Payment of lease liabilities | (233.57) | (320.12) |
| Rent concession due to Covid-19 | - | (0.34) |
| Balance as at end of the year | 561.29 | 640.29 |

- (b) The detail of Right of use assets recognised during the year has been disclosed separately in note 3.
(c) Rental expense recorded for short-term leases was Rs. 82.33 lakhs (Previous year Rs. 80.69 lakhs) for the year ended 31 March 2024.

33 Earnings per share

| | As at 31 March 2024 | As at 31 March 2023 |
|----------------------------------|------------------------|------------------------|
| Basic earnings per share (Rs.) | 74.54 | 13.71 |
| Diluted earnings per share (Rs.) | 74.54 | 13.71 |
| Face value per share (Rs.) | 10.00 | 10.00 |

Note:

| | | |
|--|-------------|-------------|
| Profit the year attributable to equity shareholders | 10,787.80 | 1,983.52 |
| Weighted average number of equity shares outstanding during the year [excluding 13,300 forfeited equity shares (previous year 13,300)] (in nos.) | 1,44,71,646 | 1,44,71,646 |

34 Segment information

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

Geographical information

| Particulars | Domestic | Overseas | Total |
|--------------------------------|--------------------|-----------------|--------------------|
| Revenue from operations | | | |
| 2023-2024 | 2,16,815.02 | 2,778.36 | 2,19,593.38 |
| 2022-2023 | 1,78,828.41 | 3,330.68 | 1,82,159.09 |

Notes:

- a. Overseas segment includes sales and services rendered to customers located outside India.
b. Domestic segment includes sales and services rendered to customers located in India.
c. The Company has its business operations primarily in India. There are no non-current assets outside India.

Major customer

Revenue from one of the customers, amounting to Rs. 26,310.85 lakhs, accounted for more than 10% of the Company's revenue. There was no such major customer in the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

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

36 Related parties

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

Controlling Enterprise: Sumitomo Corporation, Japan

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

Key management personnel

Mr. Junya Yamanishi - Managing Director & CEO

Mr. Rakesh Bhalla - Chief Financial Officer

Mr. Parvesh Madan - Company Secretary

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

Dr. (Mrs.) Vasantha S Bharucha - Non Executive and Independent Director (upto 21 September 2022)

Mr. Sudhir Nayar - Non Executive and Independent Director

Mr. Chandra Shekhar Verma - Non Executive and Independent Director

Mrs. Atima Khanna - Non Executive and Independent Director (w.e.f. 22 September 2022)

Shareholders holding 10% or more share in the Company *

Isuzu Motors Limited, Japan

* As per amended regulation 2(1)(zb) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, vide notification dated 9 November 2021, applicable from 1 April 2023, related party includes any person or any entity, holding equity shares of ten per cent or more in the listed entity, either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time during the immediately preceding financial year.

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

(i) Controlling Enterprise

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Transactions | | |
| a) Purchase of components and spares | 67.63 | 68.06 |
| b) Other borrowing costs (refer note 28) * | 96.72 | 317.90 |

* pertains to corporate guarantee charges towards security given by Controlling enterprise against working capital loan facilities sanctioned by MUFG Bank Ltd. Rs. 7,700 lakhs and Mizuho Bank Ltd. Rs. 20,000 lakhs to the Company and utilised during the year ending 31 March 2024 and 31 March 2023.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| | As at 31 March 2024 | As at 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Outstanding balances | | |
| Trade payables | 103.53 | 371.89 |
| (ii) Key management personnel | | |
| | Year ended 31 March 2024 | Year ended 31 March 2023 |
| Managerial remuneration: | | |
| (a) Short-term employee benefits | | |
| Mr. Junya Yamanishi | 150.91 | 82.58 |
| Mr. Rakesh Bhalla | 73.12 | 66.66 |
| Mr. Parvesh Madan | 46.51 | 52.73 |
| (b) Managerial remuneration does not include provision for gratuity and compensated absences determined on an actuarial basis, as these are determined for the Company as a whole. | | |
| Sitting Fee and Commission - Independent Directors | | |
| | Year ended 31 March 2024 | Year ended 31 March 2023 |
| Mr. S.K. Tuteja | | |
| - Sitting fee | 7.20 | 8.30 |
| - Commission | 18.00 | 8.00 |
| Dr. (Mrs.) Vasantha S. Bharucha | | |
| - Sitting fee | - | 2.10 |
| - Commission | - | 4.00 |
| Mr. Sudhir Nayar | | |
| - Sitting fee | 6.60 | 7.70 |
| - Commission | 18.00 | 8.00 |
| Mr. Chandra Shekhar Verma | | |
| - Sitting fee | 6.00 | 6.80 |
| - Commission | 18.00 | 8.00 |
| Mrs. Atima Khanna | | |
| - Sitting fee | 4.80 | 3.20 |
| - Commission | 18.00 | 4.00 |
| | As at 31 March 2024 | As at 31 March 2023 |
| Remuneration payable at the year-end to Directors | | |
| - Executive Directors | 69.30 | 16.78 |
| - Non-Executive Directors | 72.00 | 32.00 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

(iii) Shareholders holding 10% or more share in the Company

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-----------------------------|-----------------------------|-----------------------------|
| Transactions | | |
| Royalty | - | 114.30 |
| Outstanding balances | | |
| Trade payables | - | 104.00 |

Note: All related party transactions that were entered into during the financial year were at arm's length, in the ordinary course of business.

37 Employee benefits
(i) Net liabilities relating to employee benefits

| | As at 31 March 2024 | As at 31 March 2023 |
|------------------------------------|------------------------|------------------------|
| Non-current | | |
| Liability for gratuity | 1,483.14 | 996.19 |
| Liability for compensated absences | 2,963.87 | 2,814.96 |
| | 4,447.01 | 3,811.15 |
| Current | | |
| Liability for gratuity | 100.00 | 100.00 |
| Liability for compensated absences | 545.66 | 593.49 |
| Liability for superannuation | 73.31 | 58.54 |
| | 718.97 | 752.03 |
| Total | 5,165.98 | 4,563.18 |

For details about the related employee benefit expenses, refer to note 27.

(ii) Defined benefit plan - Gratuity

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

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

Interest rate risk:

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

Salary inflation risk:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Demographic risk:

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

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

a) Funding

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

The Company expects to pay Rs. 100 lakhs (previous year Rs. 100 lakhs) in contribution to its defined benefit plans in 2024-25.

b) Reconciliation of present value of defined benefit obligation

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Balance at the beginning of the year | 5,774.33 | 5,156.07 |
| Benefits paid | (496.51) | (479.46) |
| Current service cost | 374.75 | 350.17 |
| Interest cost | 406.72 | 351.03 |
| Actuarial (gains) / losses recognised in other comprehensive income | | |
| - changes in demographic / financial assumptions* | 52.38 | (86.20) |
| - experience adjustment | (6.76) | 482.72 |
| Balance at the end of the year | 6,104.91 | 5,774.33 |

* Segregation of financial and demographic assumptions is not available

c) Reconciliation of the present value of plan assets

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Balance at the beginning of the year | 4,678.14 | 4,811.03 |
| Contributions paid into the plan | - | 0.96 |
| Benefits paid | (496.51) | (479.46) |
| Expected return income on plan assets | 326.04 | 326.42 |
| Remeasurement gain / (loss) - return on plan assets recognised in other comprehensive income | 14.10 | 19.19 |
| Balance at the end of the year | 4,521.77 | 4,678.14 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

d) Expense recognised in profit or loss

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|----------------------|-----------------------------|-----------------------------|
| Current service cost | 374.75 | 350.17 |
| Interest cost | 80.68 | 24.60 |
| | 455.43 | 374.77 |

e) Remeasurements recognised in other comprehensive income

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Actuarial (gain) / loss on defined benefit obligation | 45.62 | 396.52 |
| Remeasurement (gain) / loss - return on plan assets | (14.10) | (19.19) |
| | 31.52 | 377.33 |

f) Plan assets

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

g) Actuarial assumptions

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---------------------------------------|----------------------------|----------------------------|
| Discount rate (per annum) | 7.23% p.a | 7.36% p.a |
| Future salary growth rate (per annum) | 9.00% p.a | 9.00% p.a |
| Attrition rate | 5.00% p.a | 5.00% p.a |
| Future Mortality | IALM 2012-14 (Ultimate) | IALM 2012-14 (Ultimate) |

h) Sensitivity analysis

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

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---------------------|----------|---------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (196.93) | 209.59 | (187.34) | 199.42 |
| Future salary growth rate (1.0% movement) | 421.33 | (379.63) | 401.45 | (361.53) |
| Attrition rate (0.5% movement) | (21.56) | 22.97 | (19.19) | 20.52 |

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

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

Maturity profile of defined benefit obligation:

Expected cash flows (valued on undiscounted basis):

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|----------------|------------------------|------------------------|
| Within 1 year | 785.43 | 552.86 |
| 2-5 years | 2,599.42 | 2,613.34 |
| 6-10 years | 2,485.12 | 2,572.55 |
| After 10 years | 5,279.64 | 5,000.92 |

The weighted average duration of the defined benefit obligation of gratuity fund at 31 March 2024 is 14.19 years (previous year 14.07 years).

(iii) Defined contribution plans

The Company makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The Company has recognised expense towards contribution to these plans as detailed below:

| Particulars* | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-----------------------------------|-----------------------------|-----------------------------|
| Provident fund | 1,006.33 | 974.04 |
| Superannuation fund | 282.73 | 243.06 |
| Employees' state insurance scheme | 3.42 | 1.44 |
| | 1,292.48 | 1,218.54 |

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

38 Financial Instruments - Risk Management and Fair Values

(A) Financial risk management

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

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

(l) Market risk

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

i. Foreign currency risk management:

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, as reported to management, are as follows:

As on 31 March 2024:

| Foreign Currency | Liabilities | | | Assets | | | Net overall exposure-net assets / (net liabilities) (in Rs. lakhs) |
|------------------|-------------------------------|--|---------------------------------------|-------------------------------|--|-----------------------------------|--|
| | Gross Exposure (in Rs. lakhs) | Exposure hedged using derivatives i.e. Cross currency interest rate swaps (in Rs. lakhs) | Net liability exposure (in Rs. lakhs) | Gross Exposure (in Rs. lakhs) | Exposure hedged using derivatives (in Rs. lakhs) | Net asset exposure (in Rs. lakhs) | |
| USD | 98.64 | - | 98.64 | 82.04 | - | 82.04 | (16.60) |
| YEN | 8.83 | - | 8.83 | - | - | - | (8.83) |

As on 31 March 2023:

| Foreign Currency | Liabilities | | | Assets | | | Net overall exposure-net assets / (net liabilities) (in Rs. lakhs) |
|------------------|-------------------------------|--|---------------------------------------|-------------------------------|--|-----------------------------------|--|
| | Gross Exposure (in Rs. lakhs) | Exposure hedged using derivatives i.e. Cross currency interest rate swaps (in Rs. lakhs) | Net liability exposure (in Rs. lakhs) | Gross Exposure (in Rs. lakhs) | Exposure hedged using derivatives (in Rs. lakhs) | Net asset exposure (in Rs. lakhs) | |
| USD | 319.30 | - | 319.30 | 24.63 | - | 24.63 | (294.67) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Disclosure of effects of Cash flow hedge on financial performance

| Type of hedge and risks | Change in the value of hedging instrument in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness |
|--|---|--|--|--|
| As at 31 March 2024 Cash flow hedge <i>Foreign currency risk</i> - ECB Loan | - | - | - | Other expenses |
| As at 31 March 2023 Cash flow hedge <i>Foreign currency risk</i> - ECB Loan | 27.84 | - | 595.02 | Other expenses |

Note: During the financial year 2022-23, ECB loan has been fully repaid.

- Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee by 1% against below currencies at 31 March 2024 and 31 March 2023 would have impacted the exposure in relation to financial instruments denominated in foreign currency and increased / decreased profit before tax and equity by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Particulars | 31 March 2024 | | 31 March 2023 | |
|--|-----------------------|-------------------|-----------------------|-------------------|
| | Rs. strengthens by 1% | Rs. Weakens by 1% | Rs. strengthens by 1% | Rs. Weakens by 1% |
| Impact on profit before tax and equity for the year | | | | |
| USD | 0.17 | (0.17) | 2.95 | (2.95) |
| YEN | 0.09 | (0.09) | - | - |

ii. Interest rate risk management :

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

As at year end, financial liabilities of Rs. 41,370.08 lakhs (previous year Rs. 25,793.71 lakhs) were subject to variable interest rates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

-Sensitivity analysis:

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

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

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
| Impact on profit before tax and equity for the year | 413.70 | 257.94 |

The Company's certain long term loans taken from bank carries variable rate of interest, hence, it is subject to interest rate risk since carrying amount or the future cash flows will fluctuate because of a change in market interest rates.

(II) Credit risk :

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. None of the financial instruments of the Company result in material concentrations of credit risks.

The Company primarily has exposure from following types of customers:

- Dealers
- Government institutions

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

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

| | Carrying amount as at | |
|-------------------------|-----------------------|---------------|
| | 31 March 2024 | 31 March 2023 |
| Dealers | 13,110.77 | 5,700.46 |
| Government institutions | 3,732.68 | 1,816.90 |
| Others | 53.78 | 57.37 |
| | 16,897.23 | 7,574.73 |

Age analysis of Trade receivables is as follows:

| | As at 31 March 2024 | | | | As at 31 March 2023 | | | |
|------------------------|---------------------|-----------|-----------|-------------------------------------|---------------------|-----------|----------|-------------------------------------|
| | Gross | Allowance | Net | Average expected credit loss rate % | Gross | Allowance | Net | Average expected credit loss rate % |
| Not due | 13,146.32 | - | 13,146.32 | - | 7,276.12 | - | 7,276.12 | - |
| Due less than 6 months | 3,657.90 | 1.00 | 3,656.90 | 0.03% | 282.48 | 2.10 | 280.38 | 0.74% |
| Due more than 6 months | 304.81 | 210.80 | 94.01 | 69.16% | 224.63 | 206.40 | 18.23 | 91.88% |
| | 17,109.03 | 211.80 | 16,897.23 | 1.24% | 7,783.23 | 208.50 | 7,574.73 | 2.68% |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

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

Movement in expected credit loss allowance

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Balance at the beginning of the year | 208.50 | 322.90 |
| Add: Incremental expected credit allowance | 6.68 | - |
| Less: Bad debts written off | 1.09 | 23.20 |
| Less: Reversal of provisions | 2.29 | 91.20 |
| Balance at the end of the year | 211.80 | 208.50 |

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

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

Other financial assets measured at amortised cost: Other financial assets measured at amortized cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously and there were no indications that defaults in payment obligations would occur.

(III) Liquidity risk :

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained short term borrowing limits of Rs. 70,095.82 lakhs from various banks to meet it's liquidity needs, out of which Rs. 35,001.28 lakhs has been utilised as at 31 March 2024.

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

| Particulars | Due in 1st year | Due in 2nd to 5th year | Due after 5th year | Carrying amount |
|-----------------------------|--------------------|---------------------------|-----------------------|--------------------|
| 31 March 2024 | | | | |
| Trade payables | 33,187.75 | - | - | 33,187.75 |
| Lease liabilities | 305.48 | 345.79 | 7.29 | 658.56 |
| Other financial liabilities | 1,179.56 | - | 1,183.23 | 2,362.79 |
| Borrowings | 37,530.31 | 4,035.24 | - | 41,565.55 |
| | 72,203.10 | 4,381.03 | 1,190.52 | 77,774.65 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| Particulars | Due in 1st year | Due in 2nd to 5th year | Due after 5th year | Carrying amount |
|-----------------------------|-----------------|------------------------|--------------------|-----------------|
| 31 March 2023 | | | | |
| Trade payables | 29,160.52 | - | - | 29,160.52 |
| Lease liabilities | 284.40 | 472.26 | 6.99 | 763.65 |
| Other financial liabilities | 1,453.98 | - | 1,133.99 | 2,587.97 |
| Borrowings | 24,158.86 | 1,652.16 | - | 25,811.02 |
| | 55,057.76 | 2,124.42 | 1,140.98 | 58,323.16 |

38 Financial instruments - Risk Management and Fair values
(B) Accounting classification and fair values

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

| | Level of hierarchy | As at 31 March 2024 | | | As at 31 March 2023 | | |
|--|--------------------|---------------------|-----------|----------------|---------------------|----------|----------------|
| | | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| Financial assets | | | | | | | |
| Non-current | | | | | | | |
| Loans | - | - | 201.99 | - | - | 82.29 | |
| Other financial assets | - | - | 294.33 | - | - | 418.90 | |
| Current | | | | | | | |
| Trade receivable | - | - | 16,897.23 | - | - | 7,574.73 | |
| Cash and cash equivalents | - | - | 3,482.01 | - | - | 349.16 | |
| Bank balances other than cash and cash equivalents above | - | - | 1,387.14 | - | - | 235.17 | |
| Loans | - | - | 66.83 | - | - | 45.22 | |
| Other financial assets | - | - | 132.54 | - | - | 56.85 | |
| Total financial assets | - | - | 22,462.07 | - | - | 8,762.32 | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| Level of hierarchy | As at 31 March 2024 | | | As at 31 March 2023 | | |
|------------------------------------|---------------------|-------|----------------|---------------------|-------|----------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| Financial liabilities | | | | | | |
| Non-current | | | | | | |
| Borrowings | - | - | 4,035.24 | - | - | 1,652.16 |
| Lease liabilities | - | - | 306.60 | - | - | 406.11 |
| Other financial liabilities | - | - | 1,183.23 | - | - | 1,133.99 |
| Current | | | | | | |
| Borrowings | - | - | 37,530.31 | - | - | 24,158.86 |
| Trade payables | - | - | 33,187.75 | - | - | 29,160.52 |
| Lease liabilities | - | - | 254.69 | - | - | 234.18 |
| Other financial liabilities | - | - | 1,179.56 | - | - | 1,453.98 |
| Total financial liabilities | - | - | 77,677.38 | - | - | 58,199.80 |

Note:

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

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

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

Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2024 and 31 March 2023.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

39 Income Tax

| (a) Income tax recognised in profit or loss | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Current tax | | |
| In respect of current year | - | - |
| In respect of prior years | 7.73 | (23.83) |
| | 7.73 | (23.83) |
| Deferred tax | | |
| In respect of current year* | (434.58) | (232.13) |
| In respect of prior years | 284.13 | - |
| | (150.45) | (232.13) |
| Total income tax expense recognised in profit or loss | (142.72) | (255.96) |
| * refer footnote (1) and (2) of note 39 (e) | | |
| (b) Income tax expense for the year reconciled to the accounting profit: | Year ended 31 March 2024 | Year ended 31 March 2023 |
| Profit before tax | 10,645.08 | 1,727.56 |
| Income tax rate | 25.168% | 25.168% |
| Income tax expense | 2,679.15 | 434.79 |
| Deferred tax asset created on unused tax losses and unabsorbed depreciation pertaining to earlier years [refer footnote (1)] | (3,052.49) | (1,570.48) |
| Unused tax credit (MAT credit entitlement) reversed [refer footnote (2)] | - | 768.20 |
| Effect of non-deductible expenses / income | (32.01) | 4.98 |
| Current tax related to prior years | 7.73 | (23.83) |
| Effect of change in tax rate due to opting of new regime [refer note (2)] | - | 206.29 |
| Differential tax rate on capital gain on sale of land | (4.07) | - |
| Deferred tax adjustment related to previous years | 284.13 | - |
| Others | (25.16) | (75.91) |
| Income tax expense recognised in profit or loss | (142.72) | (255.96) |
| (c) Income tax recognized in other comprehensive income | Year ended 31 March 2024 | Year ended 31 March 2023 |
| Deferred tax | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Remeasurements of defined benefit obligations | 7.93 | 94.97 |
| Effective portion of loss on hedging instruments in cash flow hedge | - | (82.83) |
| Total income tax recognised in other comprehensive income | 7.93 | 12.14 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

(d) Analysis of deferred tax assets / liabilities

| | As at 1 April 2022 | Recognized in profit or loss | Recognized in other comprehensive income | As at 31 March 2023 |
|--|-----------------------|---------------------------------|---|------------------------|
| Deferred tax (liabilities) / assets in relation to: | | | | |
| Property, plant and equipment and intangible assets (net) | (5,056.44) | 1,476.18 | - | (3,580.26) |
| Provisions- employee benefits | 1,351.09 | (322.77) | 94.97 | 1,123.29 |
| Allowance for expected credit loss and others | 161.75 | (28.76) | - | 132.99 |
| Cash flow hedges | (148.14) | 230.97 | (82.83) | - |
| Unabsorbed Depreciation and carry forward losses | 4,180.57 | (261.53) | - | 3,919.04 |
| Unused tax credit (Mat credit entitlement) | 768.20 | (768.20) | - | - |
| Lease liabilities | 251.51 | (90.36) | - | 161.15 |
| Other items | (2.97) | (3.40) | - | (6.37) |
| Total | 1,505.57 | 232.13 | 12.14 | 1,749.84 |

| | As at 1 April 2023 | Recognized in profit or loss | Recognized in other comprehensive income | As at 31 March 2024 |
|--|-----------------------|---------------------------------|---|------------------------|
| Deferred tax (liabilities) / assets in relation to: | | | | |
| Property, plant and equipment and intangible assets (net) | (3,580.26) | 132.44 | - | (3,447.82) |
| Provisions- Employee benefits | 1,123.29 | 143.78 | 7.93 | 1,275.00 |
| Allowance for expected credit loss and others | 132.99 | 22.50 | - | 155.49 |
| Unabsorbed Depreciation and carry forward losses | 3,919.04 | (118.38) | - | 3,800.66 |
| Lease liabilities | 161.15 | (19.88) | - | 141.27 |
| Other items | (6.37) | (10.01) | - | (16.38) |
| Total | 1,749.84 | 150.45 | 7.93 | 1,908.22 |

(e) Unrecognised deferred tax assets

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Unabsorbed depreciation and carry forward losses (net of other comprehensive income) [refer note (1) and (2) below] | - | 12,128.45 |
| Unrecognised deferred tax on above | - | 3,052.49 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

Note:

- (1) The Company has unrecognized deferred tax assets of Rs. 3,052.49 lakhs on unabsorbed depreciation and unused tax losses of Rs. 12,128.45 lakhs as on 31 March 2023. During the current year, the Company has recognized entire amount of unrecognized deferred tax asset considering current year profits and sufficient future taxable profits based on projections.
 - (2) During the year ended 31 March 2023, the Company had opted for a lower tax rate under section 115BAA of the Income Tax Act, 1961 inserted vide Taxation Laws (Amendment) Act, 2019 ('new tax regime'). As per the new tax regime, the Company had an irrevocable option of shifting to a lower tax rate with consequent reduction in certain tax incentives. Consequently, deferred tax asset was derecognized amounting to Rs. 768.20 lakhs on account of Minimum alternate tax (MAT) which is not available in new tax regime and net deferred tax assets amounting to Rs. 206.29 lakhs were reversed on account of change in tax rate on deferred tax asset (net) as on 31 March 2022. During the year ended 31 March 2023, the Company recognised deferred tax on new tax rate. Additionally, Rs. 5,087.46 lakhs of unused tax losses comprising Rs. 3,801.78 lakhs additional depreciation and Rs.1,285.68 lakhs additional deduction under section 35(2AB) were surrendered.
- 40.** The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company uses certain accounting software for maintaining accounting records, employee reimbursement records and dealer expenses/ claims records. During the year ended March 31, 2024, the audit trail (edit logs) feature has been implemented w.r.t to such accounting software used by the Company for maintaining its books of account and have been operated for all the relevant transactions recorded in such software except that for one accounting software audit trail feature for one User Id was not enabled at the database level to log any direct data changes, used for internal communications between application server and database server. As per management assessment, it was not required, since, there were no manual transaction involved and backup logs were already created for each transaction. However Management has enabled the audit trail for said User Id subsequent to the year end.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

41 (a) Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern, while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds. The Company uses the operational cash flows and equity to meet its working capital requirements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings. The Company is not subject to any externally imposed capital requirements.

Management of the Company reviews the capital structure of the Company on a regular basis and uses debt equity ratio to monitor the same. As part of this review, management of the Company considers risks associated with the movement in the working capital and capex needs.

The following table summarises the capital structure of the Company:

| | As at 31 March 2024 | As at 31 March 2023 |
|---------------------------------------|------------------------|------------------------|
| Borrowings (current and non-current)* | 41,565.55 | 25,811.02 |
| Less: Cash and cash equivalents | 3,482.01 | 349.16 |
| Net debt (A) | 38,083.54 | 25,461.86 |
| Total Equity (B) | 28,558.88 | 17,794.67 |
| Net debt to equity ratio (A/B) | 1.33 | 1.43 |

* The Company is required to comply with certain covenants under the agreement executed for some of its long term borrowings. During the financial year ended 31 March 2024, for borrowings aggregating to Rs. 594.06 lakhs, one of the financial covenants has not been met by the Company and the lenders have the option to recall the said borrowings. The lender has waived off the requirement of meeting the financial covenants for the year ended 31 March 2024 on borrowing amounting to Rs. 594.06 lakhs, hence, maturities of said loan due after 12 months of the reporting date has been classified as non-current liability as at 31 March 2024.

(b) Reconciliation of movements of liabilities (including cross currency interest rate swap) to cash flows arising from financing activities :-

| Particulars | Borrowings (Current and non-current) | Lease liabilities (Current and non-current) | Cross currency interest rate swaps used for hedging | Interest accrued | Total |
|---|--|--|---|---------------------|------------------|
| Balance as at 31 March 2022 | 29,056.88 | 719.77 | (423.92) | 59.09 | 29,411.82 |
| Interest accrued for the year | - | - | - | 2,471.97 | 2,471.97 |
| Exchange fluctuation (gain) / loss | (451.76) | - | 451.76 | - | - |
| Net cash inflows / (outflows) | (2,794.10) | (256.51) | - | (2,465.11) | (5,515.72) |
| Lease liabilities-Additions during the year | - | 177.37 | - | - | 177.37 |
| Change in fair value | - | - | (27.84) | - | (27.84) |
| Rent concession / Lease modification | - | (0.34) | - | - | (0.34) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| Particulars | Borrowings (Current and non-current) | Lease liabilities (Current and non-current) | Cross currency interest rate swaps used for hedging | Interest accrued | Total |
|---|--|--|---|---------------------|------------------|
| Balance as at 31 March 2023 | 25,811.02 | 640.29 | - | 65.95 | 26,517.26 |
| Interest accrued for the year | - | - | - | 2,948.97 | 2,948.97 |
| Net cash inflows / (outflows) | 15,754.53 | (178.55) | - | (2,895.17) | 12,680.81 |
| Lease liabilities - Additions during the year | - | 99.55 | - | - | 99.55 |
| Balance as at 31 March 2024 | 41,565.55 | 561.29 | - | 119.75 | 42,246.59 |

42 Research and development costs are as follows:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Revenue expenditure recognised in statement of profit and loss under appropriate account heads | 2,058.70 | 1,278.00 |
| Capital expenditure | 54.77 | 26.80 |

43 Final Dividend

The Board of Directors has considered and recommended a final dividend of 160% (Rs. 16 per equity share of Rs. 10 each fully paid up) amounting to Rs. 2,315.46 lakhs, subject to approval by the shareholders at the ensuing Annual General Meeting, and it has not been recognised as liability in these financial statements.

44 Details of corporate social responsibility expenditure

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| (i) Amount required to be spent by the company during the year* | - | - |
| (ii) Amount of expenditure incurred | | |
| (a) Construction/acquisition of any asset | - | - |
| (b) On purpose other than (a) above | 34.32 | 19.79 |
| (iii) Shortfall at the end of the year | - | - |
| (iv) Total of previous years shortfall | - | - |
| (v) Reason for shortfall | - | - |
| (vi) Nature of CSR activities | Girls Education, Vocational Education, Medical Infrastructure | Girls Education, Vocational Education, Medical Infrastructure |
| (vii) details of related party transactions | - | - |

* The Company has negative average net profit of the three immediately preceding financial years, therefore, there was no amount as per section 135 of the Act which was required to be spent on CSR activities in the current financial year by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

45 Key Financial Ratios

| Particulars | Numerator | Denominator | Year ended 31 March 2024 | Year ended 31 March 2023 | Change | Reason where change more than 25% |
|-------------------------------------|--|--|-----------------------------|-----------------------------|--------|---|
| (i) Current Ratio | Current assets | Current liabilities | 1.01 | 0.79 | 28% | Due to higher increase in current assets as compared to current liabilities |
| (ii) Debt Equity Ratio | Total borrowings (current and non-current) | Total equity | 1.46 | 1.45 | 0% | |
| (iii) Debt Service Coverage Ratio | Earning available for debt service * | Debt service ** | 4.02 | 1.27 | 217% | Due to higher profit after tax and lower debt service during the year |
| (iv) Return on Equity Ratio (%) | Profit/(loss) after tax | Total equity | 37.8% | 11.1% | 239% | Due to higher profit after tax during the year |
| (v) Inventory Turnover | Cost of goods sold | Average total inventory | 3.39 | 4.07 | -17% | |
| (vi) Debtors Turnover | Revenue from operations | Average trade receivables | 17.95 | 23.56 | -24% | |
| (vii) Trade payables turnover ratio | Purchase of materials & stock-in-trade | Average trade payables | 5.95 | 5.92 | 1% | |
| (viii) Net Capital turnover ratio | Revenue from operations | Total current assets - Total current liabilities | 434.67 | -12.41 | -3603% | Due to increase in revenue from operations and change in negative net working capital to positive |
| (ix) Net Profit/(loss) Margin (%) | Profit/(loss) after tax | Revenue from operations | 4.9% | 1.1% | 351% | Due to higher profit after tax during the year |
| (x) Return on capital employed (%) | Profit/(loss) before interest and tax | Capital employed *** | 22.1% | 12.3% | 80% | Due to higher profit before interest and tax during the year |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

| Particulars | Numerator | Denominator | Year ended 31 March 2024 | Year ended 31 March 2023 | Change | Reason where change more than 25% |
|-------------------------------|-----------|-------------|-----------------------------|-----------------------------|--------|---|
| (xi) Return on investment (%) | - | - | N.A. | N.A. | - | |

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

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

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

- 46 (a)** The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b)** The Company has not received any funds from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c)** There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (d)** The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- (e)** The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company.
- (f)** The Company has no such layers as prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Hence, the said clause is not applicable to the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts in Rs. Lakhs unless stated otherwise)

- (g) The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- (h) The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year.
- (i) No charges or satisfaction are yet to be registered with ROC beyond the statutory period.
- (j) No proceeding have been initiated on or is pending against the Company for holding benami property under the Benami Transactions Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

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

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

S.K. Tuteja
Chairman
DIN: 00594076

Sandeep Mehta
Partner
Membership Number: 099410

Parvesh Madan
Company Secretary
ACS: 31266

Junya Yamanishi
Managing Director & CEO
DIN: 09174162

Place: New Delhi
Date: 23 May 2024

Place: New Delhi
Date: 23 May 2024

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

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of SML Isuzu Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit (including other comprehensive loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Revenue from Contract with Customers:</p> <p>The Company generates revenue mainly from sale of commercial vehicles such as buses and trucks, and from sale of chassis and related spares, parts and accessories, to a wide range of customers through a network of dealers established across India. The Company also provides after-sales service to its customers.</p> <p>Refer note 2(i) to the accompanying financial statements for the accounting policies on revenue recognition and note 23 for the details of the revenue recognized during the current year.</p> <p>Revenue recognition for sale of products and services in accordance with the principles of Ind AS 115 'Revenue from contracts with customers' (Ind AS 115) involves certain key judgements such as identification of performance obligations, determination of transaction price of the identified performance obligations including variable consideration in the form of volume discounts, service level credits, performance bonuses, price concessions and incentives offered by the Company, assessment of satisfaction of the performance obligations using an appropriate basis to measure the transfer of control of the products sold and services rendered to the customers.</p> <p>Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to the customer, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax etc. Management judgement is involved to estimate the provision for warranty, service coupons and liquidated damages to be recorded with respect to sales made during the year. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.</p> <p>Revenue is also a key performance indicator of the Company and is identified as a significant audit risk in accordance with the standards on auditing primarily as there is a risk that revenue is recognised on sale of products or services before the control is transferred. Accordingly, occurrence of revenue is a key focus area.</p> | <p>Our audit procedures relating to revenue recognition included, but were not limited to, the following procedures:</p> <ul style="list-style-type: none"> • Understood the process of revenue recognition and evaluated the appropriateness of the revenue recognition accounting policy, adopted by the management on revenue recognition in accordance with Ind AS 115. • Evaluated the design and tested the operating effectiveness of relevant key control around revenue recognition for a sample of transactions. • Selected a sample of continuing and new contracts and read the performance obligations in these contracts assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards. • Performed substantive testing, on a sample basis, on revenue transactions recorded during the year and revenue transactions recorded during a specific period before and after year end based on average delivery period, by inspecting supporting documents such as invoices, customer contracts, purchase orders, sales order, proof of dispatch and delivery, etc. to ensure such transactions are recorded accurately by correct amount and in correct period. • Performed substantive analytical procedures such as variance analysis on revenue to identify any unusual trends or any unusual items. • Performed a retrospective review of estimates involved in warranty provision measurement and ascertained that the carrying value is reflective of the expected future obligation basis consistent application of method of estimation basis past trends. • Tested manual journal entries, if any, posted to revenue selected on a sample basis using risk based criteria in order to identify any unusual items. • Evaluated appropriateness and adequacy of the disclosures made in the accompanying financial statements in respect of revenue recognition in accordance with requirements of applicable financial reporting framework. |

| | |
|--|--|
| Considering the materiality of the amounts involved, significant estimates and judgements involved in revenue recognition, this matter has been identified as a key audit matter for the current year audit. | |
|--|--|

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

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - c) The financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
 - f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 17(b) above on reporting under section 143(3)(b) of the Act and paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2024 and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company, as detailed in note 31 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2024;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024;
 - iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 46(a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities) including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 46(b) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. As stated in note 43 to the accompanying financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. As stated in note 40 to the financial statements and based on our examination which included test checks, except for instance mentioned below, the Company, in respect of financial year commencing on 1 April 2023, has used certain accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in such software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with other than the consequential impact of the exception given below.

| Nature of exception noted | Details of Exception |
|---|---|
| Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software, | The audit trail feature was not enabled for one Used Id at the database level for an accounting software to log any direct data changes, used for maintenance of all accounting records by the Company. |

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 24099410BKELFY4235

Place: New Delhi

Date: 23 May 2024

Annexure I referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of SML Isuzu Limited on the financial statements for the year ended 31 March 2024

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and relevant details of right-of-use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment and relevant details of right-of-use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 3 to the financial statements, are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment including right-of-use assets or intangibles assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- (b) As disclosed in Note 15 to the financial statements, the Company has been sanctioned a working capital limit in excess of Rs. 500 lakhs by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the quarter ended 30 June 2023, 30 September 2023, 31 December 2023 which were not subject to audit and for the quarter ended 31 March 2024 which is subject to audit.
- (iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.

Annexure I referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of SML Isuzu Limited on the financial statements for the year ended 31 March 2024

- (iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

| Name of the Statute | Nature of Dues | Gross Amount (Rs. in lakhs) | Amount Paid under protest (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|----------------|-----------------------------|--|------------------------------------|--|
| Income-tax Act, 1961 | Income Tax | 622.34 | Nil | FY 2007-08 | Punjab & Haryana High Court |
| Income-tax Act, 1961 | Income Tax | 157.84 | Nil | FY 2014-15 | Punjab & Haryana High Court |
| Income-tax Act, 1961 | Income Tax | 21.12 | Nil | FY 2014-15 | Income Tax Appellate Tribunal Chandigarh |
| Income-tax Act, 1961 | Income Tax | 161.79 | Nil | FY 2015-16 | Income Tax Appellate Tribunal Chandigarh |
| Income-tax Act, 1961 | Income Tax | 119.17 | 119.17 | FY 2015-16 | Commissioner of Income Tax (Appeals) |
| Income-tax Act, 1961 | Income Tax | 11.56 | Nil | FY 2015-16 | Commissioner of Income Tax (Appeals) |
| Income-tax Act, 1961 | Income Tax | 84.77 | Nil | FY 2017-18 | Assessing Officer |
| Income-tax Act, 1961 | Income Tax | 224.84 | Nil | FY 2017-18 | Income Tax Appellate Tribunal Chandigarh |

| Name of the Statute | Nature of Dues | Gross Amount (Rs. in lakhs) | Amount Paid under Protest (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|------------------------|-----------------------------|--|------------------------------------|---|
| Income-tax Act, 1961 | Income Tax | 165.47 | Nil | FY 2019-20 | Commissioner of Income Tax (Appeals) |
| Income-tax Act, 1961 | Income Tax | 534.19 | Nil | FY 2020-21 | Commissioner of Income Tax (Appeals) |
| Income-tax Act, 1961 | Income Tax | 20.71 | Nil | FY 2021-22 | Commissioner of Income Tax (Appeals) |
| | Sub - Total (A) | 2,123.80 | 119.17 | | |
| Central Excise Act, 1944 | Duty of Excise | 5.70 | Nil | FY 2005-2006 | Commissioner (Appeals) |
| Finance Act, 1994 | Service Tax | 5.70 | Nil | FY 2005-2006 | Customs Excise and Service Tax Appellate Tribunal (CESTAT) |
| Central Excise Act, 1944 | Duty of Excise | 13.42 | 1.34 | October 2007 to June 2017 | Customs Excise and Service Tax Appellate Tribunal (CESTAT) |
| Central Excise Act, 1944 | Duty of Excise | 4.05 | Nil | April 2010 to September 2011 | Customs Excise and Service Tax Appellate Tribunal (CESTAT) |
| The Customs Act, 1962 | Custom Duty | 0.06 | Nil | December 2017 to October 2018 | Deputy Commissioner of Customs Group - JNCH Maharashtra |
| | Sub - Total (B) | 28.93 | 1.34 | | |
| Punjab VAT Act, 2005 | Value added tax | 1.57 | 0.39 | FY 2007-08 | Deputy Excise and Taxation Commissioner cum Joint Director Enforcement, Patiala |
| The West Bengal Value Added Tax Rules, 2005 | Entry tax | 1.13 | 0.84 | FY 2012-13 | West Bengal Commercial Taxes Appellate and Revisional Board, Bench VI |
| U.P. VAT Act, 2008 | Value added tax | 9.22 | Nil | FY 2015-16 and FY 2016-17 | Commercial Tax Tribunal Appeal - Lucknow, U.P. |
| A. P. VAT Act, 2005 | Value added tax | 3.55 | 0.88 | FY 2016-17 | Tribunal - Vishakhapatnam - A.P. |
| CGST Act, 2017 | Goods & Service Tax | 115.23 | 10.47 | July 2017 to May - 2020 | Commissioner Appeals- Ludhiana, Punjab |
| Tamil Nadu GST Act, 2017 | Goods & Service Tax | 214.07 | Nil | FY 2017-18 | Assistant Commissioner (ST) Saidapet Assessment Circle, Chennai, Tamil Nadu |
| Tamil Nadu GST Act, 2017 | Goods & Service Tax | 45.21 | Nil | FY 2017-18 | Assistant Commissioner (ST) Saidapet Assessment Circle, Chennai, Tamil Nadu |
| CGST Act, 2017 | Goods & Service Tax | 175.08 | Nil | July 2017 to December 2022 | Assistant Commissioner, CGST division, Phagwara (Punjab) |
| CGST/APSGST Act, 2017 | Goods & Service Tax | 0.30 | 0.02 | July 2017 to March 2020 | Commissioner Appeals - Guntur, Andhra Pradesh |
| CGST/W.B. GST Act, 2017 | Goods & Service Tax | 0.52 | 0.02 | FY 2018-19 | Commissioner Appeals - Kolkata, West Bengal |

| Name of the Statute | Nature of the Dues | Gross Amount (Rs. in lakhs) | Amount Paid under Protest (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------------------|-----------------------|-----------------------------|--|------------------------------------|---|
| CGST/HGST Act, 2017 | Goods and Service Tax | 0.40 | Nil | FY 2018-19 | Commissioner Appeals, Faridabad, Haryana |
| Tamil Nadu GST Act, 2017 | Goods and Service Tax | 9.38 | Nil | FY 2018-19 | Assistant Commissioner (ST) Saidapet Assessment Circle, Chennai, Tamil Nadu |
| Bihar GST Act, 2017 | Goods and Service Tax | 0.89 | Nil | FY 2018-19 | Deputy Commissioner - State Taxes, Patliputra, Bihar |
| CGST Act, 2017 | Goods & Service Tax | 12.21 | Nil | FY 2019-20 | Superintendent, GST Range, Nawanshahar, Punjab |
| CGST Act, 2017/ WBGST Act, 2017 | Goods & Service Tax | 20.53 | Nil | FY 2019-20 | Deputy Commissioner State tax, Alipore Behala, West Bengal |
| Karnataka GST Act, 2017 | Goods & Service Tax | 4.49 | Nil | FY 2019-20 | Deputy Commissioner - Commercial Taxes, Dharwad, Karnataka |
| | Sub-Total (C) | 613.78 | 12.62 | | |
| | Total (A+B+C) | 2,766.51 | 133.13 | | |

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanation given to us the Company has not defaulted in repayments of loans or borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilized for long term purposes.
- (e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

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- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company has met the criteria as specified under sub-section (1) of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 24099410BKELFY4235

Place: New Delhi

Date: 23 May 2024

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

1. In conjunction with our audit of the financial statements of SML Isuzu Limited ('the Company') as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with respect to financial statements criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on internal financial controls with respect to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 24099410BKELFY4235

Place of Signature : New Delhi

Report Date : 23 May 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of the Director | DIN | Date of appointment in the company |
|---------|---------------------------|----------|------------------------------------|
| 1. | Mr. Surender Kumar Tuteja | 00594076 | 20/06/1998 |
| 2. | Mr. Sudhir Nayar | 00200415 | 06/08/2013 |
| 3. | Mr. Chandra Shekhar Verma | 00121756 | 22/09/2019 |
| 4. | Ms. Atima Khanna | 07145114 | 22/09/2022 |
| 5. | Mr. Masaki Morohoshi | 07302404 | 01/04/2022 |
| 6. | Mr. Takuro Horikoshi | 09102449 | 19/05/2021 |
| 7. | Mr. Takashi Sakuma | 09113520 | 04/11/2023 |
| 8. | Mr. Takashi Nishida | 09699655 | 11/08/2022 |
| 9. | Mr. Junya Yamanishi | 09174162 | 20/05/2021 |

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

Date : 17.07.2024
Place : Chandigarh
UDIN : F002191F000762984

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No. 993
Peer Review Cert No. 2120/2022

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, 2024 and to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and for evaluating the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee :
- Significant changes, if any, in internal control over financial reporting during the year;
 - Significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Junya Yamanishi
Managing Director & CEO
Place: Chandigarh, India

Rakesh Bhalla
Chief Financial Officer
Place: Chandigarh, India

Date : 17.05.2024

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

I, Junya Yamanishi, Managing Director & CEO of SML Isuzu Limited hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Company's Code of Conduct for the Financial Year ended on 31st March, 2024 in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Junya Yamanishi
Managing Director & CEO
Place: Chandigarh, India

Date : 14.05.2024

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SML Isuzu Limited
CIN: L50101PB1983PLC005516

We have examined the compliance of the conditions of Corporate Governance by SML Isuzu Limited (“the Company”) for the Financial Year ended 31st March, 2024, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in the above mentioned Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

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

Assumptions & Limitation of scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

For A. Arora & Co.
Company Secretaries

AJAY K. ARORA

(Proprietor)

FCS No. 2191

C P No.: 993

Date : 17.07.2024
Place : Chandigarh
UDIN : F002191F000763083

Peer review Cert No. 2120/2022

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting (AGM) of SML Isuzu Limited (the Company) will be held on **20th September, 2024 (Friday) at 11:00 AM (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business. The venue for the meeting shall be deemed to be the Registered Office of the Company situated at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab 144533.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2024 and the reports of the Board of Directors and Auditors thereon.
2. To declare Final Dividend of Rs.16/- per equity share of the face value of Rs. 10/- each, for the Financial Year ended 31st March, 2024.
3. To appoint a Director in place of **Mr. Ryusuke Miyake (DIN 10569281)**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Takashi Sakuma (DIN 09113520)**, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. **Re-appointment of Mr. Chandra Shekhar Verma, (DIN 00121756) as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Mr. Chandra Shekhar Verma (DIN 00121756), who was appointed as an Independent Director of the Company w.e.f. 22nd September, 2019 at 35th Annual General Meeting of the Company, held on 30th September 2019, and holds office of Independent Director up to 21st September, 2024 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years commencing from 22nd September, 2024 to 21st September, 2029 (both days inclusive)."

6. **Appointment of Mr. Sanjeev Mehan (DIN 00224016) as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Mr. Sanjeev Mehan (DIN 00224016), who is eligible for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, being so eligible, be and is hereby appointed as

an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years commencing from 22nd September, 2024 to 21st September, 2029 (both days inclusive).”

7. Appointment of Mr. Tomoyuki Yamaguchi (DIN: 10733078) as Non-Executive (Non-Independent) Director of the Company liable to retire by rotation

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereof), Mr. Tomoyuki Yamaguchi (DIN 10733078), who was appointed by the Board of Directors of the Company as an Additional Director of the Company w.e.f. 9th August, 2024, and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Non-Executive (Non-Independent) Director of the Company, liable to retire by rotation.”

NOTES:

1. An Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto. The Board of the Company, at its meeting held on 2nd August, 2024, has considered and approved that the special businesses under Item Nos. 5, 6 and 7, being unavoidable, to be transacted at the 40th Annual General Meeting (AGM) of the Company.
2. The Ministry of Corporate Affairs ("MCA") vide its Circular No(s) 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020 and 09/2023 dated 25th September, 2023 permitted the companies or holding the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), without the physical presence of the Members at a common venue.
In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA Circulars and SEBI Circulars, the 40th AGM of the Company is being held through VC / OAVM on **Friday, 20th September, 2024 at 11:00 AM**.
The deemed venue for the AGM will be the Registered Office of the Company, i.e. Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab 144533. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 16.
3. Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM. However, the Corporate Members are entitled to appoint authorized representatives to attend the meeting through VC / OAVM and participate and cast their votes through e-voting.
4. Members can join the AGM through the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available on first come first served basis.
5. The attendance of Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. Pursuant to MCA/ SEBI Circulars, the Annual Report for Financial Year 2023-24 and Notice of 40th Annual General Meeting, are being sent ONLY through e-mail to the Members whose e-mail address is registered with the Company or the Depository Participant(s).

The Notice of Annual General Meeting, Audited Financial Statements for the year ended 31st March, 2024 together with Report of Directors and Auditors' Report are available on the website of the Company www.smlisuzu.com, on the website of BSE Limited at www.bseindia.com, on the website of National Stock Exchange of India Limited (NSE) at www.nseindia.com and also on the website of NSDL at www.evoting.nsdl.com.

In accordance with the MCA Circulars, the Company has issued a public notice on 13.08.2024 in Financial Express, The Indian Express and Ajit informing the Members to register their e-mail address for this Annual General Meeting.

Members desirous of obtaining the physical copy of the Notice of AGM and Annual Report 2024, may send their request at investors@smlisuzu.com.

7. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, read with the Rules made thereunder, are requested to send the prescribed Form SH-13 to the Corporate/Registered Office of the Company. Any change or cancellation of the nomination already given is to be submitted in Form SH-14. Form SH-13 and Form SH-14 are available on the Company's website - www.smlisuzu.com in the Investors Section for download.
8. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) is M/s MCS Share Transfer Agent Limited having their office at F-65, first floor, Okhla Industrial Area, Phase-1, New Delhi - 110020.
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number, ECS mandate, nominations, power of attorney, bank account details, etc., to their Depository Participant(s) in case the shares are held by them in electronic form and to Company's RTA-M/s MCS Share Transfer Agent Limited having their office at F-65, Okhla Industrial Area, Phase-1, New Delhi - 110020 in case the shares are held in physical form.
10. Pursuant to Master Circular dated 7th May, 2024 and Circular dated 10th June, 2024 issued by SEBI, it shall be mandatory for the holders of physical securities to furnish PAN, contact details (Postal address with PIN and Mobile number), Bank A/c details and specimen signature for their corresponding folio numbers. Members of such folios where in any one of the above mentioned document/details are not updated shall be eligible:
 - a) *To lodge grievance or avail any service request from the RTA ONLY after furnishing PAN and KYC details.*
 - b) *For any payment including dividend, interest or redemption payment in respect of such folios ONLY through electronic mode with effect from 1st April, 2024.*Members are requested to register/update the details in prescribed Form ISR-1 and other relevant forms, duly filled along with self-attested supporting documents and other relevant forms, with M/s. MCS Share Transfer Agent Limited ('MCS'), Registrar and Share Transfer Agent of the Company at helpdeskdelhi@mcsregistrars.com. Members may download the prescribed forms from the Company's website at www.smlisuzu.com.
11. The Register of Members and Share Transfer Books of the Company will be closed from **7th September, 2024 to 13th September, 2024** (both days inclusive) for the purpose of Annual General Meeting for the Financial Year ended 31st March, 2024.
12. The Dividend, if declared at the AGM, will be paid in accordance with the following terms and conditions:
 - a) The Board of the Company, at its meeting held on 23rd May, 2024, has approved and recommended the payment of Final Dividend of Rs. 16/- (Rupees Sixteen only) per equity share of the face value of Rs. 10 (Rupees Ten) each for the financial year ended 31st March, 2024, subject to the approval of shareholders at the AGM.

- b) The Dividend, subject to the approval of the Members, will be paid on or before 20th October, 2024 to those Members whose names appear on the Register of Members **as on the Record Date i.e. 6th September, 2024.**
- c) Members holding shares in physical/demat mode are hereby informed that the Bank particulars registered with RTA or their respective DP, as the case may be, will be considered by the Company for payment of dividend.
- d) Members holding shares in physical/demat mode are required to submit their Bank account details, if not already registered, as mandated by the SEBI.
- e) In case the Company's Banker is unable to process the Final Dividend to any Member by electronic mode, due to non-availability of the details of the bank account or for any other valid reason whatsoever, the shareholder may write to the Company with KYC details and a cancelled copy of cheque for allowing the Company to transfer the amount to the respective bank accounts of the Member(s) through the Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/Real Time Gross Settlement (RTGS)/Direct Credit, etc.
- f) As per the Income Tax Act, 1961, dividends paid or distributed by the Company after 1st April, 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source ("TDS") at the prescribed rates from the dividend to be paid to the shareholders, subject to the requisite approvals. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof.
- g) Members are requested to complete and/or update their Residential Status, PAN and Category as per the IT Act with their Depository Participants ("DPs") or in case shares are held in physical form, with the Company by sending documents at investors@smlisuzu.com by **Friday, 6th September, 2024** to enable the Company to determine the appropriate TDS/withholding tax rate applicable, verify the documents and provide exemption. For details, please visit the website of the Company at the link:
https://www.smlisuzu.com/storage/uploads/finance_reports/agm_files/1724836665-Note%20-%20TDS%20on%20dividend.pdf

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

- (a) The Company has transferred unclaimed dividends for and up to the financial year ended 31st March, 2016 to the Investor Education and Protection Fund (IEPF). Further, amount of Unclaimed Dividend for FY 2016-17 is due for deposit to the IEPF on 28th October, 2024. 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 30th June, 2024 on the website of the Company (www.smlisuzu.com).

Due dates for transfer of dividend 2017-2018 and onwards-

| Financial Year ended | Date of declaration of dividend | Due for transfer to IEPF |
|--|---------------------------------|--------------------------|
| 2017-18 | 09-08-2018 | 13-09-2025 |
| 2018-19 | 30-09-2019 | 04-11-2026 |
| The Company has not declared any dividend for FY 2019-20 to FY 2022-23 | | |

- (b) Pursuant to Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with Section 124 of the Companies Act, 2013, shares in respect of which dividend has not been claimed by the shareholder for a period of seven (7) consecutive years or more, shall be

transferred to Investor Education and Protection Fund (IEPF). Upon transfer of such shares, all corporate benefits accruing on such shares shall also be credited to the IEPF and the Voting Rights on such shares shall remain frozen till the rightful owner claims the shares.

- (c) The Company, after giving required Notice(s), has transferred all shares in respect of which Dividend for FY 2015-16 has remained unclaimed/unpaid for seven (7) consecutive years or more, to the IEPF Authority. Details of shares transferred to IEPF are available on the Company's website www.smlisuzu.com and on the website of the IEPF www.iepf.gov.in.

However, Members can claim unpaid dividend as well as shares from IEPF Authority by making an application in Form IEPF-5 online on www.iepf.gov.in and sending the physical copy of the same duly signed (as per registered specimen signature) along with requisite documents, enumerated in the said Form IEPF-5, to the Company or to M/s MCS Share Transfer Agent Limited, Registrar and Transfer Agents of the Company for verification of claim.

14. SEBI vide its notification dated 8th June, 2018 and 30th November, 2018, has prescribed that **w.e.f. 1st April, 2019, the securities of listed companies can be transferred only in dematerialized form.** Accordingly, Members holding shares in physical form are requested to convert their holding(s) in dematerialized form. Further, SEBI vide its circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has amended Regulation 40 of the SEBI Listing Regulations and has mandated that all requests for transfer of securities including transmission and transposition requests, issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form. Members can contact the Company or the Company's RTA, for assistance in this regard.
15. Members are requested to consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
16. **Voting through electronic means (Remote e-voting):**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the Company is pleased to provide the facility to the Members to exercise their right to vote by electronic means (remote e-voting) in respect of the resolutions contained in the Notice. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. The facility of casting votes by a Member using remote e-voting / e-voting during AGM will be provided by NSDL.

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

The **"cut-off"** date for determining the eligibility for voting either through remote e-voting or e-voting at AGM is fixed as **13th September, 2024**. The remote e-voting period will commence on **Monday, 16th September, 2024 (9:00 AM) and end on Thursday, 19th September, 2024 (5:00 PM)**. During the period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the **13th September, 2024**, may cast their vote electronically.

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

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




STEP 1: ACCESS TO NSDL E-VOTING SYSTEM

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

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

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

| Type of shareholders | Login Method |
|--|---|
| <p>Individual shareholders holding securities in demat mode with NSDL</p> | <ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com/. Select “Register Online for IDeAS” Portal or click at: https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. Upon successful registration, please follow steps given in point 1 above. 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

| Type of shareholders | Login Method |
|--|--|
| <p>Individual shareholders holding securities in demat mode with NSDL</p> | <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <div style="text-align: center;">  <p>NSDL Mobile App is available on</p>   </div> |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p> | <ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest is www.cdslindia.com OR click on New System Myeasi at https://web.cdslindia.com/myeasitoken/Home/Login After successful login of Easi/Easiest the user will also be able to see the E-Voting Menu. The Menu will have link of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at www.cdslindia.com. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided link for NSDL where the e-Voting is in progress. |
| <p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p> | <ol style="list-style-type: none"> You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After login, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote. |

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

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

| Login type | Helpdesk details |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at : 022 - 4886 7000. |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800-21-09911. |

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

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.
5. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is In300*** & Client ID is 12***** then your user ID is IN300***12***** |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 123456 then user ID is 123456001*** |

6. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

7. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

- a) Click on **“Forgot User Details/Password?”** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **“Physical User Reset Password?”** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
8. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
9. Now, you will have to click on “Login” button.
10. After you click on the “Login” button, Home page of e-Voting will open

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

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” (**E-Voting Event Number - 130048**) of SML Isuzu Limited. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join general Meeting”.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution(s), you will not be allowed to modify your vote.

General Guidelines for shareholders

- I. (i) Institutional / Corporate Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. authorizing their representative to attend the AGM through VC / OAVM and to vote through remote e-voting. The Resolution /Authority Letter shall be sent to the Scrutinizer by e-mail to kanwalcs@gmail.com with a copy marked to evoting@nsdl.com. They can also upload their Board Resolution/ Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

(ii) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of NSDL's E-Voting website www.evoting.nsdl.com. You can also send your queries / grievances relating to e-voting to:
 - a. Name and Designation: Mr. Pallavi Mhatre, Senior Manager
 - b. Address: Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
 - c. Email Id : pallavid@nsdl.com
 - d. Phone Number(s) : 022-2499 4545, 022-4886 7000
- III. **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in the notice:**
 1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@smlisuzu.com.
 2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@smlisuzu.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
 3. Alternatively, shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
 4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

- IV. The remote e-voting period will commence at **9:00 AM (IST) on Monday, 16th September, 2024 and end at 5:00 PM (IST) on Thursday, 19th September, 2024**. During the period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date, the 13th September, 2024**, may cast their vote electronically.

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

- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date, 13th September, 2024**.
- VI. A person who is not a Member as on the cut-off date should treat the Notice for information purposes only.
- VII. Any person, who acquires shares of the Company and become Member of the Company after the Company sends the Notice by e-mail and holds shares as on the **cut-off date i.e 13th September, 2024**, may obtain the Login ID and password by sending a request at evoting@nsdl.com or RTA at helpdeskdelhi@mcsregistrars.com or to the Company at investors@smlisuzu.com.

If the shareholder is already registered with NSDL for e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.

- VIII. Mr. Kanwaljit Singh Thanewal, a practicing Company Secretary (Membership No. F-5901, CP No. 5890) has been appointed by the Board of Directors of the Company as the Scrutinizer to scrutinize the remote e-voting process and e-voting at the Annual General Meeting in a fair and transparent manner.
- IX. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, unblock the votes cast through remote e-voting and e-voting at AGM and make a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by the Board who shall countersign the same.
- X. The voting results shall be forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, within 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.
- XI. The resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. 20th September, 2024 subject to receipt of the requisite number of votes in favor of the resolutions.

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

- I. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- II. Only those Members, who will present at the 40th AGM through VC / OAVM and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- IV. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of AGM shall be the same person mentioned for remote e-voting.

Instructions for Members for attending AGM through VC / OAVM

- I. Members will be provided with a facility to attend AGM through VC / OAVM through NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same well before time by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further, member can also use the OTP based login for logging into the e-voting system of NSDL.
 - II. Members are encouraged to join the Meeting through Laptops for better experience.
 - III. Further, Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the Meeting.
 - IV. Please note that Members connecting from mobile devices or tablets or through laptops etc. via mobile hotspot, may experience audio / video loss due to fluctuation in their respective network. It is therefore recommended to use stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.
 - V. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary (investors@smlisuzu.com) by **16th September, 2024 (Monday)**.
 - VI. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id Folio No., PAN, mobile number at investors@smlisuzu.com **between 14th September, 2024 to 16th September, 2024**. The Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
 - VII. The Company reserves the right to restrict the number of speakers depending on the availability of time of AGM.
14. 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**.
 15. All documents referred to in the accompanying Notice can be obtained for inspection by writing to the Company at its e-mail id investors@smlisuzu.com till the date of AGM.
 16. During the 40th AGM, Members may access the scanned copy of the Register of Directors & Key Managerial Personnel and Register of Contracts or Arrangements in which Directors are interested, upon Log-in to NSDL e-voting system at www.evoting.nsdl.com.
 17. Since the meeting will be held through VC / OAVM Facility, the route map is not annexed with the Notice.

Regd. Office & Works:

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

By Order of the Board
for SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary
ACS-31266

Dated: 14th August, 2024

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 READ WITH RULE 22 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014

ITEM NO. 5

As per Section 149 of the Companies Act, 2013 ("the Act"), an Independent Director shall hold office for a term up to five (5) consecutive years on the Board of a Company but shall be eligible for re-appointment for a second term up to five (5) consecutive years.

Members of the Company, at the 35th Annual General Meeting, held on 30th September, 2019, approved the appointment of Mr. C. S. Verma as an Independent Director for a first term of five (5) consecutive years w.e.f. 22nd September, 2019.

On the recommendations of its Nomination and Remuneration Committee (NRC) and based on performance evaluation carried out by the NRC and the Board, the Board recommends re-appointment of Mr. C. S. Verma as an Independent Director of the Company for a second term of five (5) consecutive years, commencing from 22nd September, 2024 to 21st September, 2029 (both days inclusive).

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

The Company has received declarations from Mr. Verma that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). Further, he is not disqualified from being re-appointed as a Director in terms of Section 164 of the Act and has given his consent in writing to act as a Director of the Company.

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

Keeping in view his vast experience and knowledge, the Board considers that his continued association would be of immense value to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board strongly recommends the Special Resolution set at Item No. 5 of the Notice for the approval of the Members.

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

A copy of the Draft Letter of Appointment, to be issued to Mr. Verma, setting out the terms and conditions, would be available for inspection by the Members at the Registered Office of the Company during normal business hours on working days.

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

ITEM NO: 6

The existing tenure of Mr. S. K. Tuteja, Independent Director & Chairman and Mr. Sudhir Nayar, Independent Director, is up to 21st September, 2024.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company is required to have at least 1/3rd of the total number of Directors as Independent Directors, and, accordingly, minimum three (3) independent directors are required on the Board of the Company.

The Board, on the recommendation of its Nomination & Remuneration Committee, has proposed to the Members, the appointment of Mr. Sanjeev Mehan as an Independent Director of the Company for a term of five (5) consecutive years commencing from 22nd September, 2024 to 21st September, 2029 (both days inclusive).

Mr. Sanjeev Mehan is a distinguished fellow member of the Institute of Chartered Accountants of India (ICAI), qualified in 1984. He has a bachelor's degree in Commerce from Panjab University, Chandigarh and certifications in Arbitration, Mediation, and Reconciliation, and a Diploma in Information System Audit (DISA), both from ICAI.

Mr. Mehan started his professional journey in 1984 as a Chartered Accountant and founded M/s Mehan Associates (CA firm). He has 40 years of rich experience in handling statutory audits for diverse industries, including manufacturing, services, hospitals, exports, IT and hospitality. He has substantial experience in the field of direct, indirect, and international taxation. Further, he has exposure in the field of litigation and matters related to the Registrar of Companies and Corporate Affairs.

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

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

In the opinion of the Board, Mr. Mehan is a person of integrity and possesses appropriate skills, experience, knowledge, and qualifications in his field that are beneficial to the interests of the Company. Further, he fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations, and is independent of the Management.

Keeping in view his vast experience and knowledge, the Board considers that it will be in the interest of the Company to induct Mr. Sanjeev Mehan on the Board of the Company as an Independent Director. Accordingly, the Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

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

A copy of the Draft Letter of Appointment, to be issued to Mr. Mehan, setting out the terms and conditions, would be available for inspection by the Members at the Registered Office of the Company during normal business hours on working days.

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

ITEM NO: 7

Mr. Takashi Nishida, Non-Executive Non-Independent Director, resigned as Director of the Company w.e.f. 8th August, 2024.

The Board, on the recommendation of its Nomination & Remuneration Committee (NRC), has appointed Mr. Tomoyuki Yamaguchi as an Additional Director on the Board of the Company w.e.f. 9th August, 2024 against the vacancy caused due to the resignation of Mr. Takashi Nishida. Mr. Yamaguchi holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Yamaguchi, aged 50 years, is a Graduate from Department of Business Administration, Toyo University (Japan). He joined Isuzu Motors Limited, Japan in August, 1997 and since then has held positions in various departments/companies including Engine Assembly, International Sales Department (CIS Group, Southwest Asia Group), International Sales Development Department, Isuzu Motors South Africa (Pty) Limited. etc. Presently, he is General Manager of Regional Management Office, Sales Department, Isuzu Motors (Japan).

The Company has received a notice in writing from a Member in the prescribed manner, under Section 160 of the Act, proposing his candidature for the office of Director of the Company, liable to retire by rotation. Further, he 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 the applicable provisions of the Listing Regulations and the Secretarial Standards on General Meetings has been annexed hereto and marked as **Annexure A**.

It is the considered view of the Board that Mr. Yamaguchi's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for the approval of the Members.

Except for Mr. Yamaguchi, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 7.

Regd. Office & Works:

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

Dated: 14th August, 2024

By Order of the Board
for SML ISUZU LIMITED

(PARVESH MADAN)
Company Secretary
ACS-31266

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 | Mr. Ryusuke Miyake | Mr. Takashi Sakuma | Mr. Chandra Shekhar Verma |
|--|--|---|--|
| Date of Birth (Age) | 20.02.1967 (57 years) | 20.03.1973 (51 years) | 29.09.1959 (65 years) |
| DIN | 10569281 | 09113520 | 00121756 |
| Original date of Appointment | 01.04.2024 | 04.11.2023 | 22.09.2019 |
| Qualification(s) | Graduate from School of Political Science and Economics, Waseda University (Japan) | Graduate from the School of Commerce, Waseda University (Japan) | LLB, M.Com, MBA, FCS, FCMA |
| Experience (including expertise in specific functional area) | <p>Mr. Miyake was appointed as a Non-Executive Director on the Board of the Company w.e.f 01.04.2024.</p> <p>He has around 34 years of rich experience in the automobile business.</p> <p>He joined Sumitomo Corporation, Japan in April, 1990 and since then has held several positions in various departments/companies including Motor Vehicles Department-Tokyo, Liaison Office-Luanda & Damascus, Market Department-Automotive Division Europe, Market Department - Middle East & Africa, Automotive Sales & Marketing Department-Tokyo, Transportation & Construction System Division-Bangkok, Mobility Business Division-Tokyo, Toyota Ukraine, Toyota Canarias etc.</p> <p>Presently, he is Corporate Officer at Automotive Sales & Marketing SBU, Sumitomo Corporation (Tokyo-Japan).</p> | <p>Mr. Sakuma was appointed as a Non-Executive Director on the Board of the Company w.e.f 04.11.2023.</p> <p>He has around 28 years of rich experience in the automobile business.</p> <p>He joined Sumitomo Corporation, Japan in April, 1996 and since then has held several positions in Accounting Department, Sumitomo Shoji Financial Management Co., Ltd, Sumitomo Corporation Taiwan Ltd. (Taipei), Sumitomo Corporation Asia Pte. Ltd. etc.</p> <p>Presently, he is Director – Corporate Group, Sumitomo Corporation India Pvt. Ltd.</p> | <p>Mr. Chandra Shekhar Verma was appointed as an Independent Director of the Company w.e.f 22.09.2019.</p> <p>He has vast experience of around 34 years in the public sector companies such as- SAIL, BHEL, NMDC, IRFC, ITI etc. His last assignment was as a Chairman and Managing Director of Steel Authority of India Limited (SAIL).</p> <p>He also held additional charge as CMD of National Mineral Development Corporation (NMDC) and Chairman of International Coal Ventures Ltd (ICVL).</p> <p>He was the first President of the Indian Steel Association. He has been the Governing Council Member of All India Management Association (AIMA), Member of the Governing Board of IIM, Raipur, Member of the Governing Board of Bureau of Indian Standards. He has been the recipient of many awards and accolades both at National and International level.</p> |
| Terms and Conditions of appointment/ re-appointment including detail of remuneration sought to be paid | Appointment on rotation basis and no remuneration (including sitting fee) is payable. | | Re-appointment for a period of five (5) years commencing from 22.09.2024. Up to commission of 1% of Net Profits or within ceilings prescribed in Schedule V of the Companies Act in case of no profits/ inadequate profits (sitting fee extra) |
| Details of remuneration last drawn (FY 2023-24) | Not Applicable | Not Applicable | Rs. 24.0 Lacs (including sitting fee of Rs. 6.0 lacs) |
| Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2024 | <ul style="list-style-type: none"> SC-Abeam Automotive Consulting Toyota Libya F.Z.C Summit Motors Vladivostok Sucorpnivaria, S.L.U | <ul style="list-style-type: none"> Sumitomo Corporation India Pvt. Limited | <ul style="list-style-type: none"> Ikio Lighting Limited Multi Commodity Exchange of India Limited FirstAdvantage Consulting Group Limited Royalux Lighting Private Limited Spartan Finvoyance Private Limited |
| Chairman [C]/ Member [M] of the Committee of the Board of Directors of the companies in which he/she is a director as on March 31, 2024* | <p>SML Isuzu Limited</p> <ul style="list-style-type: none"> Nomination & Remuneration Committee[M] (w.e.f 01.04.2024) | <p>SML Isuzu Limited</p> <ul style="list-style-type: none"> Stakeholders Relationship Committee[M] <p>Sumitomo Corporation India Private Limited</p> <ul style="list-style-type: none"> Corporate Social Responsibility Committee [M] | <p>SML Isuzu Limited</p> <ul style="list-style-type: none"> Audit Committee[M] Risk Management Committee [M] Corporate Social Responsibility Committee [C] <p>Multi Commodity Exchange of India Limited</p> <ul style="list-style-type: none"> Standing Committee on Technology [M] Public Interest Director's Committee [M] Investment Committee [M] Regulatory Oversight Committee [C] Nomination & Remuneration Committee [C] |

| Name of the Director | Mr. Ryusuke Miyake | Mr. Takashi Sakuma | Mr. Chandra Shekhar Verma |
|---|---|--------------------|--|
| | | | <ul style="list-style-type: none"> • Stakeholders Relationship Committee [C] • Investor Protection Fund Trust [Trustee] IKIO Lighting Limited <ul style="list-style-type: none"> • Nomination & Remuneration Committee [M] • Corporate Social Responsibility Committee [M] • Stakeholders Relationship Committee [C] Royalux Lighting Private Limited <ul style="list-style-type: none"> • Corporate Social Responsibility Committee [M] |
| No. of Board Meetings attended during FY 2023-24 | Not Applicable | 2 | 6 |
| No. of shares held in the Company as on March 31, 2024 | Nil | | |
| Relationship with other Directors and KMPs | None of the Directors of the Company are inter-se related to each other or with the Key Managerial Personnel of the Company | | |

* This includes committee of the Board of Directors of Indian Companies.

| | | |
|---|---|---|
| Name of the Director | Mr. Sanjeev Mehan | Mr. Tomoyuki Yamaguchi |
| Date of Birth (Age) | 16.08.1959 (65 years) | 06.04.1974 (50 years) |
| DIN | 00224016 | 10733078 |
| Original date of Appointment | 22.09.2024 (To be appointed) | 09.08.2024 |
| Qualification(s) | FCA, B.COM, certifications in Arbitration, Mediation, and Reconciliation, and a Diploma in Information System Audit (DISA), both from Institute of Chartered Accountants of India (ICAI) | Graduate from Department of Business Administration, Toyo University (Japan) |
| Experience (including expertise in specific functional area) | <p>Mr. Mehan started his professional journey in 1984 and founded M/s Mehan Associates (CA Firm).</p> <p>He has 40 years of rich experience in handling statutory audits for diverse industries, including manufacturing, services, hospitals, exports, IT, and hospitality. He has substantial experience in the field of direct, indirect, and international taxation. Further, he has exposure in the field of litigation and matters related to the Registrar of Companies and Corporate Affairs.</p> <p>He served as the Secretary of the Chandigarh Branch of the Northern India Regional Council (NIRC) from 1992 to 1993, and as its Chairman from 1993 to 1994. He was a member of the Capital Market & Investors Protection Committee of ICAI from 1995 to 1998.</p> <p>He has also made significant contributions to sports and community service. He was the Chairman of the Chandigarh Cricket Association for 15 years. He has been an elected member of the Governing Body of the Chandigarh Club Ltd., a prestigious social club, from 2001 to 2016, and currently hold the post of Honorary Secretary at the Club.</p> | <p>Mr. Yamaguchi has been appointed on the Board of the Company as Additional Director (Non-Executive Non-Independent) of the Company w.e.f 9th August, 2024.</p> <p>He has around 27 years of rich experience in the automobile business. He joined Isuzu Motors Limited, Japan in August, 1997 and since then has held positions in various departments/companies including Engine Assembly, International Sales Department (CIS Group, Southwest Asia Group), Isuzu Motors South Africa (Pty) Limited. etc.</p> <p>Presently, he is General Manager of Regional Management Office, Sales Department, Isuzu Motors (Japan).</p> |
| Terms and Conditions of appointment/ re-appointment including detail of remuneration sought to be paid | Appointment for a period of five (5) years commencing from 22.09.2024. Up to commission of 1% of Net Profits or within ceilings prescribed in Schedule V of the Companies Act in case of no profits/ inadequate profits. | Appointment on rotation basis and no remuneration (including sitting fee) is payable. |
| Details of remuneration last drawn (FY 2023-24) | Not Applicable | |
| Board Membership of other companies [excluding SML ISUZU Limited] as on March 31, 2024 | <ul style="list-style-type: none"> Mags Property Private Limited | <ul style="list-style-type: none"> Anadolu Isuzu Otomotiv Sanayi ve Ticaret AS. Isuzu Motors Europe NV. |
| 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, 2024* | Nil | |
| No. of Board Meetings attended during FY 2023-24 | Not Applicable | |
| No. of shares held in the Company as on March 31, 2024 | Nil | |
| Relationship with other Directors and KMPs | None of the Directors of the Company are inter-se related to each other or with the Key Managerial Personnel of the Company | |

* This includes committee of the Board of Directors of Indian Companies.



SML ISUZU PLANT, VILLAGE ASRON NEAR RUPNAGAR - PUNJAB

SML
ISUZU



SML ISUZU LTD.

(CIN : L50101PB1983PLC005516)

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

Corporate Office: SCO 204-205, Sector 34-A, Chandigarh -160 022

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