

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

Subject: Response on the queries raised by the shareholder(s) during 38th AGM of the Company held on 21st September 2022

Dear Sir,

Pursuant to Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Regulations"), please find enclosed response on the queries raised by the shareholders during 38th Annual General Meeting of the Company held on i.e. **Wednesday, 21st September, 2022** through Video Conferencing / Other Audio Visual Means.

This is for your information and record please.

Thanking you,

Yours faithfully

For **SML ISUZU LIMITED**



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SML ISUZU Limited

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Queries raised by the shareholder(s) during 38th Annual General Meeting of the Company held on 21st September 2022 and Response by the Company

1. Outlook for coming 3-5 years.

Long term outlook for commercial vehicle industry remains positive. As per industry experts, the growth projections in different segments are as follows:

- *The expected demand for LCVs is likely to expand by CAGR ~ 8-10% from FY 2022-27 due to higher private consumption, lower penetration and greater availability of redistribution freight and improved financing.*
- *M&HCVs sales are expected to rise by CAGR 9~11% in view of improvement in economic & industrial activities, increasing Government focus on infrastructure development, agriculture & rural economy and rising consumption expenditure.*
- *Bus segment is expected to rise CAGR~ 29-30% from FY 2022-27 with increase in inter-city / state travel aided by better roads and rising personal disposable incomes. The Buses which caters to the schools, company staff and inter/intra city run majorly by the private operators, will remain the biggest end-user.*

The Company is operating in most of the above segments (5-12 ton) and, accordingly, the Company's sales volume are expected to increase going further in line with Industry expected growth.

2. Strategy to mitigate volatility in material prices, global uncertainty, etc.

In respect of material / commodity prices, the Company ensures that the procurement prices are align with the Industry and any increase in procurement price(s) is released only after detailed review of market scenario, Industry Reports and exhaustive negotiations with the suppliers / vendors. Further, development of second / alternate source of components is an ongoing process which helps the Company to procure components at competitive prices.

The Company keeps close watch on market situation and plan procurement well in advance to avoid any disruption. Further, continuous efforts towards localization are on to reduce reliance on imports including at Company's suppliers / vendors end.

3. How big is exports opportunity in coming 3-5 years.

On exports front, the Company is aggressively working towards expanding its product portfolio for the international markets & territories, strengthening brand image outside India and exploring new markets & customers for its products.

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

We expect that these restrictions will be over in near term and the Export volumes are likely to increase considerably in the next 3-5 years.

4. What is the scope for cost efficiency and competitiveness.

The Company is taking necessary actions to increase cost efficiency and competitiveness:

- a) *Commonization of components used in different vehicles / models.*
- b) *Development of alternative / second source for the components used in the vehicles.*
- c) *The Company has implemented 1 MW Solar Project at its Manufacturing Plant. Further, the Company has also commissioned PNG project to reduce dependency on the traditional fuels.*
- d) *Replacement of old CFL lights / Metal halide lights with LED lights for buildings and shop floor is going on as a continual effort to conserve electrical energy.*

5. Development of E-Vehicle.

The Company is keeping close watch on the market developments in this segment and will launch e-vehicle(s) at appropriate time.

6. Increase in warranty expenses in FY 2021-22 and action taken by the Company.

Warranty Expenses for FY 2021-22 is Rs. 574.6 lakhs (against previous year Rs 51.7 lakhs net of excess provision of Rs 131.9 lakhs reversed for earlier years) increase mainly due to increase in sale from 5043 to 7392 vehicles, change in warranty policy of vehicles from 3 years to 4/5 years and failure of some components used in the vehicles.

In respect of failure of components, the Company has already taken corrective action(s) well in time which includes process improvements, change in design/software, change in composition of material, etc.

7. Development of second line of Managers

The Company has well defined succession plan which ensures development of second line of Managers as per its business needs.

