



ANNUAL REPORT 2014



**SML ISUZU LIMITED**

# **SML ISUZU LIMITED** (FORMERLY SWARAJ MAZDA LIMITED)

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## **BOARD OF DIRECTORS**

S.K. TUTEJA - Chairman

P.K. NANDA

A.K. THAKUR

SUDHIR NAYAR

M. NAKAJIMA

H. OMINO

K. TAKASHIMA

K. OKIHIRO

PANKAJ BAJAJ

E. SETO - Managing Director & CEO

GOPAL BANSAL - Whole-time Director & CFO

K. KATAYAMA - Director – R&D

## **COMPANY SECRETARY**

PARVESH MADAN

## **AUDITORS**

B S R & COMPANY

## **LISTING OF SHARES**

BSE LIMITED  
NATIONAL STOCK EXCHANGE  
OF INDIA LIMITED

## **BANKERS**

CANARA BANK  
INDIAN OVERSEAS BANK  
MIZUHO BANK LTD.

## **REGISTERED OFFICE & WORKS**

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

## **CORPORATE OFFICE**

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

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**30TH ANNUAL GENERAL MEETING**

on Monday, 22nd September, 2014  
at 1.00 P.M. at Village Ason,  
Distt. Shahid Bhagat Singh Nagar,  
(Nawanshahr), Punjab - 144533

## REPORT OF THE DIRECTORS

The Directors are pleased to present their Thirtieth Annual Report together with audited Financial Statements for the financial year ended 31st March 2014.

### PERFORMANCE REVIEW

The report of the Directors for 2013 foresaw no major improvement in the economy which might give confidence for a recovery in demand for the Company's products. In the event, the pace of slowdown continued with GDP growth falling to under 5%, the commercial vehicle industry inevitably suffered further falls in demand, of as much as 19% in the year under review with volumes falling to 709,800 vehicles from 873,200. The 5-12 ton GVW category, in which the Company principally operates, also declined by 15% to 100,200 from 118,100. In this backdrop, Company's sales volume suffered a drop of 19% with devastating effect on profitability, even though highly inflationary pressures on costs, particularly wages, were almost totally offset by large savings in financial costs.

The financial performance of the Company, for the year ended 31st March, 2014 is summarized below:

	(Rs. in Crores)	
	<b>2014</b>	<b>2013</b>
Sales Volume (Nos.)	<b><u>9760</u></b>	<b><u>12045</u></b>
Net Revenue	885.99	1,011.06
Less : Material Cost & Other Expenses	849.58	931.78
<b>Operating Profit</b>	<b>36.41</b>	<b>79.28</b>
<b>Profit Before Tax</b>	<b>17.71</b>	<b>48.49</b>
<b>Profit After Tax</b>	<b>17.40</b>	<b>36.43</b>
Balance of Profit from Prior Years	92.70	73.45
<b>Surplus available for Appropriation</b>	<b>110.10</b>	<b>109.88</b>
Transfer to General Reserve	1.74	3.64
Proposed Dividend (including tax)	5.08	13.54
Amount carried to Balance Sheet	103.28	92.70

### DIVIDEND

The Directors have recommended payment of dividend @ 30% (Rs. 3.0 per share) for the Financial Year 2013-14 (80% in 2012-13).

### MANAGEMENT DISCUSSION & ANALYSIS, CORPORATE GOVERNANCE

A Management Discussion & Analysis Report is annexed to this report. A report on Corporate Governance together with the Auditors' Certificate confirming compliance of Corporate Governance norms also forms part of this Annual Report.

## **INDUSTRIAL RELATIONS**

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

## **CREDIT RATING**

The Company continues to enjoy the highest rating for short term borrowings, of A1+ from ICRA reflecting the Company's financial prudence.

## **PARTICULARS OF EMPLOYEES**

The Company had 7 employees who were in receipt of remuneration of not less than Rs.6,000,000 during the year ended 31st March, 2014 or not less than Rs. 500,000 per month during any part of the said year.

A statement of particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv), this statement, is not being sent to the shareholders with this report and the accompanying accounts. Members who wish to receive a copy may write to the Company Secretary at the Registered Office of the Company.

## **SAFETY, HEALTH AND ENVIRONMENT**

The Company continues to demonstrate strong commitment to safety, health and environment. These aspects have been adopted as core organizational value of the Company.

Employees are continuously made aware of hazards / risks associated with their job and necessary training is imparted to them to update their knowledge and skill to meet any emergency.

The Company carries out statutory safety assurance and audits its facilities as per legal requirements. Regular medical and occupational check-up of employees are conducted and eco-friendly activities are promoted.

The Company has incinerator plant for safe disposal of hazardous waste and a sewage treatment plant ensures eco-friendly disposal of sewage.

## **CURRENT BUSINESS ENVIRONMENT**

From all reports the national economy may have seen the worst behind it with slow resumption of growth, even though industrial indicators are still somewhat lackluster. The overall outlook, not least arising from the strong mandate delivered to the newly elected Government promising political stability and decisive industrial and fiscal policies, lends hope to an early revival of the commercial vehicles industry.

The Company is fully prepared to take advantage of the revival and with new and improved products it looks forward to sharing in sustained growth of the commercial vehicle industry, even though it may be gradual.

An enhancement in the in-house production of bus bodies as a result of completion of the facilities added as a part of the earlier reported expansion project, together with much improved vendor supplies, led to sale of passenger vehicles increasing to 2,749 in the first quarter, April-June, 2014 from 2,271 in the corresponding quarter of previous year. The seasonal demand for school buses was a major contributor. Cargo vehicles, however, fell short - 880 against 924 - reflecting the poor industrial growth. This product mix alongwith better per vehicle realization has enabled net revenue of Rs 340.3 crores and profit after tax of Rs 23.4 crores compared with Rs.10.2 crores in the corresponding quarter last year.

The Board has approved a capex plan envisaging an outlay of Rs. 220 crores to be implemented over next three years towards substantial technology and product up-gradation, development of products/variants and on plant infrastructure to improve manufacturing efficiency.

## **DIRECTORS**

Mr. Yutaka Watanabe decided to demit office of Managing Director & CEO with effect from 25th December 2013. The Directors placed on record their deep sense of appreciation of his strong and inspirational leadership as Managing Director & CEO, and his outstanding contribution to the Company.

Mr. Eiichi Seto, who joined the Board as non-executive Director in May 2010, was appointed Managing Director & CEO of the Company for a period of 5 years with effect from 26th December 2013, subject to approval of shareholders of the Company in General Meeting and of the Central Government.

Mr. Yasuyuki Nijima tendered his resignation as Director of the Company in October, 2013. The Board, at its Meeting held on 11th November, 2013, placed on record its deep appreciation for his valuable support and advice during his tenure.

Mr. Hiroshi Omino was appointed as an Additional Director of the Company on 11th November, 2013 and holds office up to the forthcoming Annual General Meeting. The Company has received Notice u/s 160 of the Companies Act, 2013 proposing Mr. Omino's appointment as a Director of the Company for consideration of the members at the forthcoming Annual General Meeting.

Mr. Kyoichiro Takashima was appointed as an Additional Director of the Company on 11th February, 2014. The Company has received Notice u/s 160 of the Companies Act, 2013 proposing Mr. Takashima's appointment as a Director of the Company for consideration of the members at the forthcoming Annual General Meeting.

Mr. Gopal Bansal was appointed as an Additional Director and Whole-time Director on 11th February, 2014 on the Board designated as Whole-time Director & CFO, for 5 years, subject to the approval of the Shareholders of the Company in the General Meeting. The Company has received Notice u/s 160 of the Companies Act, 2013 proposing Mr. Bansal's appointment as a Director of the Company for consideration of the members at the forthcoming Annual General Meeting.

Mr. Yuji Kosaka tendered his resignation as Director-R&D effective 18th June 2014. The Board, at its Meeting held on 8th August, 2014, placed on record its appreciation for his contribution for development of new products during his tenure.

Mr. Kei Katayama was appointed as an Additional Director and Whole-time Director on 8th August, 2014 on the Board designated as Director-R&D, for 3 years, subject to the approval of the Shareholders of the Company in the General Meeting and of the Central Government. The Company has received Notice u/s 160 of the Companies Act, 2013 proposing Mr. Katayama's appointment as a Director of the Company for consideration of the members at the forthcoming Annual General Meeting.

The Board, on the recommendation of Nomination & Remuneration Committee, has proposed the appointment of Dr. (Mrs.) Vasantha S. Bharucha, a Ph.D. in Economics, having experience of 45 years in areas such as Economics, Strategy Planning, Fiscal Policy, etc. as an independent Director of the Company for five years in the forthcoming Annual General Meeting.

Mr. K. Okihiro and Mr. Pankaj Bajaj are the Directors retiring by rotation at the forthcoming Annual General Meeting.

## **CORPORATE SOCIAL RESPONSIBILITY**

As a responsible corporate citizen, the Company has always strived to maintain the highest standards of social responsibility, governance, safety and environmental performance. Pursuant to Section 135 of The Companies Act, 2013, your Directors have constituted Corporate Social Responsibility Committee (CSR) with three Directors, namely, Mr. S.K. Tuteja, Non Executive Independent Director as Chairman, Mr. Eiichi Seto, Managing Director & CEO, and Mr. Gopal Bansal, Whole-time Director & CFO, as Members.

It will formulate and recommend to the Board a CSR Policy and under that the activities to be undertaken, amounts to be spent and monitoring implementation thereof.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of provision of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that :

- i) In the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared annual accounts on a 'going concern' basis.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.**

A report required under the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is annexed to this Report.

#### **COST AUDIT**

On the stipulation of the Central Government, Cost Audit of the Company for financial year 2013-14 is being conducted by Messers ABS & Associates, Cost Accountants.

#### **AUDITORS**

B S R & Company, Chartered Accountants, retires as Auditors of the Company and has given its consent for reappointment. As required under the provisions of Section 139(1) of the new Companies Act ("the Act"), the Company has received a written consent from the above Auditors for their appointment and a Certificate, to the effect that their re-appointment, if made, would be in accordance with the Act and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Act.

In respect of suggestion made by the Auditors in the annexure to their Report at Para (iv), the Management has already taken steps to strengthen internal control procedures in respect of purchase of inventories and fixed assets and the observation at para (ix) (a), when read with relevant note in the Notes to the Financial Statements, is self explanatory.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dated : 08 August 2014

S.K. TUTEJA  
Chairman

EIICHI SETO  
Managing Director & CEO

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY REVIEW

The slowdown in the domestic commercial vehicle (CV) industry which began from the first quarter of 2012-13 has continued ever since reflecting a general economic downturn leading to GDP growth falling under 5% and severe falls in industrial and construction activity. Consequently, CV industry suffered a sharp decline of 19% in sales volume to 709,800 from 873,200 in 2012-13. Of these, the passenger segment dropped from 105,300 to 90,900 vehicles. The 5.0 ton to 12.0 ton GVW category, in which the Company mainly operates, accounted for 100,200, a 15% decline from 118,100 vehicles in 2012-13. Some recovery is expected in the cargo segment during the second half of FY 2014-15 with projected revival of industrial and mining sectors. SIAM has projected a growth of 5 - 7% for medium and heavy vehicles and 4 - 7% for light commercial vehicles in 2014-15.

### 2. COMPANY PERFORMANCE

The Company sold 9,760 vehicles during fiscal 2013-14 against 12,045 in the previous fiscal. Net Revenue for 2013-14, therefore, fell to Rs. 886.0 crores from Rs. 1,011.1 crores in the preceding year, as detailed below:

	(Rs. In Crores)	
	<u>2013-14</u>	<u>2012-13</u>
On sale of Vehicles	<b>811.01</b>	919.75
On sale of Spare Parts etc.	<b>74.98</b>	91.31
Total Net Revenue	<b><u>885.99</u></b>	<u>1,011.06</u>

Prices of materials reflecting a continuing surge in inflation, added considerably to material costs but the increase was substantially offset by timely revision of vehicle prices and certain efficiencies in usage, enabling the Company to keep material costs at 2012-13 level of 75.4% of total net revenue.

Employee Cost at Rs. 94.0 crores (Rs. 80.9 crores) represents 10.6% of net revenue. The increase over previous fiscal has been mainly on account of unavoidable inflationary wage payments and higher production in bus body plant where additional manpower had to be deployed as envisaged in the capacity built-up for this product.

Marketing costs were at Rs. 47.3 crores (Rs. 56.0 crores) and other operating & administrative expenses at Rs. 40.7 crores (Rs. 32.8 crores). Operating and administration expenses are higher on account of onetime charge of Rs. 2.8 crores pertaining to items of earlier years and balance on account of inflation related increases.

Depreciation charge for the year was Rs. 12.8 crores (Rs. 12.2 crores).

Operating Profit was at Rs. 36.4 crores against Rs. 79.3 crores. Whilst the principal reason for this huge drop was the sharp reduction in sales volume, this fall was offset to some extent by a reduction in interest cost (net) from Rs 12.8 crores last year to Rs 4.9 crores. Borrowings were substantially reduced with better management of working capital and cash flows.

Profit Before Tax thus was only Rs. 17.7 crores (Rs. 48.5 crores).

Profit after tax at Rs. 17.4 crores (Rs. 36.4 crores) translates to an earning of Rs. 12.02 per share (Rs. 25.18 per share).

Outgo on dividend account inclusive of tax at Rs. 5.1 crores would translate to a payout ratio of 29.2% (37.2%).

Net worth of the Company as on 31st March, 2014 rose to Rs. 276.4 crores (Rs. 264.1 crores) comprising of equity component of Rs. 14.5 crores (Rs. 14.5 crores) and reserves Rs. 261.9 crores (Rs. 249.6 crores).



Year-end borrowings from banks were Nil (Rs. 162.1 crores) with consequential effect of a lower level of net current assets.

Year-end trade receivables were at Rs. 81.8 crores (Rs 150.7 crores) and trade payables were Rs. 164.1 crores (Rs. 111.6 crores).

Fixed assets stood at Rs. 151.9 crores (Rs. 149.3 crores).

### **3. INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company conducts its affairs within the framework of well-defined business plans which have provided appropriate guidance and direction to its employees. Annual Business Plan (ABP) for each fiscal year is formulated on the basis of well-defined processes and is approved by the Board of Directors. Finance & Accounts function is adequately staffed by professionally qualified and experienced personnel. The reporting and monitoring system is elaborate and the same is reviewed at the meetings of the Audit committee and the Board while considering quarterly business performance. Business projections are revised in relation to market expectations and management action taken to offset adverse changes to the extent possible. Policies and procedures have been laid down to provide reasonable assurance that assets are safeguarded from risks of un-authorized use/disposition and transactions are recorded and reported with propriety, accuracy and speed. These aspects of operations are regularly reviewed and verified by Company's Internal Audit department and by the Company's Statutory Auditors. Significant observations of these Auditors are subsequently submitted to the Audit Committee of the Board for consideration and guidance.

### **4. HUMAN RESOURCES**

The Company has always strived to attract the best talent, provide invigorative work environment, retain achievers and out-performers and inculcate in the employees loyalty for the organization. Raising employees' involvement in the decision making process and grooming them for leadership positions has been an ongoing process.

### **5. BUSINESS RISKS AND CONCERNS**

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

Higher raw material prices and transportation costs impacts the input costs. Impending Legislation of emission/safety norms will continue to put pressure on improving the technology level resulting in higher production cost. Bharat Stage IV norms are now applicable in 40 cities and more cities are expected to be brought under BS IV Norms before 2016/17. Revision in selling prices may not be fully commensurate with such high cost in view of competitive operating environment.

Up-gradation of R&D infrastructure, introduction of new products / variants, improvement in existing products, cost cutting are some of the major initiatives and concrete steps taken by the Company to minimize its vulnerability to business risks.

Your company has recently constituted Risk Management Committee which is entrusted with the functions of overseeing the efficacy of the risk management framework of the Company including the mitigation measures taken by the management.

### **6. 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**

SML Isuzu Limited (SML) practices the principles of good corporate governance, disclosure and transparency in all, giving high priority to core values and ethics. It believes that it must consider itself custodian and trustee of all its stake-holders. SML seeks corporate excellence by offering quality vehicles and service to customers fostering team spirit amongst employees by continuous involvement and participation in decision making processes. SML places high emphasis on their integrity and lifetime loyalty to the Company. SML recognizes that it is rewarding to be a well managed enterprise and focuses on good corporate governance.

### **A. COMPOSITION OF BOARD**

The composition of the Board is in conformity with Clause 49 of the Listing Agreement with total strength of twelve Directors, nine being non executive and three whole-time Directors. Four non executive Directors including the Chairman are independent Directors making one-third of the total strength; five are non executive, including four from the Promoter group - Sumitomo Corporation, and one from Isuzu Motors, Japan. All the non-executive Directors are qualified professionals with expertise in their own fields and have knowledge and experience in business and administration. They bring independent judgment to the Board's deliberations and decision making. None of the non-executive Directors has any material pecuniary relationship with the Company, which in their judgment would affect their independence. None of the Directors of the Company are inter-se related to each other.

The Managing Director & CEO, though in his individual capacity is a professional Director, has been an employee of the Company's Promoter group. The other Whole-time Directors designated as Whole-time Director & CFO and Director-R&D are also professionals.

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

### **B. BOARD PROCEDURE**

The Board meets at regular intervals and a detailed Agenda is sent to each Director prior to the Board and Committee meetings - receives information and presentations on operating and financial performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, adoption of quarterly/half-yearly/annual results, significant labor issues and Minutes of Meetings of the Audit and other Committees of the Board.

During the financial year 2013-14, five meetings of the Board of Directors were held and individual attendance is shown in the table below. The gap between any two meetings did not exceed four months.

The Last Annual General Meeting (29th AGM) was held on 21st September, 2013.

The information on Composition of the Board, number of Board Meetings, attendance of the Directors at the Board Meetings/ Annual General Meeting and also the number of other Directorships and Committee Memberships/Chairmanship as on 31st March, 2014 is given below:

Name of Director	Category	Financial Year 2013-14		Attendance at the last AGM	Total Number of Directorships <sup>^</sup> in Public Companies*	Committee Position held in Public Companies#	
		Board Meetings Held <sup>^^</sup>	Board Meetings Attended			**C	**M
<b>Directors</b>							
Mr. S.K.Tuteja, Chairman	Non executive Independent	5	5	Yes	15	4	5
Mr. Pramod Kumar Nanda	Non executive Independent	5	5	Yes	2	1	1
Mr. Ashish Kumar Thakur	Non executive Independent	5	5	Yes	3	NIL	4
Mr. Sudhir Nayar (appointed w.e.f. 6th August 2013)	Non executive Independent	4	3	No	1	NIL	1
Mr. Masaki Nakajima (appointed w.e.f. 7th May 2013)	Non executive	5	4	No	1	NIL	NIL
Mr. Hiroshi Omino (appointed w.e.f. 11th November 2013)	Non executive	3	2	No	1	NIL	NIL
Mr. Kyoichiro Takashima (appointed w.e.f. 11th February 2014)	Non executive	2	1	No	2	NIL	NIL
Mr. Katsuya Okihira	Non executive	5	3	No	1	NIL	NIL
Mr. Pankaj Bajaj	Non executive	5	5	No	1	NIL	NIL
Mr. Eiichi Seto (Managing Director & CEO) (appointed w.e.f. 26th December, 2013)	Executive	5	5	Yes	1	NIL	NIL
Mr. Gopal Bansal (Whole-time Director & CFO) (appointed w.e.f. 11th February, 2014)	Executive	2	2	Yes	1	NIL	NIL
Mr. Kei Katayama (Director-R&D) (appointed w.e.f. 8th August, 2014)	Executive	NA	NA	NA	1	NIL	NIL
Mr. Yasuyuki Nijima (appointed w.e.f. 7th May 2013 & ceased w.e.f. 11th November 2013)	Non executive	2	2	Yes	NA	NA	NA
Mr. Kenji Iida (ceased w.e.f. 7th May 2013)	Non executive	NA	NA	NA	NA	NA	NA
Mr. Masao Tabuchi (ceased w.e.f. 7th May 2013)	Non executive	NA	NA	NA	NA	NA	NA
Mr. Ram Prakash Sehgal (Director-Works) (ceased w.e.f. 31st May 2013)	Executive	1	1	NA	NA	NA	NA
Mr. Yutaka Watanabe (Managing Director & CEO) (ceased w.e.f. 25th December, 2013)	Executive	3	3	Yes	NA	NA	NA
Mr. Yuji Kosaka (Director-R&D) (ceased w.e.f. 18th June 2014)	Executive	5	5	Yes	1	NIL	NIL
Mr. Masahiro Maruyama (appointed w.e.f. 11th February, 2014)	Alternate to Mr. Masaki Nakajima	2	1	NA	NIL	NIL	NIL
Mr. Taro Nanko (ceased w.e.f. 26th December, 2013)	Alternate to Mr. Eiichi Seto	3	NIL	NA	NA	NA	NA

<sup>^^</sup> Board Meetings held on 7/5/2013, 6/08/2013, 11/11/2013, 11/02/2014 and 26/03/2014.

\* excluding foreign Company and companies registered under Section 25 of the Companies Act, 1956.

\*\* C : Chairman, M : Member NA : Not Applicable

<sup>^</sup> Excludes Alternate Directorships but includes Additional Directorships and Directorship of SML Isuzu Limited.

# Committees considered are Audit Committee and Stakeholders Relationship Committee.

- a) None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director.
- b) The Senior Management has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which would have potential conflict of interest with the Company at large.
- c) None of the Directors on our Board is shareholder of the Company.

### **C. Code of Conduct**

The Company's Board has laid down a well-defined Code of Ethics & Conduct (the "Code") to be followed by Board Members and Senior employees of the Company for ethical professional conduct. The Code is available on the website of the Company ([www.smlisuzu.com](http://www.smlisuzu.com)). All Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Managing Director & CEO to this effect is enclosed to this report.

### **D. CEO/CFO Certification**

As required under Clause 49 of the Listing Agreement with Stock Exchanges, Managing Director & CEO and Whole-time Director & CFO of the Company have certified to the Board regarding Financial Statements for the year ended 31st March, 2014.

### **E. Risk Management**

Business Risk Evaluation & Management is an ongoing process within the Company. For each function, the impact and probability of various risks are made and necessary control measures are identified to mitigate these risks, thereby reducing the impact and probability of the risk. During the year under review, a detailed exercise on "Risk Assessment" related to Company's main functional areas was carried out and the Board was appraised on the risk assessment and mitigation process followed by the Company.

## **COMMITTEES OF THE BOARD**

### **(a) Audit Committee**

This Committee was reconstituted on 11th February, 2014 with three non-executive independent Directors: Mr. Pramod Kumar Nanda as Chairman, Mr. Ashish Kumar Thakur and Mr. Sudhir Nayar. Mr. Gopal Bansal, Whole-time Director & CFO is also a member. All members of the Committee possess vast experience in and knowledge of corporate affairs and finance. The quorum for the Committee is two members.

The terms of reference of the Audit Committee include the matters specified under clause 49 of the Listing Agreement and Section 177 of the Companies Act 2013 (erstwhile Section 292A of the Companies Act 1956), as amended from time to time and inter-alia, include the following :

- 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;

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- Approval (or any subsequent modification) of transactions of the Company with related parties;
- Evaluation of internal financial controls and risk management systems;
- 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;
- 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 auditors of any significant findings and follow up there on;
- 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;
- Discussion with statutory auditors the nature and scope of audit as well as post-audit areas of concern;
- Review functioning of the Whistle Blower mechanism;

At its meetings, the Committee invites senior management, internal auditors and statutory auditors to participate in its deliberations.

During the Financial Year under review, 4 meetings of the Committee were held on 6th May, 2013, 5th August, 2013, 10th November, 2013 and 10th February, 2014. The gap between any two meetings did not exceed four months. The Chairman of the Audit Committee was present at the last Annual General Meeting held on 21st September, 2013.

The Audit Committee of the Board also met on 8th May, 2014 prior to the finalization of the Accounts for the Financial Year ended 31st March, 2014.

Attendance record of the Members of the Audit Committee for FY 2013-14 is as under:

Name of the Member Director	No. of Meetings held	No. of Meetings attended
Mr. S.K.Tuteja*	4	4
Mr. Ashish Kumar Thakur	4	4
Mr. Pramod Kumar Nanda**	3	3
Mr. Sudhir Nayar***	1	1

\* Ceased as Member w.e.f. 11th February, 2014

\*\* Appointed as Member on 07th May, 2013 and selected as Chairman w.e.f 11th February, 2014

\*\*\* Appointed as Member on 11th November, 2013

#### (b) Stakeholders Relationship Committee

This Committee was reconstituted as "Stakeholders Relationship Committee" (earlier known as Shareholder/ Investor Relations Committee) and now has three members: Mr. S.K. Tuteja, non executive independent Director as Chairman, Mr. Eiichi Seto, Managing Director & CEO and Mr. Gopal Bansal, Whole-time Director & CFO.

The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review status of investors' grievances and the functioning of Company's Registrar and Transfer Agents to render effective and quality services to investors.

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

The Company received 144 enquiries/complaints/requests from shareholders but no complaint received from Stock Exchanges / SEBI / Ministry of Company Affairs / Registrar of Companies which inter-alia include non-receipt of dividend, annual report, transfer of shares, etc. The complaints were duly attended to and the Company has furnished necessary documents / information to the shareholders. As of date, there are no pending share transfers pertaining to the year under review.

During the financial year ended 31st March, 2014, 21 meetings of the committee were held.

#### (c) Nomination & Remuneration Committee

This Committee was reconstituted on 9th May, 2014 as "Nomination & Remuneration Committee" (earlier known as Remuneration Committee) in compliance with the requirements of the Companies Act, 2013 with three non-executive Directors as members: Mr. Pramod Kumar Nanda as Chairman, Mr. S.K. Tuteja and Mr. Masaki Nakajima.

The terms of reference of the Committee are as follows:

- o Identify persons who may be appointed Directors in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- o Evaluation of performance of Directors including Independent Directors and the Board.
- o Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, key managerial personnel and other employees.

During the year two meetings were held on 11th November, 2013 and 11th February, 2014.

(d) **Executive Committee**

This Committee was reconstituted on 9th May, 2014 and now comprises of three Directors, Mr. S.K. Tuteja, non executive independent Director as Chairman, Mr. Eiichi Seto, Managing Director & CEO and Mr. Gopal Bansal, Whole-time Director & CFO, and three Company's executives, namely Mr. K.S. Dhody, Executive Director-Works, Mr. K.B. Prasad, Executive Director - Marketing and Mr. T. Otsubo, Senior Vice President- Marketing as Members.

This Committee was set up by the Board to periodically monitor the Company's performance, Capex and matters connected with Divisional heads.

During the year four meetings were held on 29th August, 2013, 21st November, 2013, 14th December, 2013 and 8th March, 2014.

(e) **Corporate Social Responsibility Committee**

Pursuant to Section 135 of Companies Act 2013, the Board has constituted a Corporate Social Responsibility Committee (CSR) w.e.f. 9th May, 2014.

The Committee comprises of three members: Mr. S.K.Tuteja, non executive independent Director as Chairman, Mr. Eiichi Seto, Managing Director & CEO and Mr. Gopal Bansal, Whole-time Director & CFO.

The role of the CSR Committee, inter alia, is to:

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

(f) **Risk Management committee**

The Board, pursuant to the provisions of amended clause 49 of the Listing Agreement with Stock Exchanges (effective from 1st October, 2014), has constituted a Risk Management Committee with effect from 9th May, 2014.

The Committee comprises of three independent non-executive Directors – Mr. Pramod Kumar Nanda as Chairman, Mr. Ashish Kumar Thakur and Mr. Sudhir Nayar. Mr. Gopal Bansal, Whole-time Director & CFO, is also a member.

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

## REMUNERATION TO DIRECTORS

Remuneration paid to the Whole-time Directors is decided by the Board on the recommendation of the Nomination & Remuneration Committee (erstwhile Remuneration Committee) and approved by the shareholders at the Annual General Meeting. Non-executive independent Directors are paid sitting fee of Rs. 20,000/- per meeting (increased to Rs.30,000/- with effect from 8th August, 2014) for attending the meetings of the Board of Directors and committees thereof within the prescribed limits as decided by the Board and reimbursement of expenses incurred for attending Board and Committee meetings.

At the Annual General Meeting held on 18th July, 2012, the shareholders, while approving Directors commission for Financial Year 2011-12, had also approved payment of commission to Independent Directors, at Rs. 600,000 per annum individually, for a further period of 4 years starting from Financial Year 2012-13 and authorized the Board to decide the amount of commission every year within the limits prescribed under Companies Act.

Following are the details of Directors remuneration paid during 2013-14.

### Whole-time Directors

(Amount in Rs.)

Name of Director	Salary (Basic & DA)	Commission for the FY 2012-13	Contribution to Provident & other Funds	Other Perquisites	Stock Option	Total	Service Contract (Tenure)
<b>Eiichi Seto *</b> Managing Director & CEO	1,482,776	-	177,933	456,393	-	2,117,102	Upto 25.12.2018
<b>Yutake Watanabe</b> Managing Director & CEO	3,522,581	4,800,000	422,710	1,412,448	-	10,157,739	Ceased w.e.f. 25.12.2013
<b>Yuji Kosaka</b> Director - R&D	4,560,000	-	547,200	1,316,883	-	6,424,083	Ceased w.e.f. 18.06.2014
<b>Gopal Bansal**</b> Whole-time Director & CFO	821,429	-	288,322	575,000	-	1,684,751	Upto 10.02.2019
<b>R.P.Sehgal</b> Director - Works	800,000	4,800,000	96,000	955,352	-	6,651,352	Ceased w.e.f. 31.05.2013

\* Appointed on 26th December, 2013

\*\* Appointed on 11th February, 2014

### Non-Executive Independent Directors

Name of Director	Sitting Fees (Rs.)	Commission (Rs.)
Mr. S.K. Tuteja	700,000	600,000
Mr. Ashish Kumar Thakur	180,000	600,000
Mr. Pramod Kumar Nanda	200,000	600,000
Mr. Sudhir Nayar*	80,000	NA
Mr. Harkirat Singh#	NA	600,000

\*Appointed as Independent Director on 6th August, 2013

#Expired on 3rd March, 2013



## DISCLOSURES

### 1. Details of General Meetings

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue	Special Resolutions passed
2010-11	6 <sup>th</sup> August, 2011	1:00PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Nil
2011-12	18th July, 2012	1:00PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	To approve payment of commission to Independent Directors
2012-13	21st September, 2013	1:00PM	Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab	Nil

Pursuant to the provisions of Section 192A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

### 2. Transactions with related parties

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management that may have any potential conflict with the interest of the Company. The Company has no subsidiary. Details of related parties and transaction with them are furnished under Note 32 of the Financial Statements for the year ended 31st March, 2014.

### 3. Accounting Treatment

In preparation of the Financial Statements, the Company has followed the Accounting Standards as prescribed by the Companies (Accounting Standard Rules 2006) and the provisions of Companies Act, 1956 to the extent applicable. The significant accounting policies which are consistently applied are set out under Note 3 of the Financial Statements for the year ended 31st March, 2014.

### 4. Code for prevention of Insider Trading Practices

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

## 5. Whistle Blower Policy

The Board has established a Vigil Mechanism and adopted a Whistle-Blower Policy at its meeting held on 8th August, 2014 which provides a formal mechanism for all Directors and Employees of the Company to approach the Chairman of the Audit Committee about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. No Director or Employee of the Company has been denied access to the Audit Committee.

## 6. 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.

## 7. Means of Communication

In compliance with the requirements of Listing Agreement, the un-audited/audited financial results are filed with the Stock Exchanges immediately after they are taken on record by the Board, published in Newspapers (Financial Express/Indian Express and Punjabi Tribune, etc.) and are also displayed on the website of the Company ([www.smlisuzu.com](http://www.smlisuzu.com)).

- a) Results are not sent individually to the shareholders;
- b) The official news releases are displayed on the Company's website;
- c) During the year ended 31st March, 2014, no presentations were made to institutional investors or analysts.

## 8. Management Discussion and Analysis Report

Management Discussion and Analysis Report has been attached to Director's Report and forms part of this Annual Report.

## 9. Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under clause 49 of the listing agreement with the Stock Exchanges.

## 10. Adoption of non-mandatory requirements

### i) The Board

The Company does not maintain the office of the non-executive Chairman.

### ii) Shareholder Rights

Company regularly publishes its quarterly and annual results in the leading national / regional newspapers as per clause 41 of the listing agreement. These results are also available on Company's website ([www.smlisuzu.com](http://www.smlisuzu.com)).

**iii) Audit Qualifications**

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

**iv) Training of Board Members / Mechanism for evaluating Non-Executive Board Members.**

All non-executive Directors are given presentations by Whole-time Director / Management Team from time to time for an overview of Company operations. The Company's Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with the trends in economy & industry and changes in the applicable legislations.

**11. Compliance with the Corporate Governance- Voluntary Guidelines 2009**

In December, 2009, the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public Companies with the objective to enhance not only the economic value of the enterprise but also the value of every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance.

The Company has been a strong believer in good corporate governance and has been adopting the best practices that have evolved over the last two decades.

The Company is in substantial compliance with the requirements of the voluntary guidelines and it will always be the Company's endeavor to attain the best practices in corporate governance.

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**SHAREHOLDERS' INFORMATION**

- 1. Annual General Meeting**

Date	:	<b>22<sup>nd</sup> September 2014 (Monday)</b>
Time	:	<b>1:00 P.M.</b>
Venue	:	<b>SML Isuzu Limited Village Asron, Distt. Shahid Bhagat Singh Nagar, (Nawanshahr), Punjab</b>
  
- 2. Financial Calendar (tentative)**

Financial reporting for	
Quarter ended 30 <sup>th</sup> June, 2014	Taken on record on 8 <sup>th</sup> August, 2014
Quarter ending 30 <sup>th</sup> Sept., 2014	1st/2nd week of November, 2014
Quarter ending 31 <sup>st</sup> Dec, 2014	1st/2nd week of February, 2015
Year ending 31 <sup>st</sup> March, 2015	May, 2015
  
- 3. Book Closure** : 30<sup>th</sup> August, 2014 to 5<sup>th</sup> September, 2014(both days inclusive)
  
- 4. Dividend Payment** : On or after 23<sup>rd</sup> September 2014 but within the Statutory time limit.
  
- 5. Listing on Stock Exchanges** : BSE Limited (BSE)  
National Stock Exchange of India Limited (NSE)  
  
Listing fee for FY 2014-15 for both these stock exchanges has been paid.

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

7. **CIN** : **L50101PB1983PLC005516**

8. **Stock Market Data**

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

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
<b>2013</b>				
April	328	292	325	277
May	355	300	355	282
June	313	267	308	262
July	302	250	325	250
August	282	214	284	220
September	274	227	265	228
October	243	228	250	226
November	284	220	278	219
December	318	260	320	260
<b>2014</b>				
January	320	250	315	246
February	277	245	274	243
March	340	259	341	255
April	381	290	383	302
May	472	330	473	332
June	635	417	636	410
July	690	562	696	563

9. **Dematerialisation of Shares:**

The trading in Equity shares of SML ISUZU Limited is permitted only in dematerialized form. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to avail this facility. As on 31st July, 2014, over 96% of the company's shares are 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 entertain any such requests directly from shareholders.**

10. **Transfer System for physical shares:**

Share transfers are being registered & returned within the stipulated timeline from the date of receipt, if the documents are clear in all respect.

Total No. of shares transferred during 2013-14 was 2800 (Previous Year 7885)

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

#### 11. Registrar and Transfer Agents

M/s MCS Limited  
Sri Venkatesh Bhavan,  
F - 65, Okhla Industrial Area,  
Phase - I, New Delhi - 110020

Contact person : Mr. Priya Darshan Walia  
Tele: 011-41404149  
Fax: 011-41709881  
Email address : admin@mcsdel.com

Share Transfer & other Communication regarding Share Certificates, Dividends and Change of address etc. may be addressed to Registrar, MCS Limited or to the share Department of the Company at SCO : 204-205, Sector-34 A, Chandigarh-160135.

#### 12. Shareholding Pattern as on 31<sup>st</sup> July, 2014

Category	No. of Share-holders	Voting Strength %	No. of Shares held
Promoters	1	43.96	63,62,306
Foreign Company	1	15.00	21,70,747
Insurance company	2	7.04	10,17,840
Mutual Funds & UTI	20	14.28	20,67,268
Other Bodies Corporate	376	4.12	5,96,754
FII's/NRI's	916	1.26	1,81,925
Individuals	10,509	14.34	20,74,806
<b>TOTAL</b>	<b>11,825</b>	<b>100.00</b>	<b>1,44,71,646</b>

#### 13. Distribution of Shareholding as on 31<sup>st</sup> July, 2014

No. of Equity Shares held	No. of Share-holders	No. of Shares	%age of Share-holding
1-500	11,272	10,64,213	7.35
501-1000	269	2,05,287	1.42
1001-2000	140	2,04,115	1.41
2001-3000	39	97,394	0.67
3001-4000	17	59,581	0.41
4001-5000	18	82,989	0.57
5001-10000	26	1,75,763	1.22
10001-50000	30	7,50,741	5.19
50001-100000	1	89,901	0.62
100000 above	13	1,17,41,662	81.14
<b>Total</b>	<b>11,825</b>	<b>1,44,71,646</b>	<b>100.00</b>

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

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

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

Registrar and Share Transfer Agents  
M/s MCS Ltd.  
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 : admin@mcsdel.com

Compliance Officer & Company Secretary

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

17. Website Address : [www.smlisuzu.com](http://www.smlisuzu.com)

## ANNEXURE TO DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

### 1. ENERGY CONSERVATION INITIATIVES

- Installation of 60KW motors in place of 90KW motors for Engine Assembly shop air pressurization unit.
- Power factor sustained at 0.99.
- Automation to switch-off 30 KW blower motor of primer painting booth during idle time.
- Optimized lighting load by installing LED and T5 fixtures in various shops

### 2. TECHNOLOGICAL DEVELOPMENT

2.1 BS III CRS engine designed and developed for JnNURM buses.

2.2 Sartaj 5252 XM Model on 2515 wheel base and 9 feet cargo box designed and prototype developed.

2.3 Truck and bus on 4240 wheel base designed and prototype developed.

2.4 Expenditure on Research & Development during 2013-14:

	<u>(Rs. in lakhs)</u>
(a) Capital	632.86
(b) Recurring	1,139.96
<b>(c) Total</b>	<b>1,772.82</b>
(d) R&D expenditure as a %age of total revenue	2.00%

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

#### Major R&D achievements have been:

- S7 bus on 3940 wheel base productionised and launched.
- Low cost high torque BSIII engine productionised and launched on SML platform vehicles.
- Development of 24 volts electrical system with multiplexing wiring meeting JnNURM II specifications for productionisation of diesel and CNG buses.

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

	<u>(Rs. in Lakhs)</u>
Earnings in foreign currency	2,351.63
Payments in foreign currency	2,144.74

**BALANCE SHEET AS AT 31 MARCH, 2014**

(Rs. in lakhs)

	Note No.	2014	2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	4	1,447.88	1,447.88
Reserves and surplus	5	26,193.41	24,961.24
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	6	964.15	1,052.21
Other long term liabilities	7	1,175.74	1,136.74
Long-term provisions	8	2,736.85	2,182.86
<b>Current liabilities</b>			
Short-term borrowings	9	—	16,209.33
Trade payables		16,413.91	11,161.81
Other current liabilities	10	3,607.38	4,132.50
Short-term provisions	11	2,521.58	3,602.90
<b>Total</b>		<b>55,060.90</b>	<b>65,887.47</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
Tangible fixed assets		13,571.71	13,113.99
Intangible fixed assets		763.54	815.21
Capital work-in-progress		819.27	1,001.92
Intangible assets under development		40.00	—
Long-term loans and advances	13	1,824.79	1,565.67
Other non-current assets	14	58.47	1.86
<b>Current assets</b>			
Inventories	15	24,334.66	23,064.65
Trade receivables	16	8,177.11	15,072.85
Cash and bank balances	17	4,110.15	7,500.22
Short-term loans and advances	18	1,270.33	2,687.53
Other current assets	19	90.87	1,063.57
<b>Total</b>		<b>55,060.90</b>	<b>65,887.47</b>
Significant accounting policies	3		

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

As per our report of even date attached

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

 For B S R & Company  
 Chartered Accountants  
 Firm Registration Number : 128032W

 GOPAL BANSAL  
 Whole Time Director & CFO

 S.K. TUTEJA  
 Chairman

 MANISH GUPTA  
 Partner  
 Membership Number : 095037  
 Place : New Delhi  
 Date : 09 May 2014

 PARVESH MADAN  
 Company Secretary

 EIICHI SETO  
 Managing Director & CEO

New Delhi, 09 May 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014**

(Rs. in lakhs)

	Note No.	2014	2013
<b>INCOME</b>			
Revenue from operations	20		
Sale of products (Gross)		<b>96,689.06</b>	109,672.50
Other operating revenues		<b>560.71</b>	1,558.82
		<b>97,249.77</b>	111,231.32
Less : Excise duty		<b>9,122.97</b>	11,021.16
		<b>88,126.80</b>	100,210.16
Other income	21	<b>472.48</b>	895.58
<b>Total revenue</b>		<b>88,599.28</b>	101,105.74
<b>EXPENSES:</b>			
Cost of materials consumed	22	<b>67,122.70</b>	73,377.27
Purchases of stock-in-trade (spare parts)		<b>3,652.31</b>	3,666.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	<b>(4,014.61)</b>	(834.70)
Employee benefits	24	<b>9,395.91</b>	8,091.11
Finance costs	25	<b>589.49</b>	1,861.41
Depreciation and amortization	12	<b>1,280.38</b>	1,217.81
Other expenses	26	<b>8,801.67</b>	8,877.36
<b>Total expenses</b>		<b>86,827.85</b>	96,256.59
<b>Profit before tax</b>		<b>1,771.43</b>	4,849.15
Tax expense:			
Current tax		<b>371.31</b>	1,166.00
Tax related to prior years		<b>(63.00)</b>	–
Mat credit entitlement		<b>(188.92)</b>	–
Deferred tax			
For prior years		<b>(63.00)</b>	43.52
For current year		<b>(25.06)</b>	(3.66)
<b>Profit for the year</b>		<b>1,740.10</b>	3,643.29
Earnings per share [face value of share Rs. 10 (previous year Rs. 10)]			
Basic and diluted earnings per share	33	<b>12.02</b>	25.18
Significant accounting policies	3		

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

As per our report of even date attached FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF SML ISUZU LIMITED

 For B S R & Company  
 Chartered Accountants  
 Firm Registration Number : 128032W

 GOPAL BANSAL  
 Whole Time Director & CFO

 S.K. TUTEJA  
 Chairman

 MANISH GUPTA  
 Partner  
 Membership Number : 095037  
 Place : New Delhi  
 Date : 09 May 2014

 PARVESH MADAN  
 Company Secretary

 EIICHI SETO  
 Managing Director & CEO

New Delhi, 09 May 2014



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014**

(Rs. in lakhs)

	2014	2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	<b>1,771.43</b>	4,849.15
Adjustments for :		
Depreciation and amortization	<b>1,280.38</b>	1,217.81
Unrealised (gain) / loss on foreign exchange fluctuation	<b>4.34</b>	(164.92)
Finance costs	<b>589.49</b>	1,861.41
Interest income on deposits	<b>(97.43)</b>	(580.26)
Loss / (profit) on fixed assets sold / written off (net)	<b>5.54</b>	(10.59)
Provision for doubtful trade receivables / advances	<b>59.07</b>	3.63
Liabilities/Provisions no longer required written back	<b>(359.12)</b>	(295.77)
<b>Operating profit before working capital changes</b>	<b>3,253.70</b>	6,880.46
Adjustments for :		
(Increase) / Decrease in trade receivables	<b>6,893.06</b>	(2,973.03)
(Increase) / Decrease in other current assets	<b>656.90</b>	(605.97)
Decrease in short term loans & advances	<b>1,571.72</b>	1.74
(Increase) / Decrease in long term loans & advances	<b>26.81</b>	(177.86)
(Increase) in inventories	<b>(1,270.01)</b>	(425.49)
Increase / (Decrease) in trade payables	<b>5,347.12</b>	(4,940.91)
Increase / (Decrease) in other current liabilities	<b>(112.26)</b>	171.90
Increase in long term provisions	<b>553.99</b>	146.60
Increase / (Decrease) in short term provisions	<b>(234.76)</b>	433.95
Increase in long term liabilities	<b>33.25</b>	72.50
<b>CASH PROVIDED / (USED) BY OPERATIONS</b>	<b>16,719.52</b>	(1,416.11)
Less: Direct tax paid (net of refunds)	<b>525.99</b>	1,124.12
<b>NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES</b>	<b>16,193.53</b>	(2,540.23)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets (tangible & intangible assets, capital work in progress) and capital advances	<b>(1,781.13)</b>	(2,210.63)
Proceeds from sale of fixed assets	<b>12.45</b>	10.94
Investment in Bank deposits (having original maturity of more than three months)	<b>(10,158.74)</b>	(6,194.54)
Maturity of Bank deposits (having original maturity of more than three months)	<b>13,747.57</b>	5,127.84
Investment in Margin money	<b>(43.03)</b>	(2.68)
Maturity of Margin money	<b>18.41</b>	-
Interest received	<b>386.23</b>	436.06
<b>NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES</b>	<b>2,181.76</b>	(2,833.01)

	2014	2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Unsecured loans taken during the year	<b>22,300.00</b>	24,904.82
Unsecured loans repaid during the year	<b>36,304.82</b>	<u>20,900.00</u>
Secured loans taken / (repaid) during the year (net)	<b>(2,204.51)</b>	2,204.51
Dividend paid	<b>(1,149.91)</b>	(1,153.08)
Tax paid on dividends	<b>(196.76)</b>	(187.81)
Addition to unclaimed dividend accounts	<b>(7.82)</b>	(4.65)
Finance costs paid	<b>(589.49)</b>	<u>(1,858.40)</u>
<b>NET CASH PROVIDED / (USED) BY FINANCING ACTIVITIES</b>	<b>(18,153.31)</b>	<u>3,005.39</u>
Net increase / (decrease) in cash and cash equivalents	<b>221.98</b>	(2,367.85)
Cash and cash equivalents at the beginning of the year	<b>3,626.60</b>	5,994.45
Cash and cash equivalents at the end of the year	<b>3,848.58</b>	3,626.60

**Notes to Cash flow statement :-**

- Components of cash and cash equivalents

Cash in hand	11.94	10.87
Balances with banks		
– Bank deposits (Original maturity with 3 months or less)	2,100.00	–
– Current accounts	1,736.64	3,615.73
	<u>3,848.58</u>	<u>3,626.60</u>
- The above "Cash flow statement" has been prepared under the Indirect method as set out in the AS -3 on "Cash flow statements".
- Previous year figures have been regrouped and recasted wherever necessary to confirm to the current year classification.

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

As per our report of even date attached

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

For B S R & Company  
Chartered Accountants  
Firm Registration Number : 128032W

GOPAL BANSAL  
Whole Time Director & CFO

S.K. TUTEJA  
Chairman

MANISH GUPTA  
Partner  
Membership Number : 095037  
Place : New Delhi  
Date : 09 May 2014

PARVESH MADAN  
Company Secretary

EIICHI SETO  
Managing Director & CEO

New Delhi, 09 May 2014

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 1. Company overview

SML Isuzu Limited (Formerly Swaraj Mazda Limited) is a public company, incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India. The Company is primarily engaged in the business of Commercial Vehicles and its parts. The Company has its operations primarily in India.

2. The financial statements for the year ended 31 March 2014 have been prepared as per the Revised Schedule VI to the Companies Act, 1956

### 3. Significant Accounting Policies

#### i) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 1956, to the extent applicable, as adopted consistently by the Company. The financial statements have been prepared in Indian rupees rounded off to the nearest lakhs.

#### ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimated provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. Differences between actual results and estimates are recognised in the year in which the actual results are known or materialised. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

#### iii) Current -non-current classification

All assets and liabilities are classified into current and non-current.

##### Assets

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

- a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

All other assets are classified as non-current.

##### Liabilities

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

- a. it is expected to be settled in the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

All other liabilities are classified as non-current.

### Operating cycle

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

### iv) Revenue recognition

Sales are recognized on transfer of significant risks and rewards of ownership to the customer that usually takes place on dispatch of goods to the customer from the factory/ stockyard/ storage area. In case of export sales, revenue is recognized as on the date of bill of lading, being the effective date of transfer of significant risks and rewards of ownership to the customer. Export benefits are accounted for on accrual basis.

Interest income is recognised using the time proportion method, based on underlying interest rates.

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

### v) Tangible and intangible fixed assets

Tangible assets are recorded at cost. Cost includes freight, duties, taxes and expenses incidental to acquisition and installation of fixed assets. In case of self-constructed fixed assets, appropriate overheads including salaries & wages are allocated to the cost of the asset. The cost of capital spares is capitalized along with the cost of the related asset.

Intangible assets comprising technical know how, product designs, prototypes etc. either acquired or internally developed are stated at cost. In case of internally generated intangible assets, appropriate overheads including salaries and wages are allocated to the cost of the asset.

Capital work in progress includes cost of assets at site, direct and indirect expenditure incidental to construction and interest on the funds deployed for construction.

### vi) Depreciation/ Amortisation

Depreciation on tangible fixed assets is provided on a Straight-line method on a monthly pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except on following assets which are being depreciated at the rates mentioned below which are equivalent to the management estimate of the useful economic life of the assets:

<u>Office equipments</u>		<u>Rate per annum</u>
Air conditioners	–	25.00%
<u>Computers</u>	–	33.33%
<u>Vehicles</u>		
Motor cars	–	25.00%

All assets costing up to Rs. 5,000/- are being fully depreciated in the year of purchase. Capital spares are amortized in a systematic manner over a period not exceeding the useful life of the asset to which they relate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

### vii) Inventories

Inventories are valued at lower of cost or net realizable value. Cost for the purpose of valuation is calculated on a quarterly weighted average method. In respect of finished goods & work-in-progress, applicable manufacturing overheads and other costs incurred in bringing the items of inventory to their present location and condition are also included. Excise duty is included in finished goods and stock-in-trade valuation.

### viii) Employee benefits

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

**Defined contribution plans:** The employee's provident fund scheme, employees' state insurance fund and contribution to superannuation fund are defined contribution plans. The Company's contribution paid / payable under these schemes is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

The Company has created a trust which has taken master policy with the Life Insurance Corporation of India to cover its liability towards employees' Superannuation.

**Defined benefit plans:** The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of current and past service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

**Other long term employee benefits:** Benefits under the Company's compensated absences policy constitute the other long term employee benefits. The liability in respect of compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

### ix) Research and development

Revenue expenditure on research is charged to the Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on development is shown as an addition to fixed assets and depreciated at the rate as applicable to respective assets.

### x) Warranty and service expenses

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****xi) Foreign currency transactions**

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

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of Profit and Loss.

**xii) Taxation**

Income-tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the year).

Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that company shall be liable to pay tax as per the normal provisions of the Income Tax Act, 1961 in future.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

**xiii) Government grant**

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

**xiv) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**xv) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard - 28 on 'Impairment of Assets' to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit and loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

**xvi) Operating lease (As lessee)**

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease.

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease period.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****xvii) Earnings per share**

Basic earnings per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

**xviii) Provisions, contingent liabilities and contingent assets**

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognised in the financial statements of the period in which the change occurs.

**xix) Cash and cash equivalents:**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**NOTE 4**

(Rs. in lakhs)

	2014	2013
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
40,000,000 (Previous year 40,000,000) Equity Shares of Rs. 10/- each	<u>4,000.00</u>	<u>4,000.00</u>
<b>Issued, subscribed &amp; paid up</b>		
14,471,646 * (previous year 14,471,646) equity shares of Rs. 10/- each fully paid up	<u>1,447.17</u>	<u>1,447.17</u>
Forfeited shares [13,300 (previous year 13,300) equity shares of Rs.10 each ]	<u>0.71</u>	<u>0.71</u>
<b>Total</b>	<u>1,447.88</u>	<u>1,447.88</u>

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

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

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Balance at the beginning and year end	14,471,646	1,447.17	14,471,646	1,447.17

**b. Details of shareholders holding more than 5% share in company**

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Sumitomo Corporation, Japan	6,362,306	43.96%	6,362,306	43.96%
Isuzu Motors Limited	2,170,747	15.00%	2,170,747	15.00%
Reliance Capital Trustee Company Ltd.	8,32,339	5.75%	1,228,695	8.49%

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

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**  
**NOTE 5**

(Rs. in lakhs)

	2014	2013
<b>RESERVES AND SURPLUS</b>		
<b>Capital reserves</b>		
At the commencement and at the end of the year	15.00	15.00
<b>Securities premium reserve</b>		
At the commencement and at the end of the year	7,452.88	7,452.88
<b>Other reserves</b>		
<b>General reserve</b>		
At the commencement of the year	8,223.67	7,859.34
Add : Amount transferred from surplus	<u>174.01</u>	<u>364.33</u>
Balance at the end of the year	8,397.68	8,223.67
<b>Surplus (Profit &amp; loss balance)</b>		
At the commencement of the year	9,269.69	7,345.22
Add: Profit for the year	1,740.10	3,643.29
<i>Appropriations</i>		
Less: Proposed dividend *	434.15	1,157.73
Less: Dividend tax and surcharge	73.78	196.76
Less: Transfer to General Reserve	<u>174.01</u>	<u>364.33</u>
Balance at the end of the year	<u>10,327.85</u>	<u>9,269.69</u>
<b>Total</b>	<b><u>26,193.41</u></b>	<b><u>24,961.24</u></b>

\* The Board of Directors have recommended a dividend of Rs. 3.0 per share (previous year Rs. 8.0 per share) subject to the approval of the Shareholders at the Annual General Meeting.

**NOTE 6**

(Rs. in lakhs)

	2014	2013
<b>DEFERRED TAX LIABILITY (NET)</b>		
<b>(A) Deferred tax liabilities</b>		
(i) Excess of depreciation/amortisation on fixed assets under income tax law over depreciation/amortisation provided in accounts	2,352.99	2,108.93
(ii) R&D related capital work in progress allowed under Sec 35(2AB) of the Income tax Act, 1961	7.53	47.36
Gross deferred tax liabilities	<u>2,360.52</u>	<u>2,156.29</u>
<b>(B) Deferred tax assets</b>		
(i) Provision for doubtful debts / advances	247.37	247.37
(ii) Provision for leave encashment	543.42	424.94
(iii) Provision for gratuity	478.60	369.61
(iv) Provision for bonus	30.31	29.16
(v) Other disallowances under Income Tax Act, 1961	96.67	33.00
Gross deferred tax assets	<u>1,396.37</u>	<u>1,104.08</u>
<b>Deferred tax liabilities (net)</b>	<b><u>964.15</u></b>	<b><u>1,052.21</u></b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**NOTE 7**

(Rs. in lakhs)

	2014	2013
<b>OTHER LONG TERM LIABILITIES</b>		
<b>Others:</b>		
Security deposits from dealers	783.94	750.69
Dealer development delinquency pool	124.76	354.81
Capital creditors	267.04	31.24
<b>Total</b>	<u>1,175.74</u>	<u>1,136.74</u>

**NOTE 8**

(Rs. in lakhs)

	2014	2013
<b>LONG TERM PROVISIONS</b>		
Provision for employees benefits:		
Gratuity (refer to note 40)	1,201.19	876.84
Compensated absences	<u>1,000.04</u>	<u>702.87</u>
	2,201.23	1,579.71
Other long term provisions :		
Warranty (refer to note 30)	125.19	198.47
Service charges (refer to note 30)	78.83	73.08
Income tax [net of Advance tax Rs. 4,554.64 Lakhs (Previous year Rs. 4,554.64 Lakhs)]	331.60	331.60
<b>Total</b>	<u>2,736.85</u>	<u>2,182.86</u>

**NOTE 9**

(Rs. in lakhs)

	2014	2013
<b>SHORT TERM BORROWINGS</b>		
Loans repayable on demand :		
Cash credit from banks-secured (refer to note 44)	-	2,204.51
Cash credit from banks-unsecured	-	4.82
Other loans - unsecured	-	14,000.00
<b>Total</b>	<u>-</u>	<u>16,209.33</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

**NOTE 10**

(Rs. in lakhs)

	2014	2013
<b>OTHER CURRENT LIABILITIES</b>		
Unpaid dividends	141.71	133.88
Other payables		
Advance from customers	1,215.77	1,145.79
Statutory liabilities	1,438.14	1,789.78
Payable to employees	629.06	489.37
Capital Creditors	182.70	573.68
<b>Total</b>	<b><u>3,607.38</u></b>	<b><u>4,132.50</u></b>

**NOTE 11**

(Rs. in lakhs)

	2014	2013
<b>SHORT TERM PROVISIONS</b>		
Provision for employees benefits:		
Gratuity (refer to note 40)	246.54	210.56
Compensated absences	598.74	547.32
Superannuation	<u>28.95</u>	<u>21.25</u>
Other provisions :		
Warranty (refer to note 30)	554.51	940.80
Service charges (refer to note 30)	584.91	528.48
Proposed equity dividend	434.15	1,157.73
Tax on proposed equity dividend	73.78	196.76
<b>Total</b>	<b><u>2,521.58</u></b>	<b><u>3,602.90</u></b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 12

FIXED ASSETS

(Rs. in lakhs)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at 01.04.2013	Additions during the year	Sale/ Adj.	As at 31.03.2014	As at 01.04.2013	For the year	Sale/ Adj.	As at 31.03.2014	As at 31.03.2014
<b>Tangible Assets (A)</b>									
Freehold Land	48.74	-	-	48.74	-	-	-	-	48.74
Buildings	6,603.48	151.20	-	6,754.68	1,439.72	220.14	-	1,659.86	5,094.82
Plant & Equipments	11,182.49	1,056.67	167.64	12,071.52	4,321.45	641.36	155.03	4,807.78	7,263.74
Furniture & Fixtures	254.16	36.23	6.15	284.24	127.58	18.74	6.15	140.17	144.07
Office Equipment	243.03	50.47	7.31	286.19	114.50	19.60	6.25	127.85	158.34
Vehicles	1,267.09	230.79	62.81	1,435.07	620.78	173.18	58.49	735.47	699.60
<b>Others</b>									
Computers	605.83	114.06	0.52	719.37	466.80	90.69	0.52	556.97	162.40
<b>Sub Total (A)</b>	<b>20,204.82</b>	<b>1,639.42</b>	<b>244.43</b>	<b>21,599.81</b>	<b>7,090.83</b>	<b>1,163.71</b>	<b>226.44</b>	<b>8,028.10</b>	<b>13,571.71</b>

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at 01.04.2013	Additions during the year	Sale/ Adj.	As at 31.03.2014	As at 01.04.2013	For the year	Sale/ Adj.	As at 31.03.2014	As at 31.03.2014
<b>Intangible Assets (B)</b>									
Technical know-how	1,060.82	65.00	-	1,125.82	245.61	116.67	-	362.28	763.54
<b>Sub Total (B)</b>	<b>1,060.82</b>	<b>65.00</b>	<b>-</b>	<b>1,125.82</b>	<b>245.61</b>	<b>116.67</b>	<b>-</b>	<b>362.28</b>	<b>763.54</b>
<b>Total (A+B)</b>	<b>21,265.64</b>	<b>1,704.42</b>	<b>244.43</b>	<b>22,725.63</b>	<b>7,336.44</b>	<b>1,280.38</b>	<b>226.44</b>	<b>8,390.38</b>	<b>14,335.25</b>
Capital Work in Progress									819.27
Intangible Assets under Development									40.00

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at 01.04.2012	Additions during the year	Sale/ Adj.	As at 31.03.2013	As at 01.04.2012	For the year	Sale/ Adj.	As at 31.03.2013	As at 31.03.2013
<b>Tangible Assets (A)</b>									
Freehold Land	48.74	-	-	48.74	-	-	-	-	48.74
Buildings	6,394.09	209.39	-	6,603.48	1,229.24	210.48	-	1,439.72	5,163.76
Plant & Equipments	10,173.37	1,013.35	4.23	11,182.49	3,668.22	657.46	4.23	4,321.45	6,861.04
Furniture & Fixtures	206.48	47.68	-	254.16	111.98	15.60	-	127.58	126.58
Office Equipment	194.92	48.54	0.43	243.03	99.72	15.21	0.43	114.50	128.53
Vehicles	1,075.08	218.04	26.03	1,267.09	520.72	126.09	26.03	620.78	646.31
<b>Others</b>									
Computers	500.27	107.91	2.35	605.83	388.55	80.23	1.98	466.80	139.03
<b>Sub Total (A)</b>	<b>18,592.95</b>	<b>1,644.91</b>	<b>33.04</b>	<b>20,204.82</b>	<b>6,018.43</b>	<b>1,105.07</b>	<b>32.67</b>	<b>7,090.83</b>	<b>13,113.99</b>

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at 01.04.2012	Additions during the year	Sale/ Adj.	As at 31.03.2013	As at 01.04.2012	For the year	Sale/ Adj.	As at 31.03.2013	As at 31.03.2013
<b>Intangible Assets (B)</b>									
Technical know-how	1,060.82	-	-	1,060.82	132.87	112.74	-	245.61	815.21
<b>Sub Total (B)</b>	<b>1,060.82</b>	<b>-</b>	<b>-</b>	<b>1,060.82</b>	<b>132.87</b>	<b>112.74</b>	<b>-</b>	<b>245.61</b>	<b>815.21</b>
<b>Total (A+B)</b>	<b>19,653.77</b>	<b>1,644.91</b>	<b>33.04</b>	<b>21,265.64</b>	<b>6,151.30</b>	<b>1,217.81</b>	<b>32.67</b>	<b>7,336.44</b>	<b>13,929.20</b>
Capital Work in Progress									1,001.92
Intangible Assets under Development									-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**NOTE 13**

(Rs. in lakhs)

	2014	2013
<b>LONG TERM LOANS &amp; ADVANCES</b>		
<i>(Unsecured considered good unless stated otherwise)</i>		
<b>To parties other than related parties</b>		
Capital advances	207.75	143.56
Security deposits	131.55	141.39
Loans to employees	73.76	113.10
Prepaid expenses	11.32	–
Others		
Amount paid under protest to authorities		
– Income tax	489.02	489.02
– Sales tax	192.03	184.15
– Excise duty	2.13	2.13
Advance tax [(net of provision for tax Rs. 5,689.53 lakhs (Previous year Rs.5,381.22 lakhs)]	717.23	492.32
<b>Total</b>	<b>1,824.79</b>	<b>1,565.67</b>

**NOTE 14**

Rs. in lakhs)

	2014	2013
<b>OTHER NON CURRENT ASSETS</b>		
<i>(Unsecured, considered good unless stated otherwise)</i>		
Bank deposits (due to mature after twelve months from the reporting date)	57.06	1.86
Margin money	0.46	–
Interest accrued but not due on bank deposits	0.95	–
<b>Total</b>	<b>58.47</b>	<b>1.86</b>

**NOTE 15**

(Rs. in lakhs)

	2014	2013
<b>INVENTORIES (cost or net realisable value, whichever is lower)</b>		
Raw materials *	7,475.61	10,442.52
Work in progress	1,258.76	1,401.61
Finished goods (Vehicles)	14,126.88	9,606.16
Stock-in-trade (Spare parts) *	1,340.02	1,455.69
Stores and spares *	107.97	121.45
Loose tools *	25.42	37.22
<b>Total</b>	<b>24,334.66</b>	<b>23,064.65</b>

\* Includes goods in transit:

– Raw materials	654.47	578.07
– Stock-in-trade (Spare parts)	44.32	66.12
– Stores and spares	9.43	29.20
– Loose tools	0.66	2.70

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**NOTE 16**

(Rs. in lakhs)

	2014	2013
<b>TRADE RECEIVABLES</b>		
(Unsecured)		
<b>Outstanding for a period exceeding six months from the date these are due for payment</b>		
Considered good	31.45	115.84
Considered doubtful	851.58	848.88
Less: Provision for doubtful debts	<u>851.58</u>	<u>848.88</u>
<b>Others receivables</b>		
Considered good	<u>8,145.66</u>	14,957.01
<b>Total</b>	<u><b>8,177.11</b></u>	<u>15,072.85</u>

**NOTE 17**

(Rs. in lakhs)

	2014	2013
<b>CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash in hand	11.94	10.87
Balances with banks		
– On bank deposits (Original maturity within 3 months or less)	2,100.00	–
– On current accounts	<u>1,736.64</u>	<u>3,615.73</u>
	<b>3,848.58</b>	3,626.60
<b>Other bank balances</b>		
Unclaimed dividend accounts	141.71	133.88
Margin money	35.74	11.60
Bank deposits (due to mature within twelve months of the reporting date)	<u>84.12</u>	<u>3,728.14</u>
<b>Total</b>	<u><b>4,110.15</b></u>	<u>7,500.22</u>
<b>Details of bank balances / deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	<b>3,836.64</b>	3,615.73
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	<b>84.12</b>	3,728.14
Bank deposits due to mature after 12 months from the reporting date included under 'Other non current assets' (refer note 14)	<b>57.06</b>	1.86
<b>Total</b>	<u><b>3,977.82</b></u>	<u>7,345.73</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**NOTE 18**

(Rs. in lakhs)

	2014	2013
<b>SHORT-TERM LOANS &amp; ADVANCES</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
<b>To parties other than related parties</b>		
Security Deposits	42.35	–
<b>Others :</b>		
Cenvat credit receivable		
Considered good	249.03	248.08
Considered doubtful	488.32	488.32
Less: Provision for doubtful receivables	<u>488.32</u>	<u>488.32</u>
	249.03	248.08
VAT/Sales tax credit receivable		
Considered good	532.82	2,105.37
Considered doubtful	32.41	–
Less: Provision for doubtful receivables	<u>32.41</u>	<u>–</u>
	532.82	2,105.37
Advances for supply of goods	63.45	150.08
Loans and advances to employees	72.48	84.02
MAT credit entitlement	188.92	–
Prepaid expenses and other advances	121.28	99.98
<b>Total</b>	<u>1,270.33</u>	<u>2,687.53</u>

**NOTE 19**

(Rs. in lakhs)

	2014	2013
<b>OTHER CURRENT ASSETS</b>		
<i>(Unsecured considered good unless stated otherwise)</i>		
Interest accrued but not due on deposits	10.93	307.90
Royalty income receivable	9.19	9.22
Financial support receivable	–	519.84
Export incentives receivables		
Considered good	70.75	226.61
Considered doubtful	25.79	6.95
Less : Provision for doubtful receivables	<u>25.79</u>	<u>6.95</u>
	–	–
<b>Total</b>	<u>90.87</u>	<u>1,063.57</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**NOTE 20**

(Rs. in lakhs)

	2014		2013	
<b>REVENUE FROM OPERATIONS</b>				
<b>Sale of products</b>				
Finished goods – vehicles	89,198.18		102,026.75	
Traded goods - spare parts	7,490.88	96,689.06	7,645.75	109,672.50
<b>Other operating revenues</b>				
Sale of Scrap	364.88		474.79	
Export incentives	79.89		244.15	
Financial support	–		519.84	
Royalty	103.08		104.01	
Exchange gain on foreign exchange fluctuations (net)	12.86	560.71	216.03	1,558.82
<b>Total</b>		<b>97,249.77</b>		<b>111,231.32</b>

**NOTE 21**

(Rs. in lakhs)

	2014		2013	
<b>OTHER INCOME</b>				
Interest income on deposits		97.43		580.26
Profit on sale of fixed assets (net)		–		10.59
Liabilities/provisions no longer required written back		359.11		295.77
Other non operating income		15.94		8.96
<b>Total</b>		<b>472.48</b>		<b>895.58</b>

**NOTE 22**

(Rs. in lakhs)

	2014		2013	
<b>COST OF MATERIALS CONSUMED</b>				
Inventory of material at the beginning of the year	10,442.52		10,950.47	
Purchases (refer to note 28)	64,155.79		72,869.32	
Inventory of material at the end of the year	7,475.61		10,442.52	
		<b>67,122.70</b>		<b>73,377.27</b>
Breakup of material consumed	%		%	
Imported	3.53	2,369.45	3.49	2,564.02
Local	96.47	64,753.25	96.51	70,813.25
<b>Total</b>	<b>100.00</b>	<b>67,122.70</b>	<b>100.00</b>	<b>73,377.27</b>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

**NOTE 23**

(Rs. in lakhs)

	2014	2013
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
Opening stock		
– Finished goods (Vehicles)	9,606.16	9,219.30
– Stock-in-trade (Spare parts)	1,455.69	1,539.81
– Work-in-progress	1,401.61	786.86
	<u>12,463.46</u>	<u>11,545.97</u>
Less : Closing stock		
– Finished goods (Vehicles)	14,126.88	9,606.16
– Stock-in-trade (Spare parts)	1,340.02	1,455.69
– Work-in-progress	1,258.76	1,401.61
	<u>16,725.66</u>	<u>12,463.46</u>
	<b>(4,262.20)</b>	(917.49)
Add : Increase in excise duty on finished goods	<b>247.59</b>	82.79
<b>Total</b>	<b><u>(4,014.61)</u></b>	<b><u>(834.70)</u></b>

**NOTE 24**

(Rs. in lakhs)

	2014	2013
<b>EMPLOYEE BENEFITS</b>		
Salaries, wages, bonus and compensated absences	7,595.64	6,581.80
Contributions to provident and other funds	1,172.57	962.34
Workmen and staff welfare expenses	627.70	546.97
<b>Total</b>	<b><u>9,395.91</u></b>	<b><u>8,091.11</u></b>

**NOTE 25**

(Rs. in lakhs)

	2014	2013
<b>FINANCE COSTS</b>		
Interest expenses	517.63	1,786.60
Other borrowing costs	71.86	74.81
<b>Total</b>	<b><u>589.49</u></b>	<b><u>1,861.41</u></b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**NOTE 26**

(Rs. in lakhs)

	2014		2013
<b>OTHER EXPENSES</b>			
Consumption of stores and spares and loose tools*	<b>150.03</b>		130.89
Repairs :			
– Plant & Machinery	<b>106.99</b>		75.01
– Buildings	<b>158.13</b>		65.38
– Others	<b>95.61</b>		126.11
Power and fuel	<b>893.05</b>		798.34
Rent	<b>254.09</b>		224.00
Rates and taxes (refer to note 28)	<b>362.99</b>		99.02
Legal and professional	<b>208.11</b>		181.39
Auditors' remuneration:			
– Statutory Audit	<b>23.00</b>	23.00	
– Tax Audit	<b>2.50</b>	2.50	
– Limited review of quarterly results	<b>10.50</b>	10.50	
– Other Services (Certifications)	<b>7.94</b>	1.50	
– Reimbursement of expenses	<b>3.43</b>	<u>2.23</u>	39.73
Insurance	<b>83.41</b>		87.70
Printing, stationery and other communication expense	<b>155.95</b>		132.47
Travelling and conveyance	<b>881.40</b>		816.51
Provision for doubtful trade receivables advances	<b>53.95</b>		3.63
Packing and freight outward	<b>2,982.02</b>		3,331.00
Warranty Costs	<b>576.36</b>		1,248.04
Marketing, sales and promotion expenses	<b>1,105.97</b>		995.91
Royalty expenses	<b>13.57</b>		17.82
Testing and other laboratory expenses	<b>350.18</b>		273.35
Loss on sale of fixed assets (net)	<b>5.54</b>		–
Advances written off	<b>5.12</b>		–
Miscellaneous expenses	<b>311.83</b>		<u>231.06</u>
<b>Total</b>	<b><u>8,801.67</u></b>		<u>8,877.36</u>

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

(Rs. in lakhs)

	%		%	
Imported	<b>5.60</b>	<b>8.41</b>	10.85	14.20
Local	<b>94.40</b>	<b>141.62</b>	<u>89.15</u>	<u>116.69</u>
<b>Total</b>	<b><u>100.00</u></b>	<b><u>150.03</u></b>	<u>100.00</u>	<u>130.89</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

27. There are contingent liabilities in respect of claims against the Company not acknowledged as debts:

Particulars	2013-14 <u>(Rs. in lakhs)</u>	2012-13 <u>(Rs. in lakhs)</u>
Sales tax matters	554.40	554.40
Excise and service tax matters	379.49	531.13
Income tax matters	1,094.72	1,243.14
Civil matters	207.04	207.65
<b>Total</b>	<b><u>2,235.65</u></b>	<b><u>2,536.32</u></b>

28. a) Rates & taxes include certain VAT input credits, availed in earlier years, amounting to Rs. 147.83 lacs, which are not likely to be utilized and an amount of Rs. 134.36 lacs provided towards expected sales tax liability in respect of certain sales returns which took place in earlier years and the issue is likely to be litigated / disputed by the Department. Accordingly, these have been provided for in the books of accounts.

b) Purchases for the year include an amount of Rs. 35.21 lacs towards purchase tax paid pertaining to earlier years.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1,879.26 lakhs (previous year Rs. 228.87 lakhs).

30. The Company has adopted Accounting Standard 29 'Provisions, Contingent Liabilities & Contingent Assets' as notified by the Companies (Accounting Standards) Rules, 2006. Accordingly the following disclosure has been made:

Name of the provision	Balance as on 1 April 2013	Accrued during the year	Amount utilised/ written back during the year	Balance as on 31 March 2014
Provision for warranty*	1,139.27 (1,210.47)	576.36 (1,248.04)	1,035.93 (1,319.24)	679.70 (1,139.27)
Provision for service charges**	601.56 (434.17)	475.04 (416.51)	412.86 (249.12)	663.74 (601.56)

Figures of previous year are given in brackets

\* The Company is liable towards warranty claims made by end users of its products. The year end provision is based on its estimate of the average warranty cost per unit of goods sold and on the basis of historical data. It is estimated that the provision would be fully utilized over the warranty period.

\*\* The Company has provided free service coupons to end users of its products and estimated a provision based on its historical trends of utilization of service coupons.

31. As the Company's business activities fall within a single primary business segment, viz., "Commercial Vehicles and Spares", the disclosure requirement of Accounting Standard (AS) - 17 "Segment Reporting" is not applicable.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

32. In accordance with Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the company's related parties are as follows:

- i. **Entities where control exists** Sumitomo Corporation, Japan  
Holding Company (up to 12 April 2012)  
Controlling Enterprise (w.e.f. 13 April 2012)
- ii. **Key management personnel** Mr. Y. Watanabe - Managing Director & CEO (upto 25 December 2013)  
Mr. E. Seto - Managing Director & CEO (w.e.f. 26 December 2013)  
Mr. R.P Sehgal - Whole-time Director - Works (up to 31 May 2013)  
Mr. Y. Kosaka - Whole-time Director - R&D (w.e.f. 08 November 2012)  
Mr. Gopal Bansal - Whole-time Director & CFO (w.e.f. 11 February 2014)

iii. **Transactions with Sumitomo Corporation, Japan:**

Nature of transactions	2013-14	2012-13
	Rs. in lakhs	Rs. in lakhs
a. Purchase of components and spares	729.59	2,161.65
b. Purchase of fixed assets	—	2.37
c. Other borrowing cost (Discounting Charges)	1.75	6.71
d. Dividend paid	508.98	508.98
e. Balance outstanding at the year end - Payable	29.04	1,054.41
iv. Payments to Key Management Personnel:		
a. Remuneration *:		
Mr. Y. Watanabe	69.08	120.03
Mr. E. Seto	26.70	—
Mr. R.P. Sehgal	22.02	119.26
Mr. Y. Kosaka	64.24	25.07
Mr. Gopal Bansal	20.17	—
b. Director's remuneration payable at the year end	27.36	96.00

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

33. **Earning Per Share (EPS):**

	31-03-2014	31-03-2013
Profit attributable to equity shareholders (Rs. in lakhs)	1,740.10	3,643.29
Weighted average number of equity shares outstanding during the year. [excluding 13,300 forfeited equity shares (Previous Year 13,300)] (in nos.)	14,471,646	14,471.646
Basic and Diluted Earnings per share (Rs.)	12.02	25.18
Face Value per share (Rs.)	10.00	10.00

34. **Value of imports on CIF basis:**

	2013-2014	2012-2013
	Rs. in lakhs	Rs. in lakhs
Raw materials & components	640.45	2,788.53
Spares & stores (Including capital spares)	272.38	267.04
Capital goods	321.89	221.06
	1,234.72	3,276.63

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

**35. Earnings in foreign currency (at FOB Value) :**

	<u>2013-2014</u>	<u>2012-2013</u>
	<u>Rs. in lakhs</u>	<u>Rs. in lakhs</u>
Exports of vehicles	2,306.09	2,677.37
Export of spare parts	45.54	72.20
	<u>2,351.63</u>	<u>2,749.57</u>

**36. Expenditure in foreign currency:**

	<u>2013-2014</u>	<u>2012-2013</u>
	<u>Rs. In lakhs</u>	<u>Rs. In lakhs</u>
Travelling and conveyance	15.52	18.47
Other borrowing cost (Discounting charges)	1.75	6.71
Royalty	13.57	17.82
	<u>30.84</u>	<u>43.00</u>

37. Based on the information and records presently available with the management, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

38. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arms 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.

39. The Company has taken certain premises under operating lease arrangements. The total lease rental recognized as expense aggregate to Rs. 254.09 lakhs (previous year Rs. 224.00 lakhs).

Future minimum lease payments under non-cancellable operating leases:

	<u>2013-2014</u>	<u>2012-2013</u>
	<u>Rs. In lakhs</u>	<u>Rs. In lakhs</u>
Not later than one year	51.80	55.26
Later than one year and not later than five years	107.63	159.84

**40. Disclosures as per AS - 15 (Revised) 'Employee Benefits' for year ended March 31, 2014:**

**I Defined Contribution Plans**

**(a) Provident Fund and Superannuation**

During the year, the Company has recognised the following amounts in the Statement of profit and loss:-

	<u>2013-2014</u>	<u>2012-2013</u>
	<u>Rs. In lakhs</u>	<u>Rs. In lakhs</u>
Employers contribution to Provident Fund	532.63	453.40
Superannuation*	90.00	81.12

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

**(b) Employees State Insurance Scheme**

During the year, the Company has recognised the following amounts in the Statement of profit and loss:-

	<u>2013-2014</u> <u>Rs. In lakhs</u>	<u>2012-2013</u> <u>Rs. In lakhs</u>
Employees State Insurance Scheme*	4.27	5.51

\*Includes in contribution to provident and other funds in Note 24

**II Defined Benefit Plans**

Contribution to Gratuity fund - Life Insurance Corporation of India

**Actuarial Assumptions**

	<u>2013-2014</u> <u>IAL</u> <u>2006-08 Ultimate</u>	<u>2012-2013</u> <u>IAL</u> <u>2006-08 Ultimate</u>
Mortality table		
Attrition rate	5.00% p.a	5.00% p.a
Discount rate	9.10% p.a	8.15% p.a
Future salary rise	8.00% p.a	6.00% p.a
Expected return on plan assets	8.85% p.a	9.40% p.a
Remaining working life	19.16 years	19.81 years
Retirement age	58.00 years	58.00 years

	<u>2013-2014</u> <u>Rs. In lakhs</u>	<u>2012-2013</u> <u>Rs. In lakhs</u>
<b>Expenses recognized in the Statement of Profit and Loss *</b>		
Current service cost	152.80	120.55
Interest cost on obligation	147.61	104.10
Expected return on plan assets	(55.52)	(46.19)
Net actuarial loss recognized in the year	300.77	243.86
Total expenses recognized in the Statement of Profit & Loss	<u>545.66</u>	<u>422.32</u>

\* Included in contribution to provident and other funds in Note 24.

**Movement in the present value of obligation**

Defined benefit obligation as at beginning of year	1,688.03	1,338.08
Current service cost	152.80	120.55
Interest cost	147.61	104.10
Actuarial loss/(gain)	300.44	246.85
Benefits paid	(131.86)	(121.55)
Defined benefit obligation as at end of year	<u>2,157.02</u>	<u>1,688.03</u>

**Gratuity funded**

	<u>2013-2014</u> <u>Rs. In lakhs</u>	<u>2012-2013</u> <u>Rs. In lakhs</u>
<b>Movement in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	600.62	431.42
Expected return on plan assets	55.52	46.19
Contributions paid by employer	185.35	241.57
Actuarial gain	(0.33)	2.99
Benefits paid by the plan	(131.86)	(121.55)
Fair value of plan assets as at end of the year	<u>709.30</u>	<u>600.62</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**
**Five year details**

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b>Reconciliation of present value of defined benefit obligation and the fair value of assets</b>					
Present value of defined benefit obligation as at end of year	825.48	1,127.60	1,338.08	1,688.03	<b>2,157.02</b>
Fair value of plan assets as at end of year funded status	232.18	285.15	431.42	600.62	<b>709.30</b>
Experience adjustment	80.25	195.22	127.26	174.73	<b>164.43</b>
Present value of unfunded obligation as at end of year	593.30	842.45	906.66	1,087.41	<b>1,447.72</b>

The major categories of plan assets as a percentage of total plan assets as at 31 March 2014 are as follows:

	<u>2013-2014</u>	<u>2012-2013</u>
Insurer Managed Funds	<b>100%</b>	100%

Note: The estimates of future salary increase considered in actuarial variation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The Company expects to contribute approximately Rs. 133.45 lakhs to the Gratuity Fund during financial year 2014-15.

**Short term employment benefits**

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

**41. Research and development costs are as follows :**

	<u>2013-2014</u> <u>Rs. In lakhs</u>	<u>2012-2013</u> <u>Rs. In lakhs</u>
<b>a. Revenue expenditure</b>		
Salaries and wages	<b>600.23</b>	529.09
Contribution to provident and other funds	<b>46.52</b>	40.65
Cost of materials consumed	<b>194.22</b>	302.90
Testing expenses	<b>94.13</b>	125.76
Travelling and conveyance	<b>52.29</b>	52.72
Membership & subscription	<b>19.09</b>	17.06
Software	<b>0.50</b>	40.15
Telephone, insurance, freight and others	<b>132.98</b>	188.26
<b>Total</b>	<b><u>1,139.96</u></b>	<u>1,296.59</u>
<b>b. Capital expenditure</b>		
– Capitalised	<b>632.15</b>	150.42
– Work-in-progress	<b>0.71</b>	114.21

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

- Number of Non-resident shareholders: 1 (Previous year 1)
- Number of shares held as on record date: 2,170,747 (Previous year 2,170,747)
- Amount remitted during the year: Rs. 17,365,976 (Previous year Rs. 17,365,976)
- Financial Year to which dividend pertains : 2012-13 (Previous year 2011-12)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

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

Particulars	Currency Denomination	As at 31 March 2014		As at 31 March 2013	
		Foreign Currency Amount in lakhs	Amount in Rupees in lakhs	Foreign Currency Amount in lakhs	Amount in Rupees in lakhs
Current Liabilities	Japanese Yen	<b>48.98</b>	<b>29.04</b>	1,818.58	1,054.41
Current Liabilities	Euro	<b>0.78</b>	<b>65.13</b>	0.10	6.93
Debtors	USD	<b>4.97</b>	<b>298.96</b>	0.09	4.79
Advance from Customer	USD	<b>3.65</b>	<b>219.66</b>	5.25	284.07

44. The cash credit limits sanctioned by the bankers are secured by a first charge by way of hypothecation of the Company's current assets i.e. stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire purchase/ leasing, book debts and other movables of the Company (both present and future) and also by way of a collateral pari passu second charge on the Company's fixed assets.

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

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

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

For B S R & Company  
Chartered Accountants  
Firm Registration Number : 128032W

GOPAL BANSAL  
Whole Time Director & CFO

S.K.TUTEJA  
Chairman

MANISH GUPTA  
Partner  
Membership Number : 095037  
Place : New Delhi  
Date : 09 May 2014

PARVESH MADAN  
Company Secretary

EIICHI SETO  
Managing Director & CEO

New Delhi, 09 May 2014



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SML ISUZU LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of SML Isuzu Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

### Management responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditor's responsibility

Our responsibility is to express an opinion on these 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. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For B S R & Company**  
Chartered Accountants  
Firm Registration No.: 128032W  
**Manish Gupta**

Partner  
Membership No.: 095037

Place: New Delhi  
Date : 09 May 2014

## ANNEXURE TO AUDITORS' REPORT

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were physically verified by the Company during the current year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) Fixed asset disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except materials-in-transit and stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories and fixed assets are for the Company's specialised requirements and therefore suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to sale of goods and services. *However, considering the size of the Company and the nature of its business, internal control procedures need to be further strengthened with regard to obtaining comparable quotations for purchase of inventories and fixed assets.* Other than this, we have not observed any major weakness in the internal control system during the course of the audit.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(v)(b) of the order is not applicable
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Excise duty, Service tax, Customs duty and other material statutory dues have been regularly deposited by the Company with the appropriate authorities though there have been slight delays in a few cases of Tax deducted at Source and Sales tax.  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable *except for sales tax amounting to Rs. 134.36 lacs (refer to note 28 of the financial statements).*
- (b) According to the information and explanations given to us, there are no dues of Wealth tax and Customs duty which have not been deposited with the appropriate authorities on account of any dispute. Further, according to the information and explanations given to us, except as stated below, there are no dues of Income tax, Sales tax, Service tax and Excise duty which have not been deposited by the Company on account of disputes:

Name of the statute	Particulars	Amount Disputed Rs. Lakhs	Amount Deposited Rs. Lakhs	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Demand raised for difference in the rate of tax	218.23	87.30	1 <sup>st</sup> April 2000 to 30th September 2000	Sales Tax Appellate Tribunal, Chandigarh.
Punjab VAT Act, 2005	Vehicles impounded & demand raised due to discrepancy in / inadequacy of documents	1.57	0.39	August, 2007	Deputy Excise and Taxation Commissioner cum Joint Director Enforcement, Patiala.
Gujarat Sales Tax Act 1969	Demand raised due to discrepancy in documents	11.78	5.50	2001-02	Deputy Commissioner (Appeals), Gujarat
U P Trade Tax Act, 1948	Demand raised due to sales tax rate difference.	15.94	7.20	1993-94	Additional Commissioner (Appeals), Lucknow
J&K GST Act, 1962	Demand raised for difference in D and F forms	2.42	0.25	2003-04	Deputy Commercial Taxes (Appeals) (Appellate Authority) Jammu
J&K GST Act, 1962	Demand raised for difference in D and F forms	23.36	0.65	2004-05	Deputy Commercial Taxes (Appeals) (Appellate Authority) Jammu
Punjab VAT Act, 2005	Wrong input tax credit taken in returns	67.76	67.76	2009-10	Deputy Excise & Taxation Commissioner Appeals Patiala.
Delhi VAT Act, 2004	Department has rejected exemption certificate of vehicles sold to BSES and non submission of F forms	49.19	1.41	2002-03	Special Commissioner-I
Delhi VAT Act, 2004	Department has rejected exemption certificate of vehicles sold to BSES and non submission of F forms	2.47	2.47	2003-04	Sales Tax Officer
Gujarat Tax Act, 1969	Sales return/branch transfers documents could not be produced during the assessment so the tax on the sales return amount has been charged by the department.	161.68	Nil	2008-09	Joint Commercial Tax Sales Commissioner (Appeals)
	<b>Sub Total</b>	<b>554.40</b>	<b>172.93</b>		
Central Excise Act, 1944	Demand raised to re-determine the assessable value of components supplied to spare parts division under Rule 7 of Valuation Rules	4.25 (include penalty Rs. 2.12 lakhs)	2.13	1 April, 2000 to 31 March, 2004	Custom Excise and Service Tax Appellate Tribunal (CESTAT)

Central Excise Act, 1944	Demand raised for non-inclusion of cost of publicity items sold to dealers on trading basis as part of Transaction Value	3.19 (includes penalty Rs 0.30 lakhs)	Nil	1 January, 2004 to 30 September, 2004	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Inadmissible Service tax credit utilized for payment of service tax liability resulting in short payment of excise & service tax liability	5.70 (includes penalty Rs. 2.85 lakhs)	Nil	2005-06	Commissioner (Appeals)
Finance Act, 1994	Denial of utilization of service tax credit for payment of service tax liability	5.70 (includes penalty Rs 2.85 lakhs)	Nil	2005-06	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Demand raised for non-inclusion of cost of publicity items sold to dealers on trading basis as part of Transaction Value	1.94	Nil	October-2004 to March-2005	Hon'able Supreme Court of India
Central Excise Act, 1944	Demand raised for non-inclusion of cost of publicity items sold to dealers on trading basis as part of Transaction Value	1.89	Nil	October-2006 to June-2008	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Demand raised for non-inclusion of cost of publicity items sold to dealers on trading basis as part of Transaction Value	5.79 (includes penalty Rs. 2.90 lacs)	Nil	April-2005 to January-2006	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Demand raised for Service Tax Credit taken on Canteen services where part of cost of food recovered from employees	4.26 (includes penalty Rs. 2.13 lacs)	Nil	April-2006 to December 2008	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Demand raised for Service Tax Credit taken on Canteen services provided to employees where cost of food borne by the Company.	3.36	Nil	April-2006 to December-2008	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Demand raised for levy of Education Cess and Secondary Higher Education Cess on Automobile Cess	3.62 (includes penalty Rs. 1.81 lakhs)	Nil	April -2008 to June -2009	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Demand raised for levy of Education Cess and Secondary Higher Education Cess on Automobile Cess Paid	4.05 (includes penalty Rs. 1.83 lakhs)	Nil	April-2010 to September-2011	Custom Excise and Service Tax Appellate Tribunal (CESTAT)

Central Excise Act, 1944	Imposition of penalty in relation to non compliance of Rule 10A by body builder	25.00	Nil	Dec.-2008 to July-2009	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Imposition of penalty in relation to Classification dispute of Ambulances fabricated & cleared from premises of body builder	300.00	Nil	April 2005 - to Nov-2009	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax credit taken on Freight & Insurance incurred from Place of Removal	8.66	Nil	01 March 2006 to 28 Feb-2008	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Penalty imposed on Service Tax credit wrongly taken	0.93	Nil	01 Oct. 2009 to 30 Sep.2010	Commissioner (Appeals)
Finance Act, 1994	Penalty imposed on wrong availment and reversal of Service Tax Credit on Canteen Service provided to the tune of cost recovered from Employees by the Company	1.15	Nil	01 June 2009 to 31 March 2011	Commissioner (Appeals)
	<b>Sub Total</b>	<b>379.49</b>	<b>2.13</b>		
Income Tax Act, 1961	Disallowance of provision for bad and doubtful debts	19.01	Nil	1991-92	High Court of Punjab & Haryana
Income Tax Act, 1961	Demand raised for non deduction of TDS on payment of Fee for Technical Services/Royalty	28.51	Nil	1986-87	High Court of Punjab & Haryana
Income Tax Act, 1961	Demand raised on disallowance of expenses, loading of statutory dues on Work-in-Progress under section 145(A) of Income Tax Act, 1961 and weighted R&D deduction.	101.55	62.00	2004-05	Income Tax Appellate Act, Tribunal
Income Tax Act, 1961	Demand raised under section 234 B and 234 C of Income Tax Act, 1961 by assessing authority	22.02	22.02	1997-98	High Court of Punjab & Haryana
Income Tax Act, 1961	Demand raised on disallowance of expenses, loading of statutory dues on Work-in-Progress under section 145A of Income Tax Act, 1961 and weighted R&D deduction.	94.79	Nil	2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand raised on disallowance of expenses, loading of statutory dues on Work-in-Progress under section 145A of Income Tax Act, 1961 and weighted R&D deduction.	137.10	Nil	2006-07	Income Tax Appellate Tribunal

Income Tax Act, 1961	Demand raised under section 271(1)(c) of Income Tax Act, 1961	50.88	5.00	2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand raised on disallowance of revenue expenditure incurred on expansion of business, excess provision made on account of Warranty, bad debts written off, interest on utilization of loan, Work-in-Progress under section 145A of Income Tax Act, 1961	476.33	400.00	2007-08	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand raised on account Excise of Duty not loaded on Work-in-Progress u/s 145A	42.41	Nil	2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand raised u/s 271(1)(c)	82.82	Nil	2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand raised on account of Excise Duty not loaded on Work-in-Progress u/s 145A	39.30	Nil	2009-10	Commissioner of Income Tax (Appeals)
	<b>Sub Total</b>	<b>1,094.72</b>	<b>489.02</b>		

- (x) The Company does not have any accumulated losses and has not incurred cash losses in the current year and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For B S R & Company**  
Chartered Accountants  
Firm Registration No.: 128032W

**Manish Gupta**  
Partner  
Membership No.: 095037

Place: New Delhi  
Date : 09 May 2014

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the Company will be held at its Registered Office & Works at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab on 22nd September, 2014 (Monday) at 1.00 P.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31st March 2014 including the audited Balance Sheet as at 31st March 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. K. Okihiro (DIN 05115075), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pankaj Bajaj (DIN 00337925), who retires by rotation and being eligible, offers himself for re-appointment.
5. **Re-appointment of M/s B S R & Company as Auditors**

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s B S R & Company, Chartered Accountants (ICAI Firm Registration No. 128032W), be and are hereby re-appointed as the Auditors of the Company to hold office for five years i.e. from the conclusion of this Annual General Meeting till the conclusion of 35th Annual General Meeting to be held in the year 2019, subject to ratification at every Annual General Meeting, at such remuneration as may be fixed by the Board of Directors."

### SPECIAL BUSINESS

#### 6. **Amendment in Article 86 & 117 of Articles of Association**

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 Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association (AOA) of the Company be and is hereby amended as follows :

##### **Article 86: Number of Directors**

The following words in the Article 86 of the existing AOA -

*"The Board of Directors of the Company shall consist of not less than three and not more than twelve Directors until and unless otherwise determined by the Company in General Meeting, by means of a special resolution and with the approval of Central Government. The number of directors shall not exceed twelve."*

be and are hereby replaced with the following words:

*"The Board of Directors of the Company shall consist of not less than three and not more than fifteen Directors until and unless otherwise determined by the Company in General Meeting by means of a special resolution."*

##### **Article 117: Appointment of Managing or Whole-time Directors**

Existing Article 117 be and is hereby substituted with the following new Article -

*"Subject to the provisions of the Act, the Board of Directors by a resolution passed at the meeting of the Board may from time to time appoint one or more of their member to the office of Managing Director or Whole-time Director for such period and on such terms and conditions as the Board may think fit and, subject to the terms of any agreements entered into with him, may revoke such appointment. In making such appointment(s), the Board shall ensure compliance with the requirement of law and shall seek and obtain such approvals as are prescribed by the Act. Further, unless necessitated*

to comply with the provisions of the Act, the Director so appointed shall not be subject to retire by rotation, but his appointment shall be automatically terminated if he ceases to be a Director.

Provided, however, that if at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of Directors (excluding Independent Directors) for the time being, then such Managing Director or Whole-time Director or Whole-time Directors as the Board shall from time to time select shall be appointed as Director(s) liable to retire by rotation to the intent that the Directors not liable to retire by rotation shall not exceed one-third of the total number of Directors (excluding Independent Directors) for the time being.

A Whole-time Director (including Managing Director), who is reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment, as Managing Director or Whole-time Director."

**7. Appointment of Mr. Hiroshi Omino as Director liable to retire by rotation**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Hiroshi Omino (DIN 06755944), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 11th November, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**8. Appointment of Mr. Kyoichiro Takashima as Director liable to retire by rotation**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Kyoichiro Takashima (DIN 06604412), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 11th February, 2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**9. Appointment of Mr. S.K. Tuteja as an Independent Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. S .K. Tuteja (DIN 00594076), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term of five consecutive years commencing from 22nd September, 2014."



#### **10. Appointment of Mr. P.K. Nanda as an Independent Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. P.K. Nanda (DIN 00751931), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term of five consecutive years commencing from 22nd September, 2014."

#### **11. Appointment of Mr. A.K. Thakur as an Independent Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. A.K. Thakur (DIN 00031778), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term of five consecutive years commencing from 22nd September, 2014."

#### **12. Appointment of Mr. Sudhir Nayar as an Independent Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sudhir Nayar (DIN 00200415), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term of five consecutive years commencing from 22nd September, 2014."

#### **13. Appointment of Dr. (Mrs.) Vasantha S. Bharucha as an Independent Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. (Mrs.) Vasantha S. Bharucha (DIN 02163753), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, being so eligible, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term of five consecutive years commencing from 22nd September, 2014."

#### 14. Appointment of Mr. Eiichi Seto as Managing Director & Chief Executive Officer

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the requisite approval of Central Government, if required, approval of the Company be and is hereby accorded for the appointment of Mr. Eiichi Seto (DIN 02704734), presently a Director of the Company, as Managing Director & Chief Executive Officer of the Company, for a period of 5(five) years with effect from 26th December, 2013, on the terms & conditions as mentioned below :

##### A) SALARY

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

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

##### B) COMMISSION

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

##### C) PERQUISITES AND ALLOWANCES

- i) Fully furnished accommodation along with reimbursement for Gas, Electricity and Water.
- ii) Medical reimbursement for self and family.
- iii) Provision of a car with driver and telephone at residence.

##### D) RETIRAL BENEFITS

Contribution to provident fund as applicable to Senior Management of the Company from time to time.

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

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

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

#### 15. Appointment of Mr. Gopal Bansal as Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Gopal Bansal (DIN 06836592), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 11th February, 2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

**16. Appointment of Mr. Gopal Bansal as Whole-time Director designated as Whole-time Director & Chief Financial Officer**

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for the appointment of Mr. Gopal Bansal (DIN 06836592), as Whole-time Director of the Company, designated as Whole-time Director & Chief Financial Officer, for a period of 5(five) years with effect from 11th February, 2014, on the terms & conditions as mentioned below :

**A) SALARY**

Basic : Rs. 5,00,000/- per month.

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

Special Allowance : Rs.1,50,000/- per month

**B) COMMISSION**

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

**C) PERQUISITES AND ALLOWANCES**

Perquisites such as House Rent Allowance - 40% of Salary, reimbursement of expenditure incurred on gas, electricity, water, upkeep & maintenance of residence including office at residence, etc., health care for self & wife, fees of two clubs, provision of a car with driver, telephone at residence; leave travel assistance for self and wife subject to a ceiling of one month's salary.

**D) RETIRAL AND OTHER BENEFITS**

Contribution to provident fund, superannuation scheme, gratuity fund and leaves & encashment of un-availed leaves as applicable to Senior Management from time to time.

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

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

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

**17. Appointment of Mr. Kei Katayama as Director, liable to retire by rotation**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Kei Katayama (DIN 06942162), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 8th August 2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**18. Appointment of Mr. Kei Katayama as Whole-time Director designated as Director - R&D**

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the requisite approval of Central Government, if required, approval of the Company be and is hereby accorded for the appointment of Mr. Kei Katayama (DIN 06942162), as Whole-time Director of the Company, designated as Director - R&D, for a period of 3(three) years with effect from 8th August 2014 on the terms and conditions as mentioned below :

**A) SALARY**

Rs. 3,80,000 per month

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

**B) PERQUISITES AND ALLOWANCES**

- i) Fully furnished accommodation along with reimbursement for Gas, Electricity and Water.
- ii) Medical reimbursement for self and family.
- iii) Provision of a car with driver and telephone at residence.

**C) RETIRAL BENEFITS**

Contribution to provident fund as applicable to Senior Management of the Company from time to time.

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

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

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

**19. Authority to the Board of Directors for borrowing money upto Rs. 500 crores**

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

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 22nd Annual General Meeting held on 9th September 2006 and pursuant to Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to authorize the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs. 500 Crores (Rupees Five hundred crores) and that the Board of Directors (including any committee thereof) be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) be and is hereby authorized to take such steps and do such acts, deeds, matters and things as they deem fit and proper and give/send such notices/ directions as may be necessary for the purpose of giving effect to the above resolution."

**20. Authority to the Board of Directors to create mortgage / charge on all or any of the immovable properties of the Company to secure the term loans / working capital facilities upto a sum of Rs 500 crores**

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

"RESOLVED THAT, pursuant to provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and rules thereof, the consent of the members of the Company be and is hereby accorded to authorise the Board of Directors of the Company to create mortgage and/or charge on all or any of the immovable properties of the Company, both present and future, situated in the State of Punjab or any other place, and the whole of the undertaking of the Company, to or in favour of Banks / Institutions / Public Financial Institution(s)/ Bodies Corporate, as may be decided by the Board of Directors, to secure the terms loans and/or the working capital facilities granted / to be granted to the Company upto a sum of Rs. 500 Crores (Rupees Five hundred crores) by the Bank(s) / Institutions / Public Financial Institution(s) / Bodies Corporate.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) be and is hereby authorized to take such steps and do such acts, deeds, matters and things as they deem fit and proper and give/send such notices/ directions as may be necessary for the purpose of giving effect to the above resolution."

**NOTES**

1. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.  
A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Company's Registrar and Share Transfer Agents for its Share Registry Work (Physical and Electronic) are M/s MCS Limited having their office at Sri Venkatesh Bhavan, F-65, First Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020.
6. The Register of Members and Transfer Books of the Company will be closed from 30th August, 2014 to 5th September, 2014 (both days inclusive).
7. The dividend, as recommended by the Board, if approved at the Annual General Meeting, would be paid / dispatched on or after 23rd September, 2014, but within the statutory time limit, to those shareholders:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 29th August, 2014 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
  - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agents on or before 29th August, 2014.
8. Members/Proxy holders are requested to produce the Attendance slip duly signed, for admission to the Meeting Hall.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary of the Company at least 10 days before the date of the Meeting so that information required may be compiled and made available at the Meeting.

10. Pursuant to the provisions of Section 205A of the Companies Act, 1956 (corresponding Section 124 of the Companies Act 2013), the Company has transferred unclaimed dividends for and upto the financial year ended 31st March, 2006 to the Investor Education and Protection Fund (IEPF). Members who have not encashed the dividend warrant(s) so far for any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof. The Company has uploaded the information of unclaimed / unpaid dividend lying with the Company as on 21st September, 2013 (date of last Annual General Meeting) on the website of the Company ([www.smlisuzu.com](http://www.smlisuzu.com)).
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
12. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH13, duly filled in, to Company's Registrar and Share Transfer Agents, M/s MCS Limited at Sri Venkatesh Bhavan, F-65, First Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
13. Payment of Dividend through ECS:
  - a) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
  - b) Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC code, type of account and account number latest by 30th August, 2014, to Company's Registrar and Share Transfer Agent, M/s MCS Limited. Members located in places where ECS/NECS facility is not available may submit their bank details to M/s MCS Limited to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
14. For receiving all shareholder communications faster, including annual reports, the shareholders are requested to kindly register/update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with Company's Registrar and Share Transfer Agent, M/s MCS Limited.
15. Members are requested to:
  - Intimate to the Company's Registrar and Share Transfer Agents, M/s MCS Limited, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in physical form.
  - Intimate directly to the respective Depository Participant, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in dematerialised form. The Company will not take cognizance of any such requests directly from shareholders.
  - Quote their folio numbers/Client ID/ DP ID in all correspondence.
  - 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

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Open the e-mail and open attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - (ii) Open the internet browser by typing the URL: <https://www.evoting.nsd.com>
  - (iii) Click on Shareholder - Login
  - (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
  - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
  - (vi) Password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vii) Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.
  - (viii) Select "EVEN" (E-Voting Event Number) of SML Isuzu Limited which is 100807. Now you are ready for e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to [kanwalcs@gmail.com](mailto:kanwalcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. In case a member receives a physical copy of the Notice of AGM [For the members whose email IDs are not registered with the Company/Depository Participant(s)]:
- (i) Initial password along with physical copy of the Notice of AGM is being sent separately in the permitted mode.
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of [www.evoting.nsd.com](http://www.evoting.nsd.com)
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on 15th September, 2014 [from 09:00 a.m. (IST)] and ends on 17th September, 2014 [up to 06:00 p.m. (IST)]. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the 14th August, 2014, 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.

- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, 14th August, 2014.
  - VI. Mr. Kanwaljit Singh Thanewal, Practicing Company Secretary (Membership No. F-5901), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - VII. The Scrutinizer shall within a period not exceeding 3(three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2(two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - VIII. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.smlisuzu.com](http://www.smlisuzu.com) and on the website of NSDL within 2(two) days of passing the resolutions at the AGM of the Company and will be communicated to the BSE Limited and The National Stock Exchange of India Limited, where the shares of the Company are listed.
17. Information in respect of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement with Stock Exchange(s) is part of the Notice.

Regd. Office & Works :  
Village Asron,  
Distt. Shahid Bhagat Singh Nagar  
(Nawanshahr), Punjab-144 533  
Email: [investors@smlisuzu.com](mailto:investors@smlisuzu.com)  
CIN : L50101PB1983PLC005516  
Website : [www.smlisuzu.com](http://www.smlisuzu.com)  
Dated: 8th August, 2014

By Order of the Board  
for SML ISUZU LIMITED

(PARVESH MADAN)  
Company Secretary

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

### **Item No. 6**

As per Article 86 of the Articles of Association (AOA) of the Company, the number of Directors of the Company shall not be less than three and not more than twelve. The new Companies Act, 2013 has allowed the maximum strength of the Board to go upto fifteen directors.

The Board of Directors, having regard to the above, has proposed to amend the AOA.

Further, as per Article 117 of the AOA of the Company, the Whole-time Directors are not liable to retire by rotation.

As Independent Directors are now not liable to retire by rotation, under the provisions of the new Companies Act, 2013, to meet the requirement of at least 2/3rd of the total number of Directors liable to retire by rotation, the Board of Directors recommends amendment in the AOA to enable appointment of Whole-time director(s), on rotation basis, whenever necessary.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, upto and including the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financial or otherwise, in this Resolution except to the extent of their shareholding interest, if any, in the Company.

The Board recommends the Special Resolution as set out at Item No. 6 of the Notice for approval by the members.



**Item No. 7**

Mr. Hiroshi Omino was appointed by the Board as an Additional Director with effect from 11th November, 2013. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Omino is a graduate in Law from Keio University, Tokyo (Japan). He joined Isuzu Motors Limited in April, 1983 and is currently associated with Isuzu Motors as Deputy Division Executive Sales. He has experience of over 30 years in the areas of Sales Planning, Sales Promotion & International Sales.

The Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Mr. Omino for the office of Director of the Company.

Mr. Omino 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.

A brief profile and other details of Mr. Omino are given in the "Details of Directors seeking appointment/re-appointment (as required under clause 49 of the Listing agreement)", which is part of the Notice.

Mr. Omino does not hold any shares in the Company.

Except for Mr. Omino, 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 except to the extent of their shareholding interest, if any, in the Company.

It is the considered view of the Board that Mr. Omino'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 by the Members.

**Item No. 8**

Mr. Kyoichiro Takashima was appointed by the Board as an Additional Director with effect from 11th February, 2014. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Takashima is a graduate from Waseda University School of Commerce, Japan. He joined Sumitomo Corporation in April 1986 and is currently associated with Sumitomo as General Manager - Automotive Manufacturing Business Department. He has experience of around 28 years in the Automotive segment.

The Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Mr. Takashima for the office of Director of the Company.

Mr. Takashima 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.

A brief profile and other details of Mr. Takashima are given in the "Details of Directors seeking appointment/re-appointment (as required under clause 49 of the Listing agreement)", which is part of the Notice.

Mr. Takashima does not hold any shares in the Company.

Except for Mr. Takashima, 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 except to the extent of their shareholding interest, if any, in the Company.

It is the considered view of the Board that Mr. Takashima's knowledge and experience will be of immense value to the Company. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for the approval by the Members.

**Item No. 9 to 12**

As per Section 149 of the Companies Act, 2013 ("the Act"), the Company should have at least one third of the total number of Directors as Independent Directors. An Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and no Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement by rotation shall not be applicable to the Independent Directors.

Mr. S.K. Tuteja, Mr. P.K. Nanda, Mr. A.K. Thakur and Mr. Sudhir Nayar are Independent Directors of the Company in terms of Clause 49 of the Listing Agreement.

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board of Directors at its Meeting held on 8th August, 2014 has proposed the appointment of Mr. S.K. Tuteja, Mr. P.K. Nanda, Mr. A.K. Thakur and Mr. Sudhir Nayar as Independent Directors, who shall hold office on the Board of the Company for a period of five consecutive years.

The Company has received respective Notices in writing from the Members alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidatures of each of the Directors mentioned above for the office of Directors of the Company. The Company has received declarations from each of the Directors mentioned above that they meet with the criteria of independence as prescribed under Section 149(6) of the Act. Further, the above Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent in writing to act as Directors of the Company.

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

In the opinion of the Board, the above mentioned Directors fulfill the conditions for appointment as Independent Directors as specified in the Act including the Rules framed thereunder.

These Directors are independent of the management.

A brief profile and other details of each of the above mentioned directors are given in the "Details of Directors seeking appointment/re-appointment (as required under clause 49 of the Listing agreement)", which is part of the Notice.

Copies of the Draft Letters of Appointment of Mr. S.K. Tuteja, Mr. P.K. Nanda, Mr. A.K. Thakur and Mr. Sudhir Nayar as an Independent Director setting out the terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on working days.

None of the above mentioned directors hold any shares in the Company.

Except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions except to the extent of their shareholding interest, if any, in the Company.

Keeping in view the vast experience and knowledge, which these Directors possess, the Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board recommends the Ordinary Resolutions set out at Item Nos. 9 to 12 of the Notice for the approval by the Members.

### **Item No. 13**

The Board, on the recommendation of Nomination & Remuneration Committee, has proposed the appointment of Dr. (Mrs.) Vasantha S. Bharucha as an Independent Director of the Company.

Dr. Bharucha is Ph.D. in Economics having experience of around 45 years with specialization in - International Economics, Economic Development & Planning, Public Finance & Fiscal Policy, Project preparation & execution, Strategy Planning & monitoring, etc.

The Company has received Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Dr. Bharucha for the office of Director of the Company. The Company has received declaration from Dr. Bharucha that she meets with the criteria of independence as prescribed under Section 149(6) of the Act. Further, Dr. Bharucha is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent in writing to act as a Director of the Company.

Dr. Bharucha is a person of integrity and possesses appropriate skills, experience, knowledge and qualifications in her field which are beneficial to the interests of the Company.

In the opinion of the Board, Dr. Bharucha fulfill the conditions for appointment as an Independent Director as specified in the Act including the Rules framed thereunder.

Dr. Bharucha is independent of the management.

A brief profile and other details of Dr. Bharucha are given in the "Details of Directors seeking appointment/re-appointment (as required under clause 49 of the Listing agreement)", which is part of the Notice.

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

Dr. Bharucha does not hold any shares in the Company.

Except for Dr. Bharucha, 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 except to the extent of their shareholding interest, if any, in the Company.

Keeping in view her vast experience and knowledge, the Board considers that it will be in the interest of the Company to induct Dr. (Mrs.) Vasantha Bharucha on the Board of the Company as an Independent Director. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 13 of the Notice for the approval by the Members.

#### **Item No. 14**

Mr. Eiichi Seto was appointed by the Board, on recommendation of the Nomination and Remuneration Committee, as Managing Director & Chief Executive Officer of the Company with effect from 26th December, 2013, for 5(five) years, in place of Mr. Yutaka Watanabe. Mr. Seto has been a Non-executive Director on the Board of the Company with effect from 28th May, 2010.

Mr. Seto holds a degree in Law from Waseda University, Tokyo (Japan). He joined Sumitomo Corporation in 1982 and has vast experience spread over 32 Years in Sumitomo Corporation. He has held various senior level positions in Sumitomo Corporation. Mr. Seto has made significant contributions in the progress of the Company as a Non-Executive Director.

A brief profile and other details of Mr. Seto are given in the "Details of Directors seeking appointment/re-appointment (as required under clause 49 of the Listing agreement)", which is part of the Notice.

Statement as required under Schedule V of the Companies Act, 2013 with reference to Resolution at Item No. 14 has been annexed hereto and marked as *Annexure A*.

Mr. Seto does not hold any shares in the Company.

Except for Mr. Seto, 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 except to the extent of their shareholding interest, if any, in the Company.

It is the considered view of the Board that Mr. Seto's appointment as Managing Director & Chief Executive Officer would be of immense value to the Company. Accordingly, the Board recommends the Special Resolution set out at Item No. 14 of the Notice for the approval by the Members.

#### **Item No. 15 & 16**

Mr. Gopal Bansal was appointed by the Board, on recommendation of the Nomination and Remuneration Committee, as an Additional Director with effect from 11th February, 2014. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Gopal Bansal, a qualified Chartered Accountant & Company Secretary has been associated with the Company since its inception and his last position in the Company was Executive Director - Finance & Company Secretary. Mr. Bansal has over 30 years of experience in areas such as Corporate affairs, Finance & Accounts, Risk Management, Secretarial & Taxation, Investor Relations, etc.

The Company has received Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Mr. Bansal for the office of Director of the Company.

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

Further, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, at their meeting held on 11th February, 2014, appointed Mr. Gopal Bansal as Whole-time Director of the Company designated as Whole-time Director & Chief Financial Officer for a period of 5(five) years with effect from 11th February, 2014 subject to approval of the shareholders in the General Meeting.

A brief profile and other details of Mr. Bansal are given in the "Details of Directors seeking appointment/re-appointment (as required under clause 49 of the Listing agreement)", which is part of the Notice.

Statement as required under Schedule V of the Companies Act, 2013 with reference to Resolution at Item No. 16 has been annexed hereto and marked as *Annexure A*.

Mr. Bansal does not hold any shares in the Company.

Except for Mr. Bansal, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions except to the extent of their shareholding interest, if any, in the Company.

It is the considered view of the Board that Mr. Bansal's appointment as Whole-time Director & Chief Financial Officer would be of immense value to the Company. Accordingly, the Board recommends passing of the Resolutions at Item No. 15 of the Notice as an Ordinary Resolution and Item No. 16 of the Notice as a Special Resolution.

#### **Item No. 17 & 18**

Mr. Kei Katayama was appointed by the Board, on the recommendation of Nomination & Remuneration Committee, as an Additional Director with effect from 8th August, 2014. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act").

Mr. Katayama is a graduate in Science & Engineering from Waseda University, Tokyo (Japan). He joined Isuzu Motors Limited in 1979 and his last position in the Isuzu Motors was Chief Engineer - Global CV Product Planning & Engineering Department. He has experience of around 35 years in the areas of Product Planning & Engineering.

The Company has received Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Mr. Katayama for the office of Director of the Company, liable to retire by rotation.

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

Further, on the recommendation of Nomination & Remuneration Committee, the Board at its meeting held on 8th August, 2014, also appointed Mr. Katayama as Whole-time Director of the Company designated as Director - R&D for a period of 3(three) years with effect from 8th August, 2014 subject to approval of the shareholders in the General Meeting.

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

A brief profile and other details of Mr. Katayama are given in the "Details of Directors seeking appointment/re-appointment (as required under clause 49 of the Listing agreement)", which is part of the Notice.

Statement as required under Schedule V of the Companies Act, 2013 with reference to Resolution at Item No. 18 has been annexed hereto and marked as *Annexure A*.

Mr. Katayama does not hold any shares in the Company.

Except for Mr. Katayama, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions except to the extent of their shareholding interest, if any, in the Company.

It is the considered view of the Board that Mr. Katayama's appointment as Director - R&D would be of immense value to the Company. Accordingly, the Board recommends passing of the Resolutions at Item No. 17 of the Notice as an Ordinary Resolution and Item No. 18 of the Notice as a Special Resolution.

**Item No. 19**

The members of the Company at their 22nd Annual General Meeting held on 9th September 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, shall not be in excess of Rs. 500 Crores (Rupees five hundred crores).

Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

It is, therefore, necessary to obtain members consent through a Special Resolution to enable the Company to borrow money in excess of the aggregate of paid up share capital and free reserves of the Company.

Accordingly, approval of members of the Company is being sought to borrow, in excess of the aggregate of paid up share capital and free reserves of the Company, provided that total amount of such borrowings, together with the amounts already borrowed and outstanding at any point of time, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, shall not be in excess of Rs. 500 Crores (Rupees five hundred crores).

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this Resolution except to the extent of their shareholding interest, if any, in the Company.

The Board recommends the Special Resolution set out at Item No. 19 of the Notice for the approval by the Members.

**Item No. 20**

The Company may be required to raise term loans for projects depending upon future development. The long-term loans, whenever raised, may have to be secured, if required, by mortgage of the fixed assets of the Company without any right to the lender to sell or dispose of the fixed assets of the Company in any event.

The Company may also be required to raise borrowings for working capital needs of the Company, which, if required, may have to be secured, by a mortgage by way of first or second charge on fixed assets of the Company, without any right to the lender to sell or dispose of the fixed assets of the Company in any event.

Pursuant to Section 180(1)(a) of the Companies Act, 2013 and rules thereof, it is proposed to obtain the consent of the members by way of a special resolution to authorise the Board of Directors to create mortgage and/or charge on all or any of the immovable properties of the Company, both present and future, situated in Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab or any other place, and the whole of the undertaking of the Company, to or in favour of Banks / Institutions / Public Financial Institution(s)/ Bodies Corporate, as may be decided by the Board of Directors, to secure the terms loans and/or the working capital facilities granted / to be granted to the Company upto a sum of Rs. 500 Crores by the Bank(s) / Institutions / Public Financial Institution(s) / Bodies Corporate.

None of the Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding interest, if any, in the Company.

The Board recommends the Special Resolution as set out at Item No. 20 of the Notice for approval by the members.

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

Dated: 8th August, 2014

**Details of Directors seeking appointment/re-appointment at the Annual General Meeting scheduled to be held on 22nd September, 2014**

**[Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges]**

Name of Director	K. Okihiro	Pankaj Bajaj	Hiroshi Omino	Kyoichiro Takashima
Date of Birth	28.09.1959	07.12.1971	14.03.1961	20.07.1962
Date of Appointment	10.11.2011	29.07.2006	11.11.2013	11.02.2014
Qualification	Graduate in Economics from Yokohama National University, Japan.	LLB, Executive Management Program, FCA,ACS,ACMA	Graduate in Law from Keio University, Japan	Graduate from Waseda University School of Commerce, Japan
Experience	<p>Mr. Okihiro was appointed on 10th November, 2011 as a Non Executive Director on our Board. Mr. Okihiro joined Sumitomo Corporation in 1982 in the Motor Vehicles Department No. 1 Asia and Oceania Section and has vast work experience in Sumitomo's overseas operations in Jakarta and Manila. His last assignment was General Manager with Overseas Industrial Park Department in Sumitomo Corporation, Tokyo. He is currently the Chairman &amp; Managing Director of Sumitomo Corporation India Private Limited.</p> <p>Mr. Okihiro has around 32 years experience in various departments</p>	<p>Mr. Bajaj is a Non-executive Director on our Board. He started his career in 1995 with Deloitte Haskins &amp; Sells. He joined Sumitomo Corporation India Private Limited in 1997 as Company Secretary. He currently holds the post of Director and Company Secretary and handles diversified corporate department responsibilities for the Company which operates across a spectrum of sectors including Automobiles, Chemicals and Electronics.</p> <p>Mr. Bajaj has around 19 years of experience in areas such as corporate planning, legal and secretarial matters, corporate finance, risk management, taxation and internal controls.</p>	<p>Mr. Omino was appointed on 11th November, 2013 as a Non Executive Director on our Board. He joined Isuzu Motors Limited in 1983 and since then has held several positions in Domestic Sales promotion and Sales Planning and is currently Deputy Division Executive Sales.</p> <p>Mr. Omino has experience of over 30 years in the areas of Sales Planning, Sales Promotion and International Sales</p>	<p>Mr. Takashima was appointed on 11<sup>th</sup> February, 2014 as a Non Executive Director on our Board. He joined Sumitomo Corporation in 1986 and since then has held several positions in Transport &amp; Construction Systems Business Unit and is currently General Manager, Automotive Division No.1, Automotive Manufacturing Business Deptt</p> <p>Mr. Takashima has around 28 years of experience in the Automotive segment.</p>
Board Membership of other companies as on March 31, 2014*	1.Sumitomo Corporation India Pvt Ltd 2.J.J. Impex (Delhi) Pvt. Ltd 3.NKC Conveyors India Pvt. Ltd	Sumitomo Corporation India Pvt Limited	Nil	1. Denso India Ltd. 2. J.J. Impex (Delhi) Pvt. Ltd. 3. NKC Conveyors India Pvt. Ltd.
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, 2014**	Nil	Nil	Nil	Nil
Number of shares held in the Company as on March 31, 2014	Nil	Nil	Nil	Nil

Contd...

Name of Director	S.K. Tuteja	P.K. Nanda	A.K.Thakur	Sudhir Nayar
Date of Birth	15.06.1945	28.09.1932	01.06.1941	29.01.1951
Date of Appointment	20.06.1998	29.07.2006	31.01.2006	06.08.2013
Qualification	IAS (Retd.), M.Com, FCS	B.Com, CA	B.Com, CA	B.Tech, MBA
Experience	<p>Mr. Tuteja joined the Indian Administrative Services (IAS) in 1968 and retired from the Indian Administrative Services in 2005 as Secretary, Food and Public Distribution, Government of India. Mr. Tuteja's service career with the Government of Punjab and at the Centre covered key assignments in various government departments. Earlier, he was the Chairman of the Punjab State Electricity Board, the Chairman of the Central Warehousing Corporation and the Chairman of the Pay Commission of the Government of Punjab.</p> <p>Mr. Tuteja has over 44 years of rich experience in diverse fields which include district administration, education, industry, trade, commerce, finance and company matters. He joined our Board on June 20, 1998 and was appointed as a Non-Executive Independent Chairman of the Company on June 29, 2005.</p>	<p>Mr. Nanda has held several top managerial positions with companies both in India and abroad: executive positions in Remington Rand, Philips India, ITC, and then at Metal Box India, where he was appointed Chairman and Managing Director. He was then transferred to UK as a Director of the Group Board and Chairman of its International Operations. He was non-executive Chairman of Bata India Limited and then on the Board of Bata International.</p> <p>He was also the 'founder president' of Confederation of Indian Industry (CII) and has also served as a member of Government appointed committees, RBI working groups and of Confederation of British Industry, etc. He has also been a guest lecturer at the International Management Institute, Geneva, Wellington Staff College. He has been a consultant to several major multinational companies in Europe and USA and continues as a business consultant.</p> <p>Mr. Nanda has over 53 years of rich experience in the areas such as finance, corporate affairs, international trade and commerce, business strategy, etc</p>	<p>Mr Thakur served in Finance &amp; Audit Division of a leading commercial organisation in Calcutta for about 11 years till May 1978. He joined Unit Trust of India in May 1978 and retired as an Executive Director in May 2001 after 23 years of service.</p> <p>On retirement from Unit Trust of India he joined a reputed Chartered Accountants Firm as a Partner and continued there till August 2010.</p> <p>Mr Thakur has over 47 years of rich experience in areas such as accounts, audit, finance, investment and corporate affairs.</p>	<p>Mr. Nayar has worked in sales and marketing function for over 30 years in FMCG companies starting with the Tata Oil Mills Company Limited (TOMCO) and then with Hindustan Unilever Limited (HUL) in various capacities wherein his last sales job was as General Manager looking after the sales operations in Eastern India. Thereafter he worked in HUL as General Manager Corporate Affairs before superannuating from the company.</p> <p>For the last several years he has been taking and continues to take regular full semester courses in marketing/sales in management institutes such as FMS Delhi, IMT Ghaziabad and Management School of Ambedkar University.</p>
Board Membership of other companies as on March 31, 2014*	<ol style="list-style-type: none"> <li>1. A2Z Maintenance &amp; Engineering Services Ltd.</li> <li>2. Adani Logistics Ltd</li> <li>3. Daawat Foods Ltd.</li> <li>4. Trident Corporation Ltd.</li> <li>5. Shree Renuka Sugars Ltd.</li> <li>6. Axis Private Equity Ltd.</li> <li>7. Havells India Ltd.</li> <li>8. Intas Pharmaceuticals Ltd.</li> <li>9. Shree Renuka Energy Ltd.</li> <li>10. Adani Enterprises Ltd.</li> <li>11. Gujarat Foils Ltd.</li> <li>12. LT Foods Ltd.</li> <li>13. PTC India Financial Services Ltd.</li> <li>14. SIDBI Venture Capital Ltd.</li> <li>15. Tiger Warehousing Cold Chain (P) Ltd.</li> <li>16. Pegasus Assets Reconstruction (P) Ltd.</li> <li>17. Topworth Energy (P) Ltd.</li> <li>18. Altaris Credit Rating Agency (P) Ltd.</li> <li>19. Devenio Optimus Advisors (P) Ltd.</li> <li>20. Norwest Estates (P) Ltd.</li> </ol>	JMG Corporation Ltd.	<ol style="list-style-type: none"> <li>1. Pearless Securities Ltd.</li> <li>2. Rama Industries Ltd.</li> <li>3. Sahara Mutual Fund [Independent Trustee]</li> </ol>	Nil
Chairman [C] / Member [M] of the Committee of the Board of Directors of the companies in which he/she is a director as on March 31, 2014**	<p><u>Audit Committee</u> A2Z Maintenance &amp; Engg. Services Ltd. [C] Gujarat Foils Ltd. [C] Adani Enterprises Ltd. [C] Axis Private Equity Ltd. [M] Intas Pharmaceuticals Ltd [M] Trident Corporation Ltd. [M] <u>Stakeholders Relationship Committee</u> Adani Enterprises Ltd [M] Shree Renuka Sugars Ltd. [M] SML ISUZU Ltd. [C]</p>	<p><u>Audit Committee</u> JMG Corporation Ltd [M] SML ISUZU Ltd. [C]</p>	<p><u>Audit Committee</u> Pearless Securities Ltd. [M] Rama Industries Ltd. [M] Sahara Mutual Fund [M] SML ISUZU Ltd. [M]</p>	<p><u>Audit Committee</u> SML ISUZU Ltd. [M]</p>
Number of shares held in the Company as on March 31, 2014	Nil	Nil	Nil	Nil

Name of Director	Dr. (Mrs.) Vasantha S. Bharucha	Eiichi Seto	Gopal Bansal	Kei Katayama
Date of Birth	07.10.1944	04.01.1959	02.02.1956	15.05.1955
Date of Appointment	Proposed to be appointed in AGM scheduled on 22nd September 2014	28.05.2010	11.02.2014	08.08.2014
Qualification	Ph. D. (Economics), Masters in Economics	Bachelor's degree in Law , Waseda University, Japan	B.Com, FCA, ACS	Graduate in Science and Engineering, Waseda University, Japan
Experience	<p>Dr. (Mrs.) Vasantha Bharucha is an economist of repute and holds Doctorate in Economics from University of Mumbai. Dr. Bharucha served as Economic Adviser in the Ministry of Commerce &amp; Industry, Government of India during policy liberalization. She was the Resident Director of India's Trade Promotion office in the US based in New York and was also an Executive Director of the National Centre for Trade Information using technology for trade. She was an Independent Director on the Central Board of State Bank of India (SBI) for three years during 2008-2011 and was also a Director on the Board of Delhi Circle of SBI. Besides, she was on the Board of Diamond Power Infrastructure Ltd. She has rich experience in industry, trade and finance in the engineering and consumer goods sectors and has published a number of reports and strategy papers on Economic subjects.</p> <p>She has been consultant and adviser to International organizations like WTO, UNCTAD, ITC and the UNDP. Presently, Dr. Bharucha is a strategy consultant to various corporates.</p>	<p>Mr. Seto was appointed as a Non-executive Director of the Company on 28th May, 2010 and on 26th December, 2013 he became Managing Director &amp; CEO. He has around 32 years of experience in the automobile industry.</p> <p>Mr. Seto joined Sumitomo Corporation in 1982 and has several years of experience in the motor vehicles department. In 1993, he was appointed as General Manager, Automotive Department in Sumitomo Corporation de Mexico and in 2004, he was also appointed as Vice President and General Manager, Detroit Office, Sumitomo Corporation of America. In 2007, he was appointed as Director and General Manager, Melbourne Office, Sumitomo Australia Private Limited. Further in 2009, he was also appointed as General Manager, Automotive Manufacturing Business Department, Sumitomo Corporation.</p>	<p>Mr. Bansal was appointed on 11th February, 2014 as an Additional Director (designated as Wholtime Director &amp; Chief Financial Officer). He started his career in 1980 with Punjab Tractors Limited - PTL (Swaraj Group) as Management Trainee and got associated with SML Isuzu on secondment from PTL, the promoter of the Company. In 2004, he rose to the position of Vice President – Finance and Company Secretary in the Company and in 2010 as Executive Director – Finance and Company Secretary.</p> <p>Mr. Bansal has over 30 years of experience in areas such as corporate affairs, finance &amp; accounts, risk management, secretarial &amp; taxation, investor relations, etc.</p>	<p>Mr. Katayama joined Isuzu Motors Limited in 1979 and held managerial position for several years in CV product planning and engineering department. In 2005, he was transferred to Isuzu (China) Holding Co. Ltd., Shanghai Branch. In 2011, he was re-appointed as Manager in Global CV Product Planning and Engineering Department and was promoted to Chief Engineer in 2012.</p> <p>Mr. Katayama has around 35 years of experience in CV product planning and engineering.</p>
Board Membership of other companies as on March 31, 2014*	Triveni Turbines Ltd.	Nil	Nil	Nil
Chairman [C] /Member [M] of the Committee of the Board of Directors of the companies in which he/she is a director as on March 31, 2014**	Audit Committee Triveni Turbines Ltd.[M]	Stakeholders Relationship Committee SML ISUZU Ltd. [M]	Audit Committee SML ISUZU Ltd. [M]  Stakeholders Relationship Committee SML ISUZU Ltd. [M]	Nil
Number of shares held in the Company as on March 31, 2014	Nil	Nil	Nil	Nil

\* This does not include position in foreign companies, position as an advisory board member and position in companies under Section 25 of the Companies Act, 1956 (corresponding to companies under Section 8 of Companies Act 2013) but included private limited companies.

\*\*Only two committees namely Audit Committee & Stakeholders Relationship Committee has been considered.

Note : None of the above directors is related to any other director of the Company.



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

(with reference to Resolutions at Item No. 14, 16 &amp;18)

**I. General Information:**
**(i) Nature of Industry:**

The Company is in the business of manufacture of Commercial vehicles.

**(ii) Date or expected date of commencement of commercial production:**

The Company was incorporated on 26th July 1983 and commenced its commercial operations in the year 1986.

**(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable

**(iv) Financial performance based on given indicators - as per audited financial results for the year ended 31st March, 2014:**

<b>Particulars</b>	<b>(Rupees in Crores)</b>
Net Revenue	885.99
Net Profit in accordance with erstwhile Section 309(5) of the Companies Act, 1956	21.03
Profit After Tax	17.40
Net Worth	276.41

**(v) Foreign investments or collaborators, if any:**

None

**II. Information about the appointee:**
**(i) Background details:**
**(a) Mr. Eiichi Seto**

Mr. Seto was appointed as a Non-executive Director of the Company on 28th May, 2010 and on 26th December, 2013, he became Managing Director & CEO. He has around 32 years of experience in the automobile industry. Mr. Seto joined Sumitomo Corporation in 1982 and has several years of experience in the motor vehicles department. In 1993, he was appointed as General Manager, Automotive Department in Sumitomo Corporation de Mexico and in 2004, he was appointed as Vice President and General Manager, Detroit Office, Sumitomo Corporation of America. In 2007, he was appointed as Director and General Manager, Melbourne Office, Sumitomo Australia Private Limited. Further in 2009, he was also appointed as General Manager, Automotive Manufacturing Business Department, Sumitomo Corporation.

**(b) Mr. Gopal Bansal**

Mr. Bansal was appointed on 11th February, 2014 as an Additional Director (designated as Whole-time Director & Chief Financial Officer). He started his career in 1980 with Punjab Tractors Limited - PTL (Swaraj Group) as Management Trainee and got associated with SML Isuzu on secondment from PTL, the promoter of the Company. In 2004, he rose to the position of Vice President - Finance and Company Secretary in the Company and in 2010 as Executive Director - Finance and Company Secretary. Mr. Bansal has over 30 years of experience in areas such as corporate affairs, finance & accounts, risk management, secretarial & taxation, investor relations, etc.

**(c) Mr Kei Katayama**

Mr. Katayama joined Isuzu Motors Limited in 1979 and held managerial position for several years in CV product planning and engineering department. In 2005, he was transferred to Isuzu (China) Holding Co. Ltd., Shanghai Branch. In 2011, he was re-appointed as Manager in Global CV Product Planning and Engineering Department and was promoted to Chief Engineer in 2012. Mr. Katayama has around 35 years of experience in CV product planning and engineering.

**(ii) Past remuneration during the financial year ended 31st March, 2014:**

<b>Name of Executive Director</b>	<b>Amount (Rs. in lakhs)</b>
Mr. Eiichi Seto (appointed w.e.f. 26th December 2013)	21.17
Mr. Gopal Bansal (appointed w.e.f. 11th February 2014)	16.84
Mr. Kei Katayama (appointed w.e.f. 8th August 2014)	N.A.

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

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

**(a) Mr. Eiichi Seto**

Mr. Eiichi Seto, Managing Director & CEO is overall in-charge of running the affairs of the Company under the supervision and control of the Board of Directors. He has rich experience of 32 years in the automobile industry. He is also a member of Board sub-committees such as Executive Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

**(b) Mr. Gopal Bansal**

Mr Gopal Bansal being the Whole-time Director & Chief Financial Officer of the Company is responsible for finance & accounts, risk management, corporate affairs & taxation. He is also a member of Board sub-committees such as Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. As a member of the Senior Management Group and the Executive Committee of the Board, he participates in the strategic planning and establishment & monitoring of internal control processes.

**(c) Mr. Kei Katayama**

Mr. Kei Katayama being Director-R&D would be responsible for Research & Development functions of the Company. He has around 35 years of experience in CV product planning & engineering.

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

As per the details given in the Resolution No.14,16 & 18 of the Notice.

(vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

Taking into consideration the size of the Company, the profile of Mr. Eiichi Seto, Mr. Gopal Bansal and Mr. Kei Katayama, the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed to be paid to them is commensurate with the remuneration package(s) paid to similar senior level counterpart(s) in other companies.

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

Besides the remuneration proposed to be paid to them, the Whole-time Directors do not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

**III. Other Information:**

(i) **Reasons of loss or inadequate profits:**

Not Applicable, as the Company has posted a net profit after tax of Rs. 17.40 crores for the year ended 31st March 2014.

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

Not Applicable as the Company has adequate profits

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

Not Applicable as the Company has adequate profits

**IV. Disclosures:**

The information and disclosures of the remuneration package of the Whole-time Directors have been mentioned in the Annual Report in the Corporate Governance Report under the heading "Remuneration to Directors" for the year ended 31st March, 2014.

Mr Eiichi Seto, Mr. Gopal Bansal and Mr. Kei Katayama satisfy all the conditions set out in Part-I of Schedule V to the Act (approval of requisite authority will be taken, if required). Further, they satisfy the conditions set out under Section 196(3) of the Act for being eligible for their appointment and they are not disqualified from being appointed as Director in terms of Section 164 of the Act.

Brief profile of Mr. Eiichi Seto, Mr. Gopal Bansal and Mr. Kei Katayama, nature of their expertise, name of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships among directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are provided in the Notice forming part of the Annual Report.

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**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To the Members of SML ISUZU LIMITED

We have examined the compliance of conditions of Corporate Governance by SML Isuzu Limited ('the Company'), for the year ended on 31 March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

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

**For B S R & Company**  
*Chartered Accountants*  
Firm registration number: 128032W

Place: Gurgaon  
Date: 20 August 2014

**Manish Gupta**  
*Partner*  
Membership number: 095037

**DECLARATION BY THE MANAGING DIRECTOR & CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

I, Eiichi Seto, Managing Director & CEO of SML ISUZU LIMITED hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Company's Code of Conduct for the Financial Year ended 31<sup>st</sup> March, 2014 in accordance with Clause 49 sub clause I(D) of the Listing Agreement.

Place : New Delhi  
Date : 09 May 2014

**EIICHI SETO**  
Managing Director & CEO



## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

### SML ISUZU LIMITED

(CIN: L50101PB1983PLC005516)

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

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

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

Name of the Member (s):

Registered Address:

Email id:

Folio / DP ID-Client ID No.\*:

\* Applicable for investors holding shares in electronic form

I/We, being the member(s) holding \_\_\_\_\_ equity shares of the above named Company hereby appoint:

- (1) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail id \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her;
- (2) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail id \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her;
- (3) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail id \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Monday, 22nd September, 2014 at 1.00 P.M. at the Registered office & Works at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144 533 and at any adjournment thereof in respect of such resolutions as are indicated below:

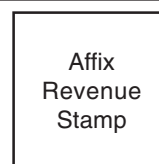
Resolutions	Optional**	
	For	Against
<b>Ordinary Business</b>		
1 Adoption of Financial Statements, the reports of the Board of Directors and Auditors for the year ended 31st March, 2014		
2 Declaration of Dividend on Equity Shares		
3 Re-appointment of Mr. K. Okihiro as Director, who retires by rotation		
4 Re-appointment of Mr. Pankaj Bajaj as Director, who retires by rotation		
5 Re-appointment of M/s B S R & Company as Auditors		
<b>Special Business</b>		
6 Amendment in Article 86 & 117 of Articles of Association (as Special Resolution)		
7 Appointment of Mr. Hiroshi Omino as Director liable to retire by rotation		
8 Appointment of Mr. Kyoichiro Takashima as Director liable to retire by rotation		
9 Appointment of Mr. S.K. Tuteja as an Independent Director		
10 Appointment of Mr. P. K. Nanda as an Independent Director		
11 Appointment of Mr. A. K. Thakur as an Independent Director		
12 Appointment of Mr. Sudhir Nayar as an Independent Director		
13 Appointment of Dr. (Mrs.) Vasantha S. Bharucha as an Independent Director		

Resolutions		Optional**	
		For	Against
14	Appointment of Mr. Eiichi Seto as Managing Director & Chief Executive Officer (as Special Resolution)		
15	Appointment of Mr. Gopal Bansal as Director		
16	Appointment of Mr. Gopal Bansal as Whole-time Director designated as Whole-time Director & Chief Financial Officer (as Special Resolution)		
17	Appointment of Mr. Kei Katayama as Director, liable to retire by rotation		
18	Appointment of Mr. Kei Katayama as Whole-time Director designated as Director - R&D (as Special Resolution)		
19	Authority to the Board of Directors for borrowing money upto Rs. 500 crores (as Special Resolution)		
20	Authority to the Board of Directors to create mortgage / charge on all or any of the immovable properties of the Company to secure the term loans / working capital facilities upto a sum of Rs 500 crores (as Special Resolution)		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder \_\_\_\_\_

Signature of Proxyholder(s) \_\_\_\_\_



**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. For the Resolutions, Notes and Explanatory Statement, please refer to the Notice of the 30th Annual General Meeting.
5. \*\*It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
6. Please complete all details including details of member(s) in the above box before submission.

**ATTENDANCE SLIP**

**SML ISUZU LIMITED**

(CIN: L50101PB1983PLC005516)

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

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

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

**30th Annual General Meeting - 22nd September, 2014**

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Name of the Shareholder/ Proxy \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Folio No. \_\_\_\_\_

DP ID\* \_\_\_\_\_

Client ID\* \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I/We hereby record my/our presence at the 30th ANNUAL GENERAL MEETING of the Company at its Registered Office & Works at Village Asron, Distt. Shahid Bhagat Singh Nagar (Nawanshahr), Punjab - 144 533 on Monday, 22nd September, 2014 at 1.00 P.M.

 \*To be used for shares held in electronic form

SIGNATURE OF THE SHAREHOLDER/PROXY



**FORM A**

*Format of covering letter of the annual audit report to be filed with the stock exchanges*

1.	Name of the Company:	SML Isuzu Limited
2.	Annual financial statements for the year ended	31 March 2014
3.	Type of Audit observation	Un- qualified
4.	Frequency of observation	NA
5.	Signed by-  <b>Eiichi Seto</b> <i>Managing Director &amp; CEO</i>  <b>Gopal Bansal</b> <i>Whole Time Director &amp; CFO</i>  <b>Manish Gupta</b> <i>Partner,</i> <i>B S R &amp; Company</i>  <b>P. K. Nanda</b> <i>Audit Committee Chairman</i>	