



CSR INITIATIVES 2019-2020...



Education - School infrastructure up-gradation Projects:
Dual Desks, Green Boards and Toilets in village Schools



Healthcare – Ambulance and Medical Infrastructure in Government Hospitals

CSR INITIATIVES 2019-2020...



Preventive Healthcare & Sanitation :
Health Camps and Twin Dumper Placer provided for cleanliness



Vocational training Projects for economically backward section of society



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

SML ISUZU LIMITED (FORMERLY SWARAJ MAZDA LIMITED)

BOARD OF DIRECTORS

- S.K. TUTEJA - Chairman
- SUDHIR NAYAR
- DR. VASANTHA S. BHARUCHA
- C.S.VERMA
- G. IWANAMI
- E. SETO
- N.MURAKAMI
- M. MOROHOSHI
- PANKAJ BAJAJ
- Y. HASHIMOTO - Managing Director & CEO
- GOPAL BANSAL - Whole-time Director & CFO
- T. YAMAMOTO - Director-Quality Assurance

COMPANY SECRETARY

PARVESH MADAN

AUDITORS	B S R & ASSOCIATES LLP
LISTING OF SHARES	BSE LIMITED NATIONAL STOCK EXCHANGE OF INDIA LIMITED
BANKERS	CANARA BANK MIZUHO BANK LTD. MUFG BANK LTD. HDFC BANK
REGISTERED OFFICE & WORKS	VILLAGE: ASRON, DISTT. SHAHID BHAGAT SINGH NAGAR (NAWANSHAHR) PUNJAB-144 533
CORPORATE OFFICE	SCO 204-205, SECTOR 34-A, CHANDIGARH-160 135

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36TH ANNUAL GENERAL MEETING

on Monday, 24th August, 2020

at 11:00 A.M. through

Video Conferencing / Other Audio Visual Means

REPORT OF THE DIRECTORS

The Directors are pleased to present their Thirty-Sixth Annual Report together with audited financial statements for the financial year ended 31st March 2020.

PERFORMANCE REVIEW

Indian economy witnessed slowdown during FY 2019-20 with GDP growth moderating to 4.2% from 6.1% achieved in the preceding year mainly due to decline in the performance of some of the prominent sectors such as manufacturing, utilities, construction, services, etc. Further, lower government spending and decline in private consumption also impacted the growth.

Subdued economic environment, tighter financial conditions, limited freight demand, revised axle norms resulting in overcapacity in trucking system, etc. had its inevitable impact on the demand for Commercial Vehicles during FY 2019-20. Inventory corrections by the Dealers in the last quarter of the year for transition to BS VI emission norms and country-wide lockdown announced by the Government of India in March 2020 to contain the spread of Covid-19 added to the woes of the Industry, adversely impacting sales volume further.

As a result, during fiscal 2019-20, the domestic Commercial Vehicles industry registered decline of 29% with volumes reaching at 7,17,700 vehicles. Light vehicles (LCVs) declined by 20% with volumes at 4,92,900 and Medium & Heavy vehicles (M&HCVs) dropped by 42% with volumes at 2,24,800.

In line with the industry trend, the Company's sales volume also suffered, reaching 10,533 vehicles in FY 2019-20 compared to 13,602 in the previous fiscal - a decline of 23%.

The financial performance of the Company, for the year ended 31st March, 2020 is summarized below :

(Rs. in Crores)

Year ended 31st March	2020	2019
Sales Volume (No. of Vehicles)	10,533	13,602
Revenue from Operations	1,154.16	1,409.22
Profit before Other Income, Depreciation, Finance Costs and Tax	11.89	74.38
Add: Other income	5.14	4.49
Profit before Depreciation, Finance Costs and Tax	17.03	78.87
Less: Depreciation and Amortisation	40.72	38.44
Profit / (Loss) before Finance Costs and Tax	(23.69)	40.43
Less: Finance Costs	14.63	16.10
Profit / (Loss) before Tax	(38.32)	24.33
Less: Tax (Including Deferred Tax)	(17.26)	4.76
Profit / (Loss) after Tax	(21.06)	19.57
Add: Other Comprehensive Income / (Loss) [Net of Tax]	(2.43)	(1.42)
Total comprehensive income for the year	(23.49)	18.15

DIVIDEND

Keeping in view the financial position of the Company, the Directors of your Company have not recommended any dividend for the Financial Year 2019-20.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

INDUSTRIAL RELATIONS

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

SAFETY, HEALTH AND ENVIRONMENT

The Company continues to demonstrate strong commitment to safety, health and environment which have been adopted as core organizational values. The Company ensures safety and audits its facilities in accordance with statutory and regulatory requirements. The Directors review these areas periodically through reports and presentations made at the Board Meetings. Employees are continuously made aware of hazards / risks associated with their job and their knowledge and skills are updated through requisite training to meet any emergency. Medical check-ups and eco-friendly activities are conducted periodically. Safe disposal of hazardous waste is ensured through recyclers / co-processors of hazardous wastes. Effluent treatment plant and online monitoring systems have been installed for the treatment of trade & domestic effluents and usage of treated water for other processes like green belt maintenance.

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

CURRENT BUSINESS ENVIRONMENT

The Commercial Vehicle Industry (CVI) which was impacted severely during FY 2019-20 due to economic slowdown, revised axle norms, transition to new emission norms, etc. is now facing another challenge - the outbreak of Covid-19. Following the complete lockdown instructions, as pronounced by the Central Government, the Plant operations of the Company were temporarily shut from 23rd March, 2020 to 3rd May, 2020. Thereafter, the Company resumed operations after obtaining the requisite approvals. Management has taken appropriate measures to ensure the continuity of business activities with due focus on safety of the employees.

Due to disruptions in demand and supply chain across the CV Industry, arising from outbreak of Covid-19, Commercial Vehicles sales in the country were negligible during months of April & May 2020. In June 2020, freight movement improved to some extent with easing of lockdown restrictions. But, demand sentiments remained muted due to various uncertainties associated with the pandemic. The Company could achieve sales volume of only 202 vehicles during Q1 of current fiscal against 4282 in the corresponding period of the previous year. Current scenario and outlook for CVI are discussed in detail in the Management Discussion and Analysis, which forms part of this Report.

Amidst such challenging scenario, the Company is increasing its focus on customer reach, product development, operational efficiencies and cost optimization.

DIRECTORS

Mr. Kazuo Goda tendered his resignation as Director of the Company with effect from 30th June, 2020. The Board, in its Meeting held on 21st July, 2020, recorded its deep appreciation for his valuable support and advice during his tenure.

The Board, on the recommendation of its Nomination and Remuneration Committee, has appointed Mr. Noboru Murakami as an Additional Director of the Company with effect from 21st July, 2020, subject to approval of the Members of the Company at the ensuing Annual General Meeting.

At the last Annual General Meeting, held in September 2019, the Members had approved the re-appointment of Mr. S.K. Tuteja and Mr. Sudhir Nayar as Independent Directors of the Company for a second term of five years effective from 22nd September, 2019 and Dr. (Mrs.) Vasantha S. Bharucha as Independent Director of the Company for a second term of three years effective from 22nd September, 2019. Members had also approved the appointment of Mr. Chandra Shekhar Verma as Independent Director of the Company for five years effective from 22nd September, 2019.

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

Mr. Pankaj Bajaj retires by rotation and being eligible, offers himself for re-appointment.

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

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

In terms of Section 150 of the Companies Act, 2013 read with the Rules framed there under, Independent Directors of the Company have confirmed to the Company that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs (IICA).

KEY MANAGERIAL PERSONNEL (KMPs)

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

NOMINATION AND REMUNERATION POLICY

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

RELATED PARTY TRANSACTIONS

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

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

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

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

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is available on the website of the Company at web link https://www.smlisuzu.com/Upload/AgmNotice/f70e250f_MGT-9.pdf and is also attached as **Annexure B**.

MEETINGS OF THE BOARD

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

AUDIT COMMITTEE

The Audit Committee comprises of three independent Directors, Mr. S.K. Tuteja, as Chairman, Mr. Sudhir Nayar and Mr. Chandra Shekhar Verma, and the Whole-time Director & CFO, Mr. Gopal Bansal.

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

PARTICULARS OF EMPLOYEES

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

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

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

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

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

No amount proposed to be transferred to General Reserves.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

Covid-19 pandemic has significantly impacted the business operations of the Company, by way of stoppage of production / sales and disruption in supply chain w.e.f. 23rd March, 2020. With the ease of restrictions on movement of goods & people, operations recommenced from the month of May 2020 with limited capacity.

The Company has evaluated the impact of this pandemic on its business operations, financial position, internal financial reporting and controls, etc. and has taken appropriate mitigating measures. Based on the detailed assessment of its liquidity position, financial arrangements, future course of actions and business plans, the Company has concluded that the carrying value of its assets, as at the end of Balance Sheet date, will be recovered.

However, the assessment of Covid-19 impact on business operations is a continuing process given the uncertainties associated with its nature and duration. Accordingly, the actual impact on the operational and financial performance may differ from that estimated. The Company will continue to closely monitor any material changes to the future business conditions and financial performance.

SUSTAINABILITY INITIATIVE

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

RISK MANAGEMENT

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

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

The Policy sets out key risk areas - financial risks (including risk to assets), commodity price risks, foreign exchange fluctuation risks, legislative and regulatory risks, environmental risks (including natural disasters), operational risks (markets, production, technology, etc.), IT & Cyber Security risks, risks relating to employment and manpower, and individual large transactional risks. The Managing Director & CEO identifies and proposes action in respect of all risks through his management team as and when any are perceived or foreseen or inherent in operations; analyses these, and then reports to RMC for its review and guidance. The Directors also bring to the notice of, and caution, the Committee of a risk perceived by them.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) Committee was reconstituted in February, 2020 with one independent Director - Dr. (Mrs.) Vasantha S. Bharucha as Chairman and two Executive Directors - Mr. Yugo Hashimoto Managing Director & CEO and Mr. Gopal Bansal, Whole-time Director & CFO as Members. On the recommendations of the Committee, the Board has adopted Company's policy on CSR with key thrust areas defined as - promoting healthcare and sanitation, supporting education of girl child and under privileged children, sponsoring vocational education / technical education, etc.

Annual Report on CSR activities for the year ended 31st March 2020 is attached as **Annexure D**.

BOARD EVALUATION

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

CHANGE IN THE NATURE OF BUSINESS

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

SHARE CAPITAL

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

DEPOSITS

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

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

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

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

The Company has adopted a policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the Act) and the Rules there under. The Policy aims to provide protection to women at the workplace and prevent and redress complaints of sexual harassment and for matters