



**SONA COMSTAR**

Date: - 24<sup>th</sup> June, 2023

<b>BSE Ltd.</b> Regd. Office: Floor - 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	<b>National Stock Exchange of India Ltd.</b> Listing Deptt., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
BSE Scrip Code: 543300	NSE Scrip: SONACOMS

**SUBJECT: - SUBMISSION OF ANNUAL REPORT**

Dear Sir / Madam,

Pursuant to Regulation 34(1) of the SEBI (LODR) Regulations, 2015, we are pleased to enclose herewith copy of the Annual Report of the Company for the year financial year 2022-23.

This is for your information and record.

Thanking you,

**For SONA BLW PRECISION FORGINGS LIMITED**

**Ajay Pratap Singh**  
**Vice President (Legal), Company Secretary and Compliance Officer**

Encl: As above



SONA COMSTAR

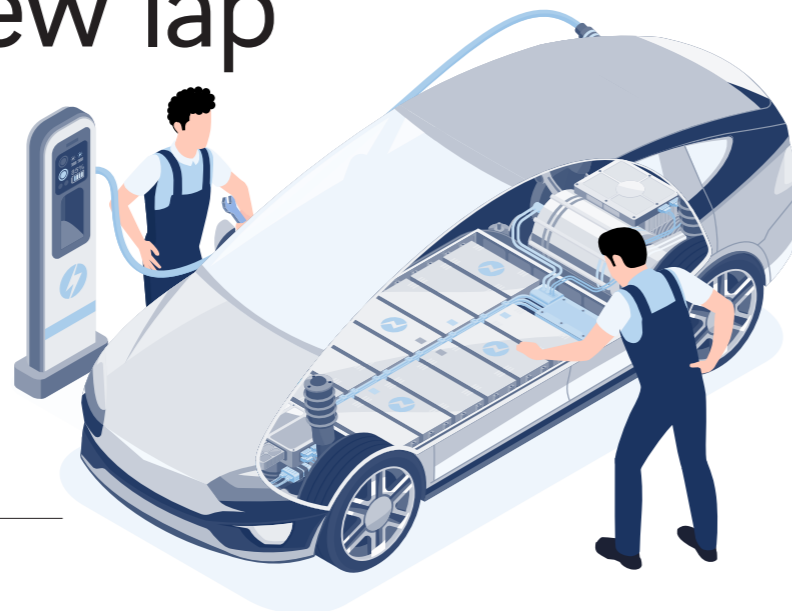
The Future of  
Mobility is

E.P.I.C.



Annual Report  
2022-23

# Continuously setting new lap records



At Sona Comstar, we find inspiration in the indomitable spirit of championship-winning Formula 1 drivers. Like these skilled racers, we thrive on pushing boundaries and exceeding expectations. Just when people start perceiving that we have reached the pinnacle of success, we simply switch gears and unleash our true potential.

Sona Comstar achieved its highest-ever financial performance in FY 2022-23, and we aim to consistently replicate this success over and over again in the foreseeable future.

**INR 26,756 million**

Revenue  
⬆️ 26%

**INR 6,958 million**

EBITDA  
⬆️ 25%

**INR 3,953 million**

Profit after Tax  
⬆️ 24%\*

**INR 6,707 million**

BEV Revenue  
26% of sale of goods

**42**

EV programmes  
Across 26 different customers

**INR 215,000 million**

Net Orderbook  
77% share from EV

**34.5%**

5-Year Revenue CAGR

**26.8%**

5-Year Average EBITDA Margin

**>25%**

ROE each year in last 5 years

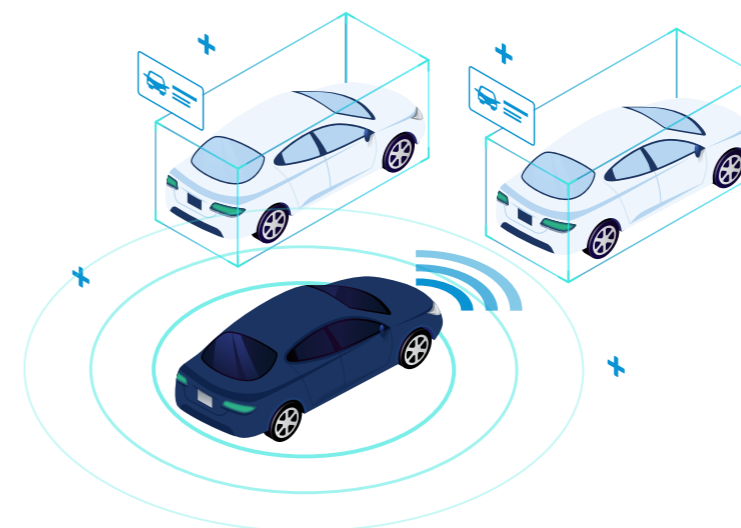
⬆️ y-o-y \*Excluding exceptional income and one-time tax impact in FY 2022-23

# The future of mobility is E.P.I.C.

Mobility as we know it, is undergoing a structural transformation. At Sona Comstar, we are actively gearing up for the E.P.I.C. (Electric, Personalised, Intelligent and Connected) future of mobility. We are strategically investing in research and development to develop innovative solutions and technologies that align with this future.

We are working on advanced electric drivetrain systems and high-performance motors to support the growing demand for electric mobility. Additionally, we have also been developing products for autonomous and connected applications to enhance safety, efficiency, and convenience.

By embracing the E.P.I.C. future of mobility, we aim to be at the forefront of shaping the next generation of automotive technology and providing sustainable solutions for the evolving needs of consumers and the industry.



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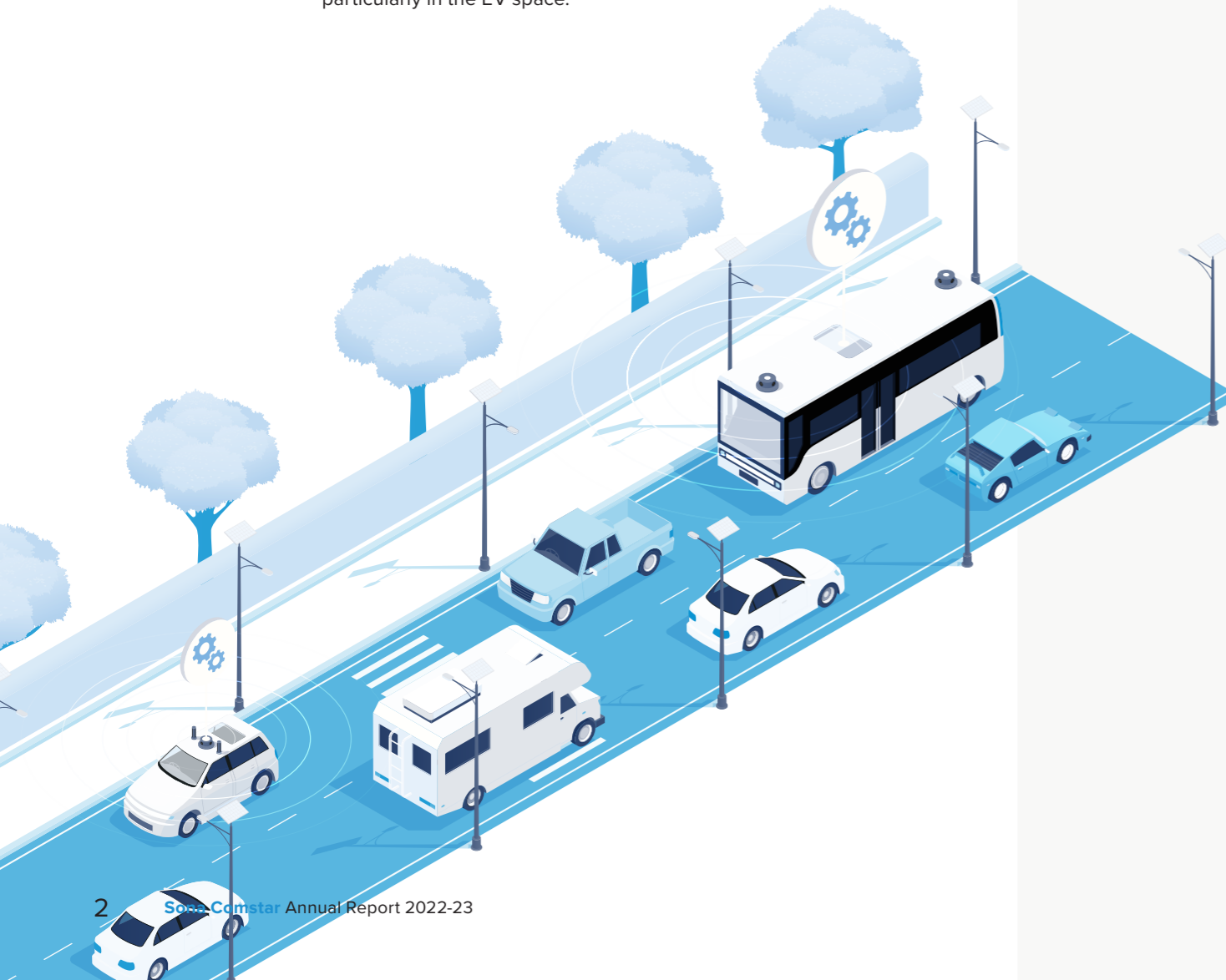
### 311 Notice

Corporate identity

# Leading the way

As a global automotive technology player, we solve complex engineering problems by offering customised solutions to our customers. Our expertise lies in designing, developing and manufacturing highly engineered mission-critical automotive systems and components for automotive OEMs.

Fuelled by a relentless drive for innovation, we channel our R&D and engineering efforts into designing and developing cutting-edge automotive solutions focusing on future mobility applications. Our unwavering commitment to progressive technologies shapes the mobility landscape, propelling us towards a brighter future that is greener and safer. With a diverse portfolio of technologies and products, we partner with automotive OEMs worldwide for advanced applications, particularly in the EV space.



## What drives us

### Our mission

Be leaders in the technology we invest in and give our customers an edge over the rest, while designing and building products that will enable the future of mobility

### Our vision

To become the world's most respected and valuable auto technology company for our customers, employees, and shareholders.

### Our values

At Sona Comstar we believe to always do the right thing, no matter what the cost, no matter if anyone is looking. Build better & more economical products faster. Thereby adhering to our core values of Integrity, Vitality, Frugality and Agility



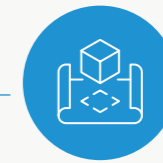
#### Integrity

Always do the right thing. No matter what the cost. No matter if anyone is looking.



#### Vitality

Build better products.



#### Frugality

Build better products - more economically.



#### Agility

Build better and more economical products faster.

### Our strategic priorities

- ▶ Electrification
- ▶ Global Market Significance
- ▶ Diversification
- ▶ Technology

### Responsible approach

- ▶ Constantly reducing carbon footprint
- ▶ Building a people-driven organisation
- ▶ Upholding the highest standards of corporate governance

## Leading the EV revolution

9

Manufacturing facilities

3

R&D centres

4,064

Total employees

273

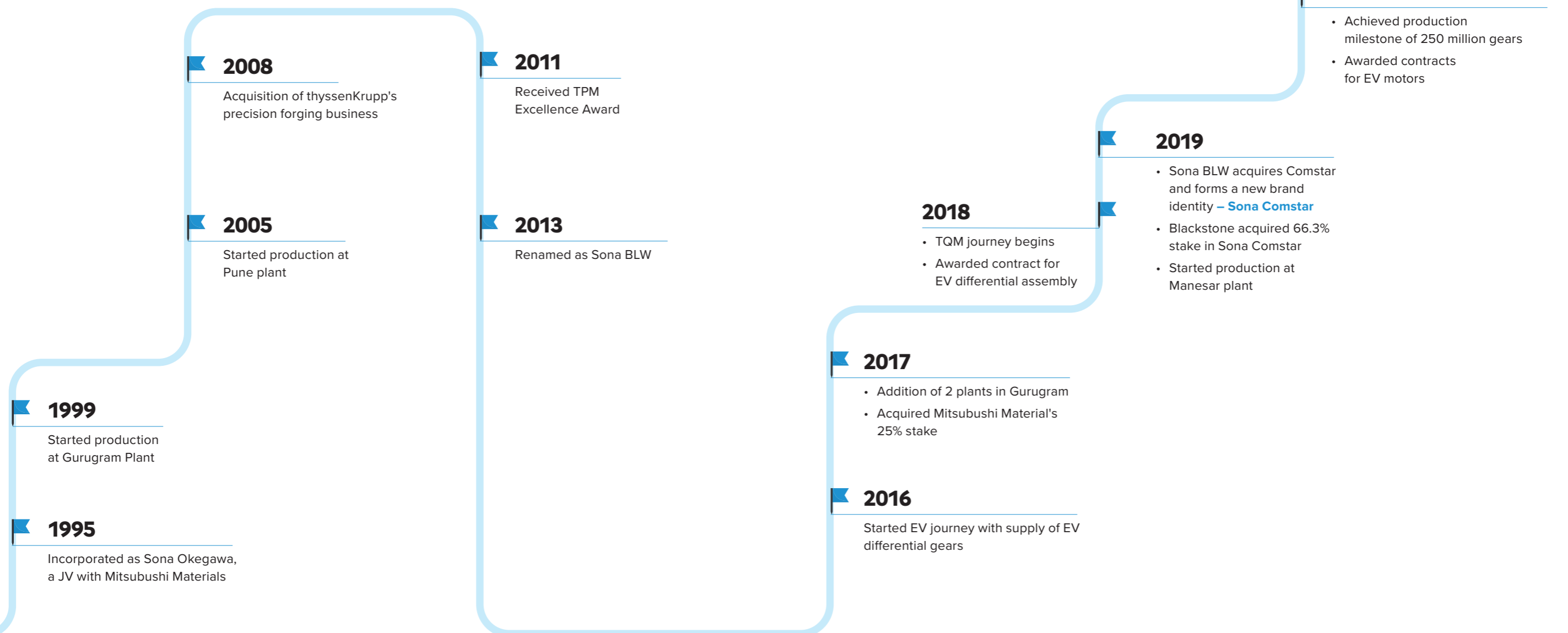
R&D Employees



## Journey

# Growing by leaps and bounds

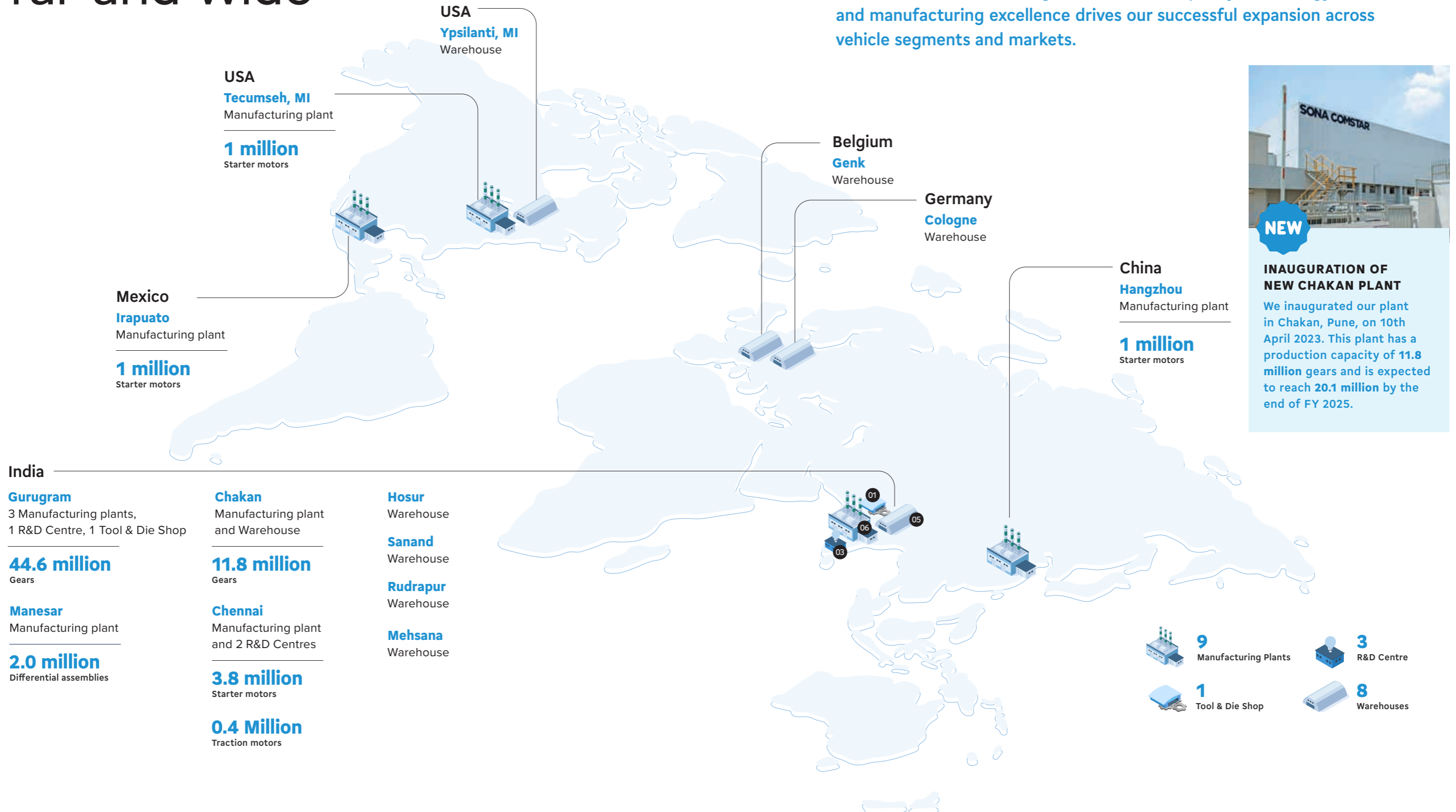
Since our inception, we have been striving to set new standards in the automotive technology segment. Our expanding portfolio of innovative products drives faster adoption of electric vehicles globally. Through our industry-leading R&D and strategic partnerships, we are developing cutting-edge products that make mobility greener and safer.



Presence

# Covering tracks, far and wide

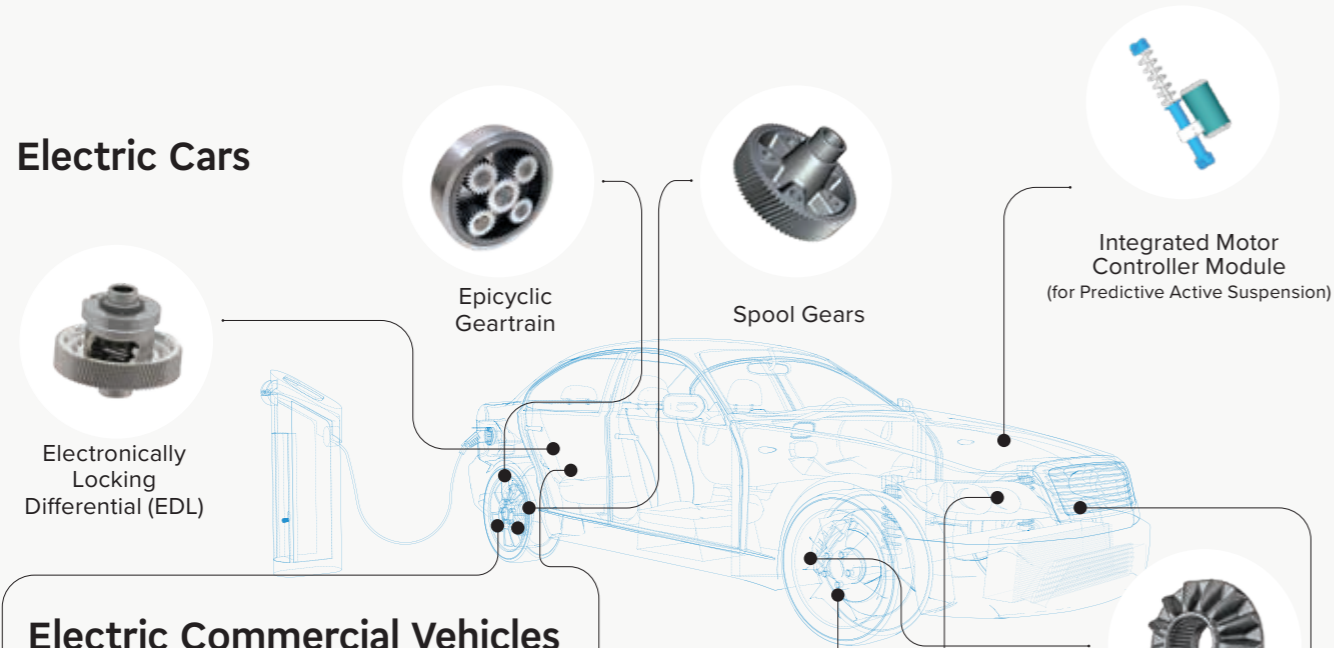
Headquartered in Gurugram, India, Sona Comstar has emerged as a global supplier with nine manufacturing and assembly facilities across India, USA, Mexico and China. We serve customers across all major automotive markets worldwide. Our unwavering commitment to quality, technology, innovation and manufacturing excellence drives our successful expansion across vehicle segments and markets.



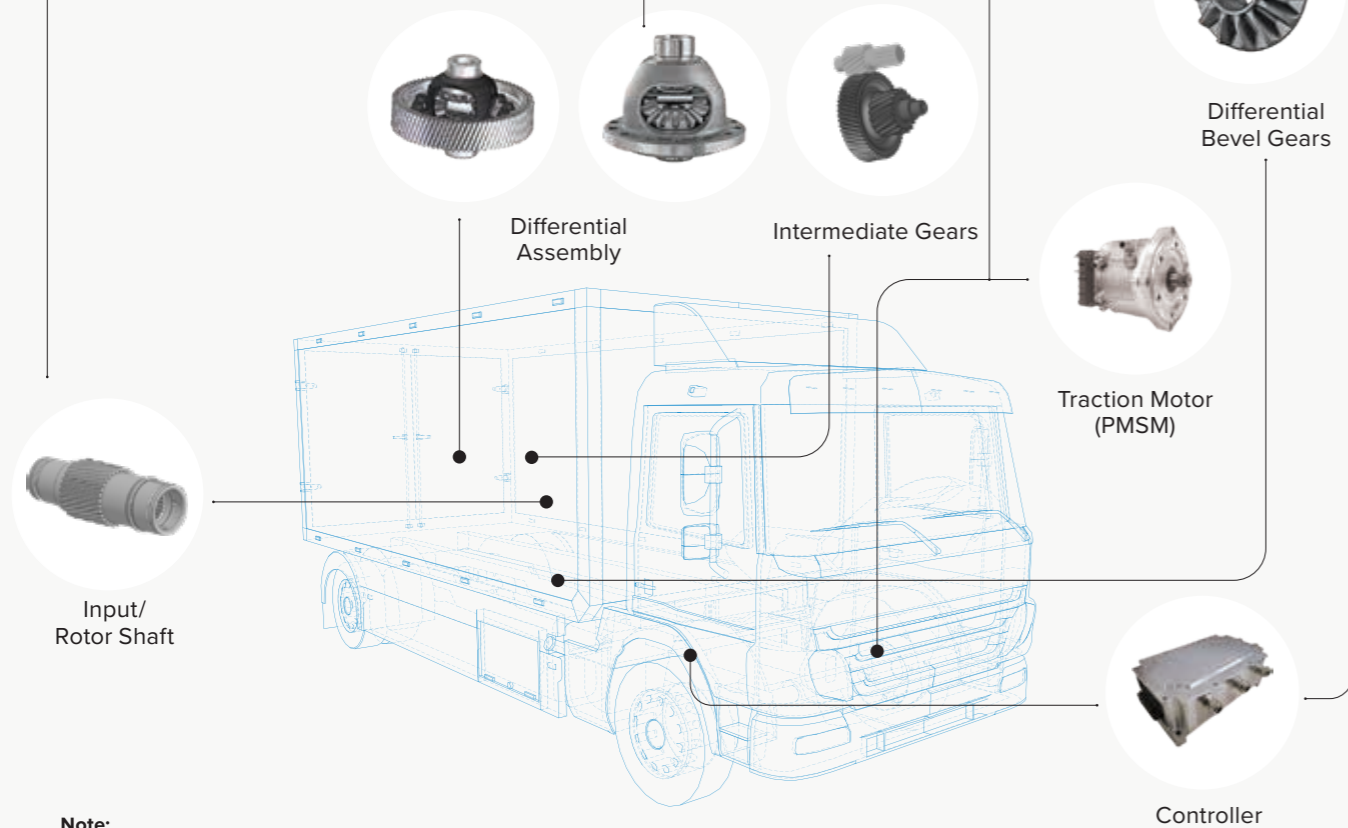
Product portfolio

# Ever-expanding portfolio of products

## Electric Cars

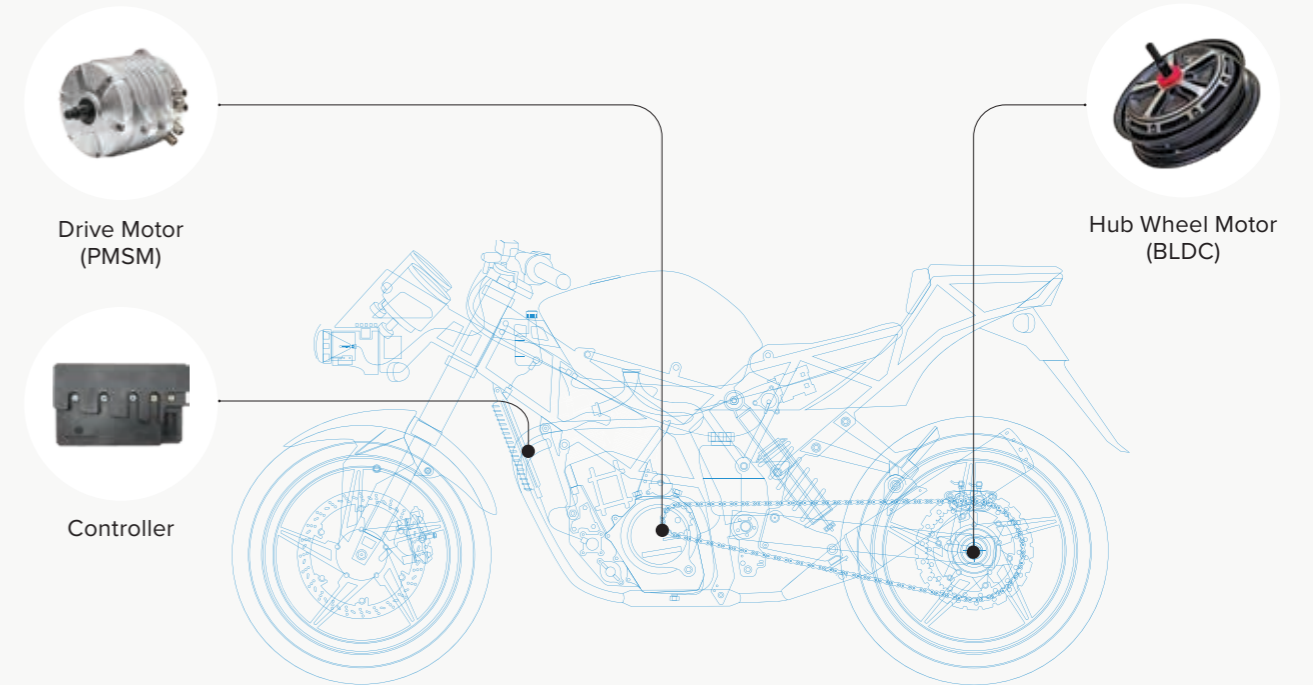


## Electric Commercial Vehicles

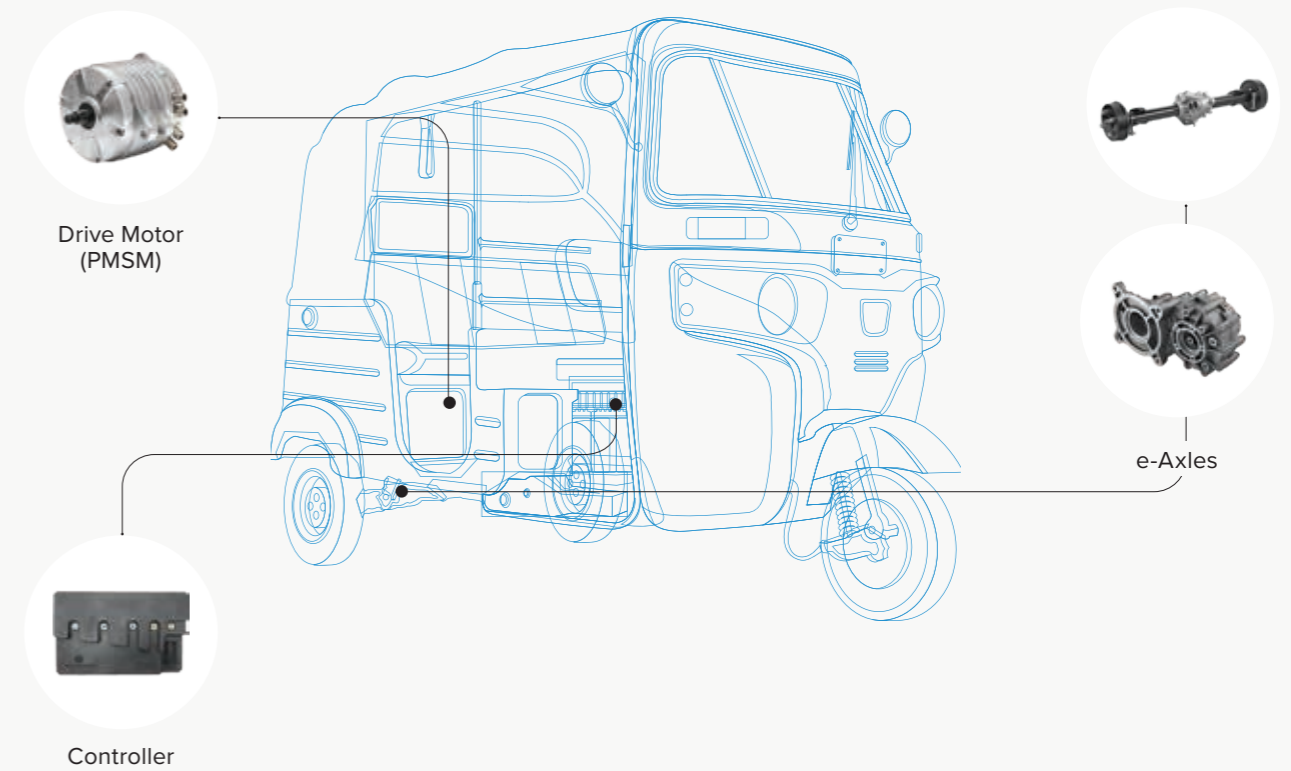


**Note:** Product Images and technical drawings are for representation purpose only.

## Electric 2-Wheelers



## Electric 3-Wheelers

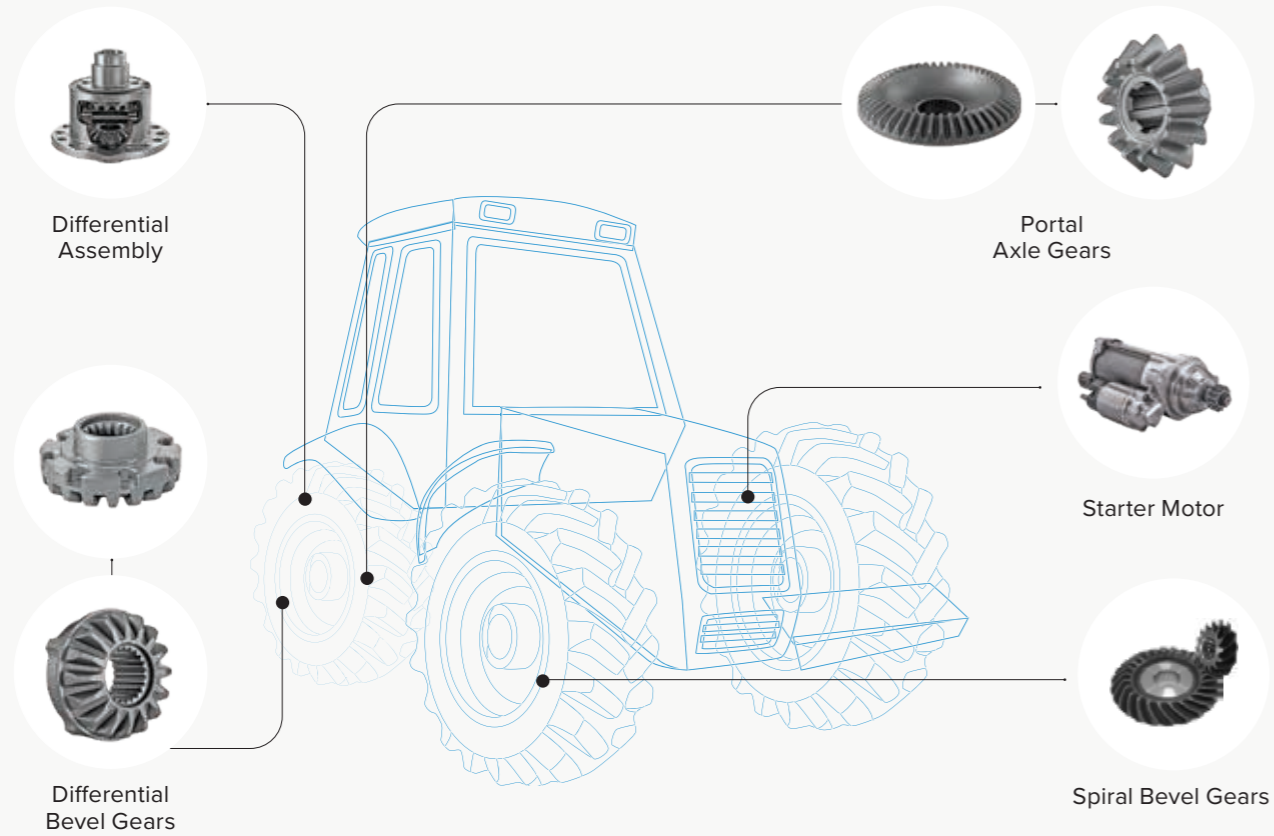


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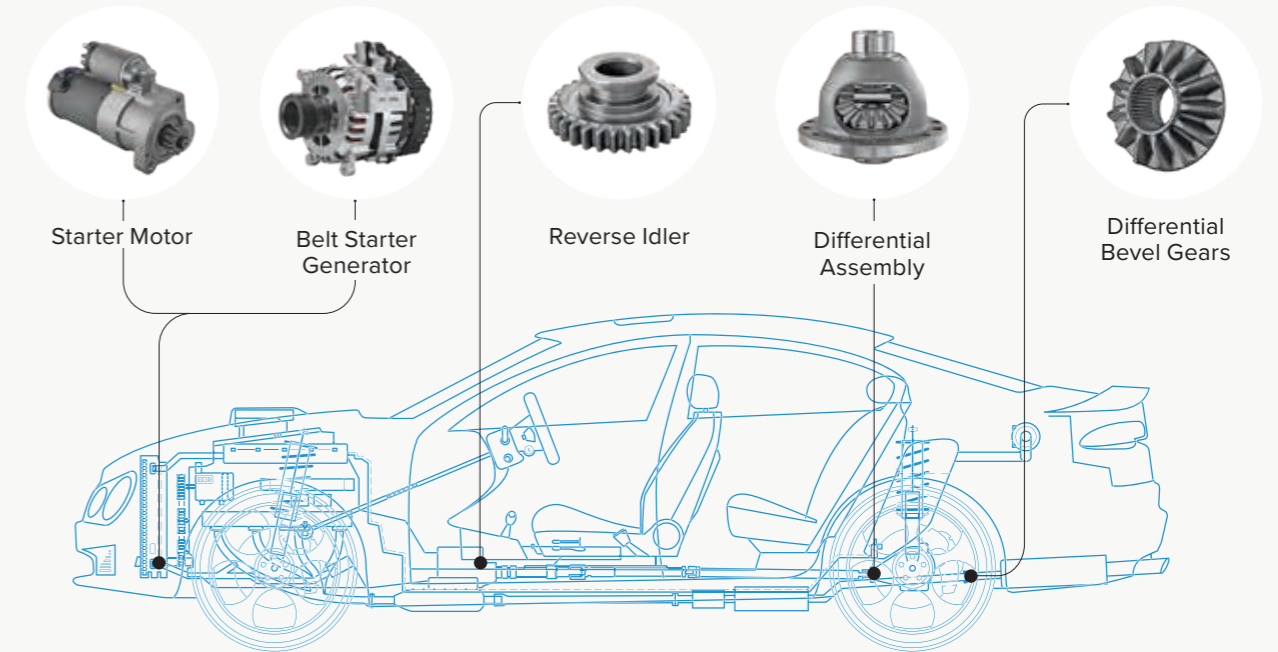


Product portfolio

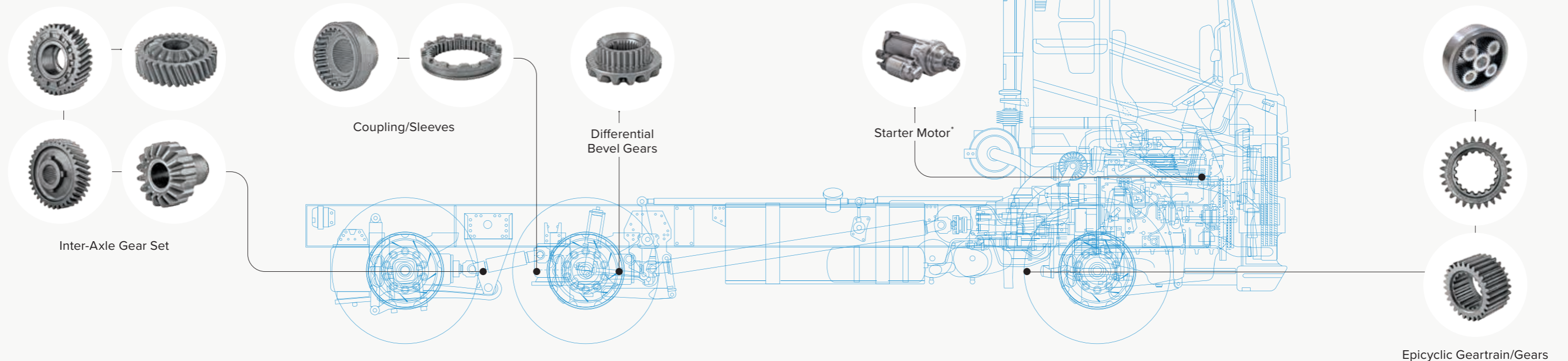
Off Highway Vehicles



Passenger Vehicles



Commercial Vehicles



Note: Product Images and technical drawings are for representation purpose only.

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# Foraying into Sensors and Software

As the world moves to E.P.I.C. mobility, the importance of sensors and software in a vehicle is increasingly evident, especially in the area of ADAS and autonomous driving.



According to a McKinsey report, ADAS sensors are a fast-growing category in the automotive industry, with a potential market size of USD 43 billion in 2030. In line with its strategic roadmap, Sona Comstar is foraying into the ADAS sensor market by acquiring NOVELIC\*.

NOVELIC is one of the few profitable, high-tech, and fast-growing companies in the ADAS Sensor space, having mmWave radar technology-based solutions. It is vertically integrated across the value chain from machine learning and perception software to hardware and chip design; its partners include global automotive OEMs, autonomous vehicle makers, Tier-1s and chip manufacturers.

One of the key applications of mmWave radar is in in-cabin sensing, that is an essential safety requirement in cars globally. Children and pets left behind in locked vehicles have resulted in fatalities worldwide due to heatstroke. Government regulations and car safety assessment guidelines mandate Child Presence Detection (CPD) in newer car models.

**mmWave radar technology** is one of the most effective solutions for in-cabin sensing due to its i) high accuracy, ii) lower cost and iii) privacy protection for occupants. Through its sophisticated radar design and signal processing algorithm, NOVELIC's in-cabin monitoring solution detects Life Presence (LPD), Child Presence (CPD), and Seat Occupancy (SOD), amongst others. This in-cabin solution is highly accurate as it works under all light conditions, detects vital signs (heart rate and respiration) and locates objects anywhere in the cabin.



It also removes the need for weight sensors and associated wiring harnesses, resulting in significant cost savings for carmakers. Unlike cameras, mmWave radar-based in-cabin sensing protects occupants' privacy.

NOVELIC has over ten years of market presence and more than 130 engineers in multidisciplinary teams and holds multiple global patents in mmWave radar sensing and systems. With its expertise in in-cabin and exterior short-range radar sensing and perception solutions, Sona Comstar intends to build its third business vertical of Sensors and Software to address the megatrends of increasing vehicle autonomy and automation.

**~53%**

CAGR of NOVELIC since its inception  
(Without external equity capital)

**USD 43 billion**

Projected value of the ADAS sensors market by 2030



"I am looking forward to welcome NOVELIC to Sona Comstar family. On closing of this acquisition, we would add market-leading in-cabin radar-sensing technology to our technology offering. Increasing vehicle autonomy and automation is an emerging technology revolution in our industry. As we had done with EVs in 2016, we are taking a meaningful early step in the direction of the electrified autonomous vehicle or e-AV"

**Vivek Vikram Singh**  
Managing Director and Group CEO

\*Acquisition of NOVELIC by Sona Comstar is in process and is subject to Regulatory Approvals.



## Chairman's communiqué

# Building a globally local organisation



**From the very start of our journey, our path and purpose have been one: to create a firm that is rooted in India yet, desired by the world.**

Our tryst with technology is what drives us and continues to help us grow and build value for our esteemed shareholders. Their faith is our biggest blessing. Our team is what I am most proud of; their determination to win and their dedication to grow even as the global market slows down are what our grit is all about. And our greatness, if I may add, I am proud of them and utterly grateful too.

The tectonic plates of this planet have moved mercilessly over the last two years. With the pandemic being followed by the Russia-Ukraine conflict and several supply chain challenges, we have been tested in every way possible.

And yet our clear focus to build a long-term business with a strong foundation and a stronger focus on technology is what is helping us grow. Baptism by fire, fires up the fearless.

The EV revolution gains more momentum with each passing year and our early conviction that everything would eventually go electric has helped us stay ahead of the curve. We made the right bets at the right time. A lot of hard work with luck and the right timing is a great combination. We are glad that we were both predictive and proactive.

The automotive industry, which is fast transforming into the mobility industry, is disrupting much faster than we imagined and will continue to do so. For us, this is the greatest opportunity. An opportunity to invest more in technology for the future and to build products that our customers will love and will help our company remain at the cutting edge of technology.

As we move ahead, the focus on a cleaner and greener world will drive companies and countries to adopt best practices that result in a more sustainably conscious world, environment, business process and product. Where others see red, we see green.

While regulations will drive this, customers and shareholders will drive this as well.

I talked about ESG and the ESG committee in my letter last year. We have set medium-term goals for the company around environmental protection, social performance, and governance. We have adopted a strategic framework for ESG performance management and identified material sustainability issues for our business.

On the energy front, we have taken measures to improve energy utilisation. These include improvement in the process, installation of power-efficient equipment in high energy demand areas and adding energy-efficient new equipment. Compared to the previous year the specific energy consumption, - a kg of forging for every unit of electricity, improved by 12% in the year 2023. Rooftop solar capacity was increased by 31% in the year 2023 to 1,975 kW peak.

As a result of the above, the CO<sub>2</sub> emission (Scope 2) was reduced by 14% for every kg of forging done. These are moves that have become milestones.

On the water recovery, a 48,000 litres per day capacity Zero Liquid Discharge (ZLD) has been installed and operational in the Gurugram unit to convert wastewater to reusable water for the manufacturing process. Moreover, for the so far discarded used die lube, an innovative technique for the recovery of water was installed in the Gurugram unit as well. This results in the recovery of 12,000 litres of water per day. This water is again reused in the process, after passing through the ZLD. Commissioning of the above resulted in the reduction of water intake per kilogram of forging by 23% in FY 2022-23 over the previous year.



## THE INDIA STORY

**Much has been talked about the India story, and I will once again reiterate that India's time has come:**

- ▶ **The demographics are in our favour;**
- ▶ **The deglobalisation story is playing out in our favour (with China plus 1 or India plus 1 strategy);**
- ▶ **The decarbonisation obsession is playing out well: India plans to be carbon neutral by 2070; and finally,**
- ▶ **Digitalisation in our country is increasing rapidly. With the rollout of 5G and the India Stack, we will only see great advantages as we very quickly ramp up to become a global superpower.**

**This is India's road.**

With a young and dynamic workforce, India possesses a demographic advantage offering a large pool of skilled labour, fueling the expansion of the manufacturing sector. As companies seek alternatives to China amid rising labour costs and geopolitical uncertainties, India emerges as an attractive destination due to its vast consumer market, skilled workforce, and improving infrastructure. India's commitment to decarbonisation and its carbon-neutral targets has further bolstered its appeal as a sustainable manufacturing hub.

The focus on renewable energy, clean technologies, and environmentally-friendly practices aligns with global demands and positions India as an attractive partner for eco-conscious businesses. Furthermore, digitalisation has been a driving force in India's manufacturing growth, with the adoption of emerging technologies such as automation, artificial intelligence, and the Internet of Things. By leveraging this strategy, India can attract increased foreign investment, enhance its manufacturing capabilities, and strengthen its position as a global manufacturing hub.

We want our colleagues to be owners and to benefit from the performance of their Company. They must profit from the profit they generate. In this regard, I am pleased to propose a new Employee Stock Ownership Plan (ESOP) this year that aligns the interests of our employees with those of our shareholders, establishing a powerful sense of collective purpose and unity. By promoting shared ownership and aligning our interests, we are confident that this initiative will strengthen our competitive position, drive excellence in performance, and create lasting value for all stakeholders.

Our greatest achievement has been winning an award for being a "Great Place to Work". There is no better feeling than being a place employees love to come to every single day. For me, it has been a dream that is today a reality.

I thank our shareholders for the belief they have in us, as we build this business one brick at a time.

Our journey is just beginning.

Regards,

**Sunjay Kapur**

Chairman and Non-Executive Director

From the MD and CEO's desk

# Making our own future



## Dear Shareholders,

This year has marked a profound transformation for our Company as we transitioned into majority ownership by public shareholders.

We as a Company, and I personally, are acutely aware of the responsibility that accompanies this change. Today, we carry the weight of the expectations of over half a million shareholders, as well as the millions of individuals who have entrusted their hard-earned money to esteemed Indian and global financial institutions, which have, in turn, invested in our Company.

All weight leads to pressure, but we recognise that this pressure is a privilege — a privilege granted to a select few who are entrusted with the stewardship of shareholder capital.

I pray that God continues to give us the strength required to shoulder this responsibility of creating value for those who have entrusted their assets to us.

As a majority publicly-held Company, our goal is to attract and retain long-term owners. To achieve this, it is imperative that we consistently and repeatedly communicate our business philosophy and our vision as a Company. Allow me to reiterate our purpose once again.

Our Vision, or why we exist as a Company, is to become one of the world's most respected and valuable auto technology companies. Everything that we do stems from this unifying purpose. Our Mission is to be leaders in the technology we invest in and give our customers an edge over the rest while designing and building products that enable the future of mobility.

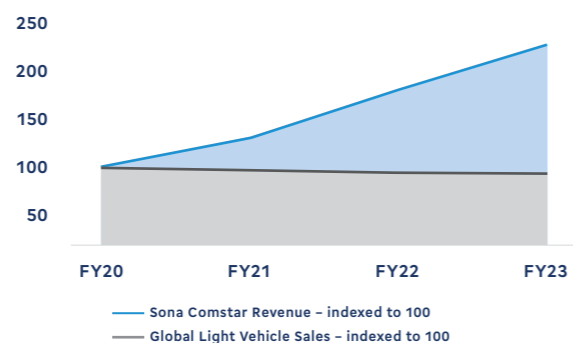
This is the race we are running—a marathon that spans decades. When our race is truly run, we will have built an Indian engineering Company that the world can be proud of.

## Singhavalokana: A retrospective look at the year gone by

Legend has it that after traversing a considerable distance through the jungle, a lion pauses to examine the path it has chosen—a practice referred to as "Singhavalokana" in Sanskrit. As this letter serves as a performance report from a manager to the Company's owners, we too shall look back and assess our journey in the context of our annual performance evaluation. Allow me to present our performance scorecard based on our six Key Result Areas (KRAs): financial results, electrification, business development, diversification, technology, and ESG.

### Delivering robust financial growth

Our numbers speak for themselves. Our revenue, EBITDA, and PAT have grown by 26%, 25%, and 24% respectively. When juxtaposed against the backdrop of our industry from FY 2019-20 to the present day, our revenue has experienced an astounding growth of 119%, while global light vehicle sales dropped by 7% during the same period.



"We have made significant progress in our biggest strategic priority—to be at the forefront of the electrification of mobility worldwide. Our BEV revenue share rose to 26%, with a 33% growth in absolute revenue, reaching INR 6.7 billion."

### Electrifying our future

We have made significant progress in our biggest strategic priority—to be at the forefront of the electrification of mobility worldwide. Our BEV revenue share rose to 26%, with a 33% growth in absolute revenue, reaching INR 6.7 billion. We anticipate exponential growth in this domain as both the number of EV programmes and EV customers globally have increased by 1.4 times compared to the previous year, now totalling 42 programmes and 26 electric vehicle customers, respectively.

Moreover, we have expanded our EV powertrain capabilities by developing the Electronically Locking Differential (EDL) and securing a new programme to supply EDL for an electric SUV of a Global EV OEM. Additionally, we have entered the Electric Commercial Vehicle space with a driveline programme awarded for Class 4 electric trucks.

### Strengthening our global significance

Our relentless focus on customers has made FY 2022-23 our best year for new business development. We secured INR 80 billion worth of orders, resulting from 35 new programmes and 7 new customers.

We closed the financial year with a stronger net order book standing at INR 215 billion (8x FY 2022-23 revenue), with EV programmes accounting for 77%. Our global market share for differential gears has expanded to 7.2%, while the starter motor market share dipped slightly to 4.1%.

This year, we achieved significant milestones, surpassing the cumulative production of 350 million differential gears, 34 million starter motors, and 180,000 traction motors.

### Broad-based diversification to balance risk

Maintaining a balanced customer concentration is of utmost importance. We strive to avoid situations where revenue is fragmented among numerous customers, as it consumes excessive management and engineering bandwidth while causing production inefficiencies.

Likewise, we endeavour to prevent the concentration of power in the hands of a few customers, which may pose existential risks. In the context of the global light vehicle industry structure, our long-term target is to have no customers contributing more than 20% to our revenue, with the top 5 customers contributing less than 50% and the top 10 customers contributing less than 70%. Presently, no customer contributes more than 20% to our revenue, while the top 5 customers accounted for 55% and the top 10 customers contributed 77% to our revenue in FY 2022-23.

We have achieved further revenue mix diversification by powertrain, with Battery EV contributing 26% to the total revenue—an improvement from just 14% in FY 2020-21. Our reliance on pure ICE technology has steadily decreased from 25% in FY 2020-21 to 15% in FY 2022-23.

## From the MD and CEO's desk

### Progressing on our technology roadmap

To encapsulate the four significant shifts in the future of mobility—Electrification, Personalisation, Intelligence, and Connectedness—we have coined the term E.P.I.C. In this brave new world, sensors and software will play an oversized role. For instance, our IMCM module for intelligent suspensions alone required 2 million lines of code, approximately five times the software found in an average space shuttle. Considering that an average modern car contains around 100 million lines of code, it becomes evident that software and AI will be instrumental in building autonomous vehicles.

Building an autonomous vehicle, in simple terms, is a matter of replacing, with machinery, the three things humans need to drive: the hands and feet that operate the controls, the senses that perceive their surroundings, and the brain that turns data into decisions. The first bit is mostly mechanical and electrical. The second one of perception is achieved through sensors, whether they be cameras, LiDAR or

Radar sensors. The third, the intelligence to turn this input data into decisions is software. NOVELIC helps us add the second and third sets of capabilities of chip design, Radar sensors, software and ML/AI tools to what we already have in mechanical, electrical and electronic abilities.

In line with our long-term strategy, we are excited to add sensors and software as the third pillar of growth through the NOVELIC transaction, which we aim to close in H1 FY2024.

Furthermore, we have made substantial organic progress on our technology roadmap by developing four new driveline products (intermediate gears, input/rotor shafts, net spiral bevel gears, and EDL) in FY 2022-23 alone. We continue to actively work on developing innovative products for our customers across all our businesses.

**119%**

Revenue growth in last 3 years

**INR 215 billion**

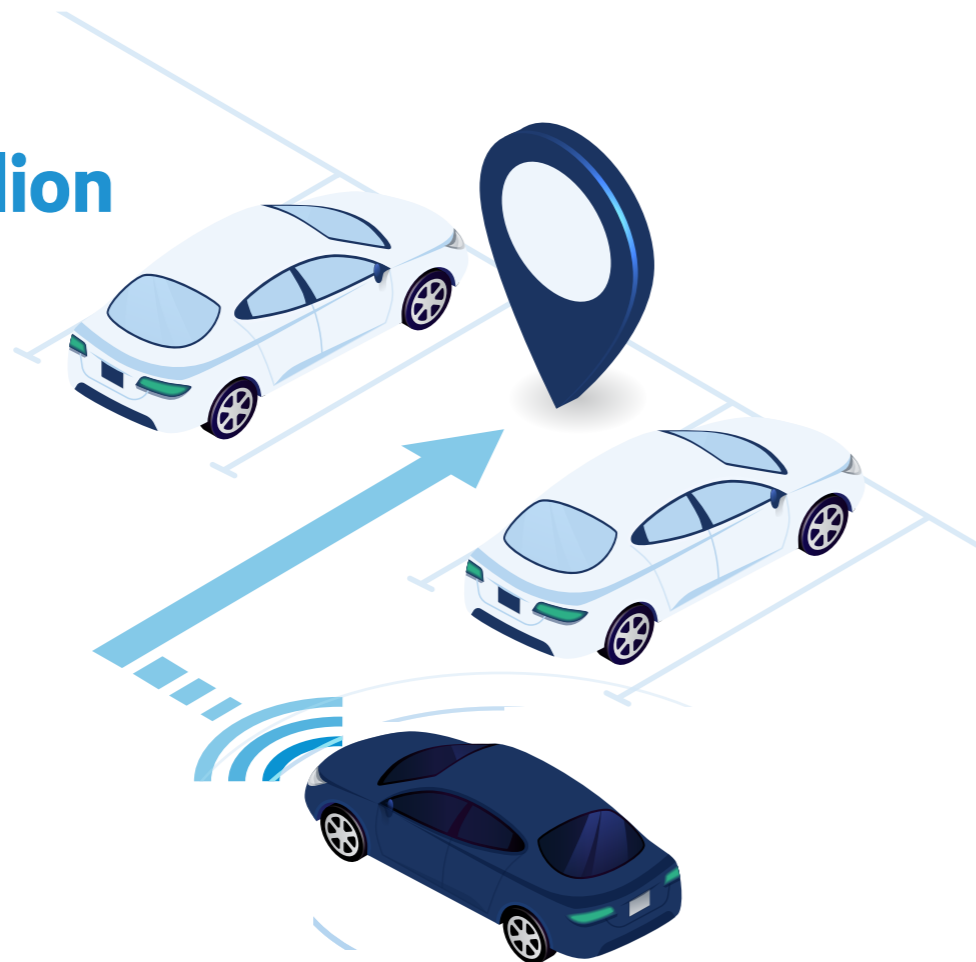
Net Orderbook

**42**

EV programmes across 26 customers

**26%**

BEV revenue share in FY 2022-23



### Forging ahead responsibly

This year, we published our first Sustainability Report and set medium-term goals for environmental protection, social performance, and governance. Notable progress was made by implementing an innovative solution in our forging plant at Gurugram, enabling us to recycle and save approximately 12,000 litres of water every day. Our greatest impact lies in GHG reduction through technologies that improve energy efficiency and enable the electrification of transport. We have set a target for Sona Comstar to achieve over 45% of revenue from BEVs by FY 2025-26.

### Our Path As We Move Forward

We have chosen a product innovation-led business model to delight our customers, sustain our growth, and progress towards our vision while creating value for our shareholders. In the dynamic and fast-changing mobility industry of the past five years, this is not an easy path. However, we are led by belief, mirrored in the words of *Dharmakirti*:

“No one behind, no one ahead. The path the ancients cleared has closed. And the other path, everyone’s path, easy and wide, goes nowhere. I am alone and find my way.”

Once one has chosen their path and internalised the truth that they are only racing against themselves, that choice permeates every encounter along the journey. For us, this choice has shaped and will continue to shape our strategy, our product development, our talent acquisition, and our worldview. This approach has led us to our growth, as our revenue has skyrocketed from INR 3.6 billion in FY 2015-2016 to INR 26.7 billion this year, representing a staggering seven-fold increase during the eight years I have been privileged to serve this remarkable Company.

However, it is not that we are inherently special or destined for a string of uninterrupted successes. At times, despite our best efforts, we have made mistakes, and more will likely occur in the future. Yet, I firmly believe that this is acceptable. Success and failure, triumph and disaster, are often much closer to each other than one imagines.

The key lies in being prepared to confront both situations with integrity, equanimity, and humility. Such a mindset allows us to learn and emerge stronger from every experience—either we learn, or we win.

What truly does make me feel special is the fact that I have been chosen to lead this exceptional group of people at Sona Comstar. So, thank you to the shareholders and the Board for placing me in this position of trust, and thank you to my team for having faith and choosing to follow my guidance.

In closing, I would like to share a shloka from the Bhagavad Gita, a verse that encapsulates the essence of our journey:

“*Yogah karmasu kaushalam.*” which can be translated as: “Yoga is skill in action.”

This ancient wisdom reminds us Karmyogis of Sona Comstar of the importance of skilful execution, adaptability, and resilience. It is through these qualities that we continue to innovate, and help our customers in shaping the future of the automotive industry. As we continue to evolve on our journey towards our vision, I hope all of you will continue to place your faith in us for the long term.

Thank you,

**Vivek Vikram Singh**

Managing Director and Group CEO



## CFO's review

# Fortifying Sustainable Growth



## Dear Stakeholders,

We have had yet another year of great business performance wherein our revenue grew by 26% to INR 26,756 million and EBITDA by 25% to INR 6,958 million. A significant part of our growth in FY 2022-23 came from the start/ramp-up of new programmes in both BEV and Non-BEV segments, underscoring the importance of our orderbook for near to medium-term growth. For a fair comparison of Profit After Tax, FY 2021-22 PAT needs to be adjusted lower due to one-time income on account of certain tax matters and exceptional income whereas FY 2022-23 PAT needs to be adjusted for exceptional expenses pertaining to diligence work for NOVELIC acquisition.

Adjusted PAT thus grew by 24% to INR 3,978 million in FY 2022-23. We generated INR 5,347 million as cash from operations, of which INR 3,351 million were deployed in capex.

**Our organic growth potential embodied in our orderbook requires a continuous allocation of capital for capex and we expect to meet this requirement from our operational cash flows.**

## Accelerating winds of change

With each passing year, we are witnessing an acceleration in the transformation of the global automotive industry due to the electrification of automobiles. Sales of BEV cars as a % of global car sales touched the 10% mark for the first time in CY2022. With the overall size of the pie (global car sales) shrinking, the stark contrast between Non-EV sales and EV sales has become glaring. From a peak of 87 million Non-electric cars sold in CY2018, the volume has shrunken by 28% to 63 million in CY2022. The BEV sub-part of the pie on the other hand grew 5x from 1.4 million in CY2018 to over 7.3 million in CY2022. Sona's (Sona BLW Precision Forgings Limited) BEV revenue over the same period has grown nearly 39 times from INR 174 million in FY 2018-19 to INR 6.71 billion in FY 2022-23, constituting 26% of its total sales and is the biggest organic growth driver for the Company.

## Growth Drivers

Our belief in Electrification as a sweeping change in the automotive industry has been rewarding for us. Our total orderbook increased from INR 18.6 billion in FY 2021-22 to INR 21.5 billion in FY 2022-23 and now has a 77% share from EV orders. While execution of our orderbook will be the backbone of our growth in the near term, we are concurrently working on adding more growth drivers a medium and long-term perspective. These include the new products which we are either developing in-house or tying up with technology leaders in their respective fields. The idea is to have multiple products in our portfolio, some of which are expected to become blockbusters. We continue to deploy a meaningful part of our capital in R&D and spent about 2.7% of our revenue last year on R&D (including capital expenditure).



"While execution of our order book will be the backbone of our growth in the near term, we are concurrently working on adding more growth drivers from a medium-term perspective."

During FY 2022-23, noteworthy order wins from our new products included orders to supply, EDL (Electronically locking differential) for an Electric SUV and Differential Assembly along with intermediate gears and input shaft for a Class 4 Electric CV. For the long-term investors, I believe these should be seen as more than mere order wins since these demonstrate the Company's ability to customise and build new products to the needs of the customers, providing longevity to the Company's growth potential.

We also announced a technology licensing agreement with a UK-based company Equipmake for the manufacture and sale of drive motors, inverters and drive trains in the power range of 100kW to 440 kW for electric cars, buses, commercial vehicles and off-road vehicles in certain agreed territories. This is an example wherein we collaborated with a proven technology partner to fast-track our entry into a new market segment.

With the changing landscape of mobility, there are new opportunities arising from an increase in the degree of autonomy and intelligence required by vehicles. These areas amongst others include more software and the next level of sensing requirements. Sona sees these as potentially large areas of growth in the medium to long term and therefore has taken its first step in this direction by announcing a deal to acquire a majority stake (54%) in NOVELIC, a Serbia-based company, which specialises in mmwave radar sensing, perception solutions and full stack embedded systems. NOVELIC stands out in the crowd of technology companies for being continuously profitable right from the first year of its operations and is expected to be EPS accretive for us from the year of its acquisition itself. This will be our third business besides Driveline and Motor businesses and should be seen as a potential growth driver from a medium to long-term perspective.

## Sustainability

While talking about the long-term growth drivers, it is impossible to not mention 'sustainability'. Our vision statement reflects our aspiration to become one of the world's most respected and valuable auto technology

companies for our key stakeholders and ESG focus is a pre-requisite for any company to earn both respect and value. For us, one of the high-priority sustainability goals is to support low-carbon mobility by achieving 45% of our revenue from EVs by 2026. Besides, we have taken SDG-linked goals for reduction in specific energy and water consumption, Scope 1 and Scope 2 emissions, waste management etc. Social and governance goals include targets for an increase in women's share in the workforce and ensuring gender pay parity etc.

## Outlook

Peeking into FY 2023-24, the global macroeconomic scenario appears to be constrained due to a combination of high-interest rates and high inflation. In the aftermath of fiscal and monetary stimulus introduced by the governments and the central banks to counter the pandemic-led economic slowdown, the inflation genie had got unleashed. Consequently, the central banks had to embark on a steep rate hiking cycle during FY 2022-23. While it is being argued that the interest rate hiking cycle may be nearing an end, it is also possible that the inflation stays elevated for some time and therefore rate cutting cycle may get postponed. This is likely to affect interest rate-sensitive industries like automotive adversely. Therefore, it may be fair to assume that in FY 2023-24 as well, the industry tailwinds would be missing and thus our orderbook and NOVELIC acquisition are likely to be the key growth drivers for us.

Finally, one big change which deserves a mention is the fact that Sona became a majority public-owned company in FY 2022-23. We are cognizant of the increased weight of responsibilities and expectations this brings upon the management team. We continue to be driven by Sona's core values of Integrity, Agility, Vitality and Frugality. These values have helped us build this company into what it is today, and we are confident that their relevance will continue to resonate in our actions in future as well.

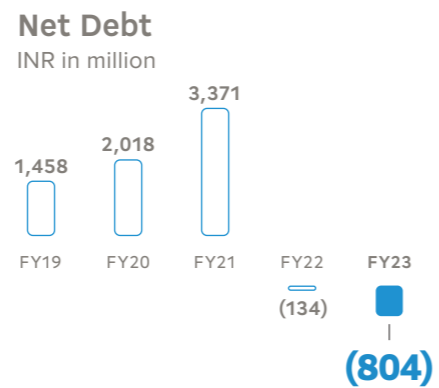
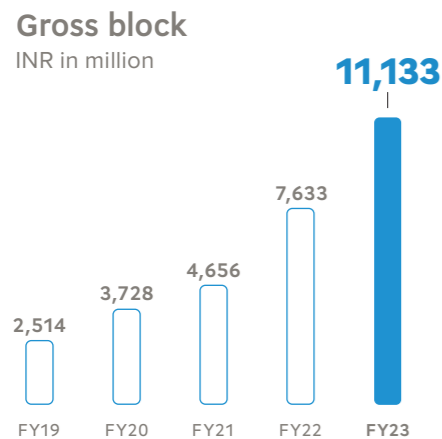
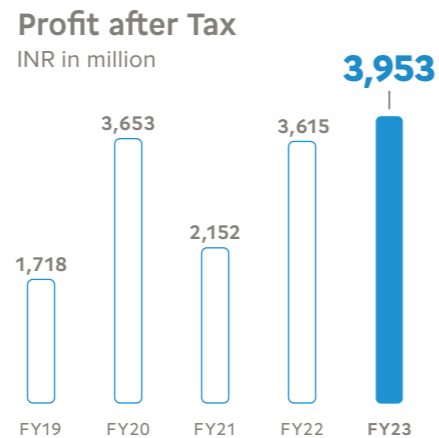
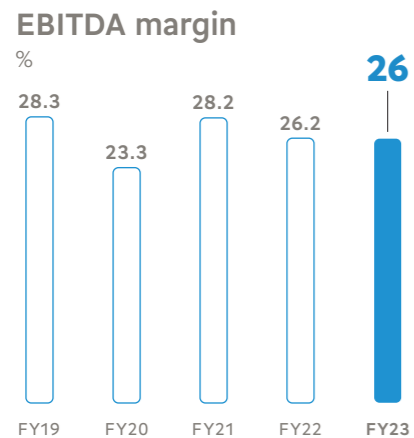
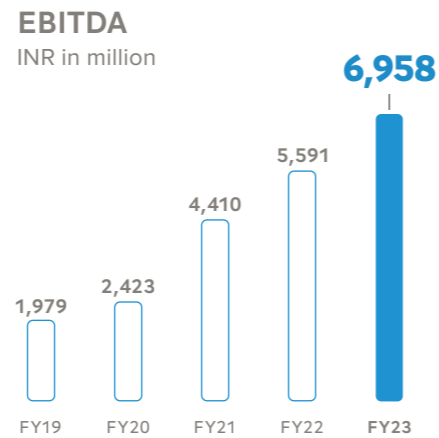
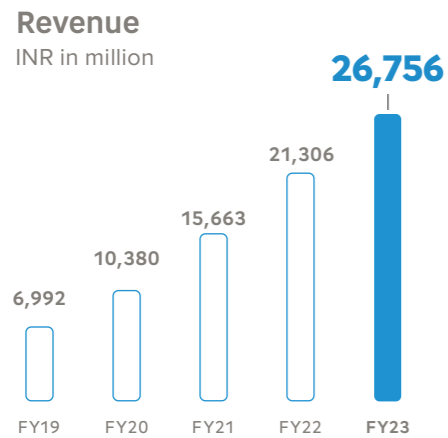
Warm regards

**Rohit Nanda**  
Group CFO

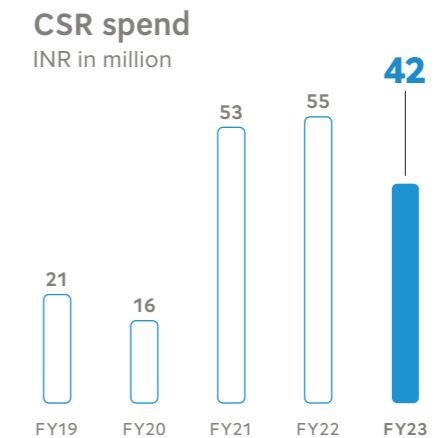
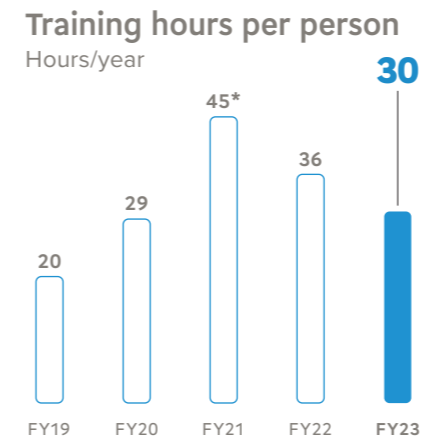
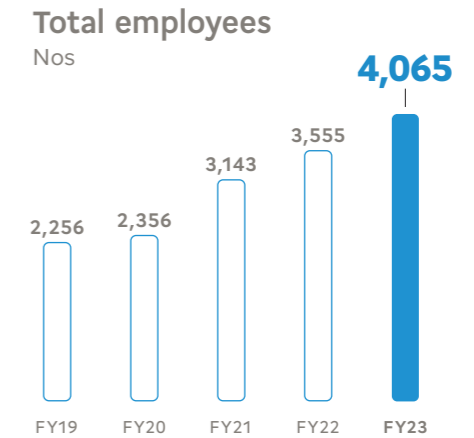
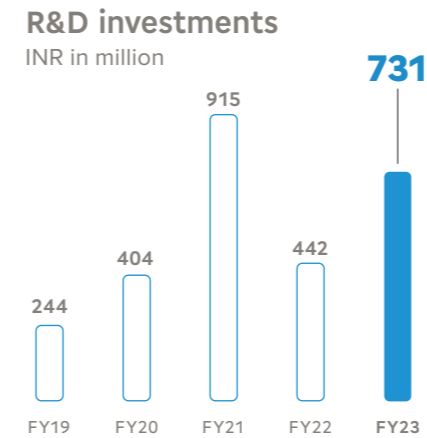
Key performance indicators

# Another record-breaking year

## Financial



## Non-financial



\*During Covid impacted year, we utilised more time in training our employees.



# Leaving a mark at Auto Expo

We are pleased to say that we were able to leave a lasting impression as we showcased our latest advancements in automotive technology at the prestigious Auto Expo.



## Electronic Locking Differential (EDL)

One of the major highlights was the display of EDL, an electronically-operated EV differential that enhances traction control and driving safety. The EDL, housed in the rear axle, allows both rear wheels to turn at the same speed, providing exceptional traction and improved manoeuvrability.



## In-Cabin Sensors (ACAM)

We presented the In-Cabin Sensors (ACAM) developed by NOVELIC (acquisition in progress). These state-of-the-art sensors utilise mmWave radar technology to detect child presence and seat occupancy without invading privacy. With increasingly stringent safety regulations, NOVELIC's in-cabin sensor technology is an innovative solution that enhances passenger safety and ensures compliance with the highest standards.



## Switched Reluctance Motor (SRM)

We also showcased the Switched Reluctance Motor (SRM), a collaborative effort with Enedym. This motor is based on their patented magnetless technology, designed specifically for the Indian market. Unlike conventional electric motors that rely on magnets to create a rotating magnetic field, Enedym's SRM eliminates the need for magnets, making them exceptionally quiet, low in vibration, and environmentally friendly.



"The automotive components industry is going through an evolution with the emergence of electric, connected and autonomous vehicles. Sona Comstar is at the forefront of developing advanced technologies for safer, smarter, and more efficient vehicles."

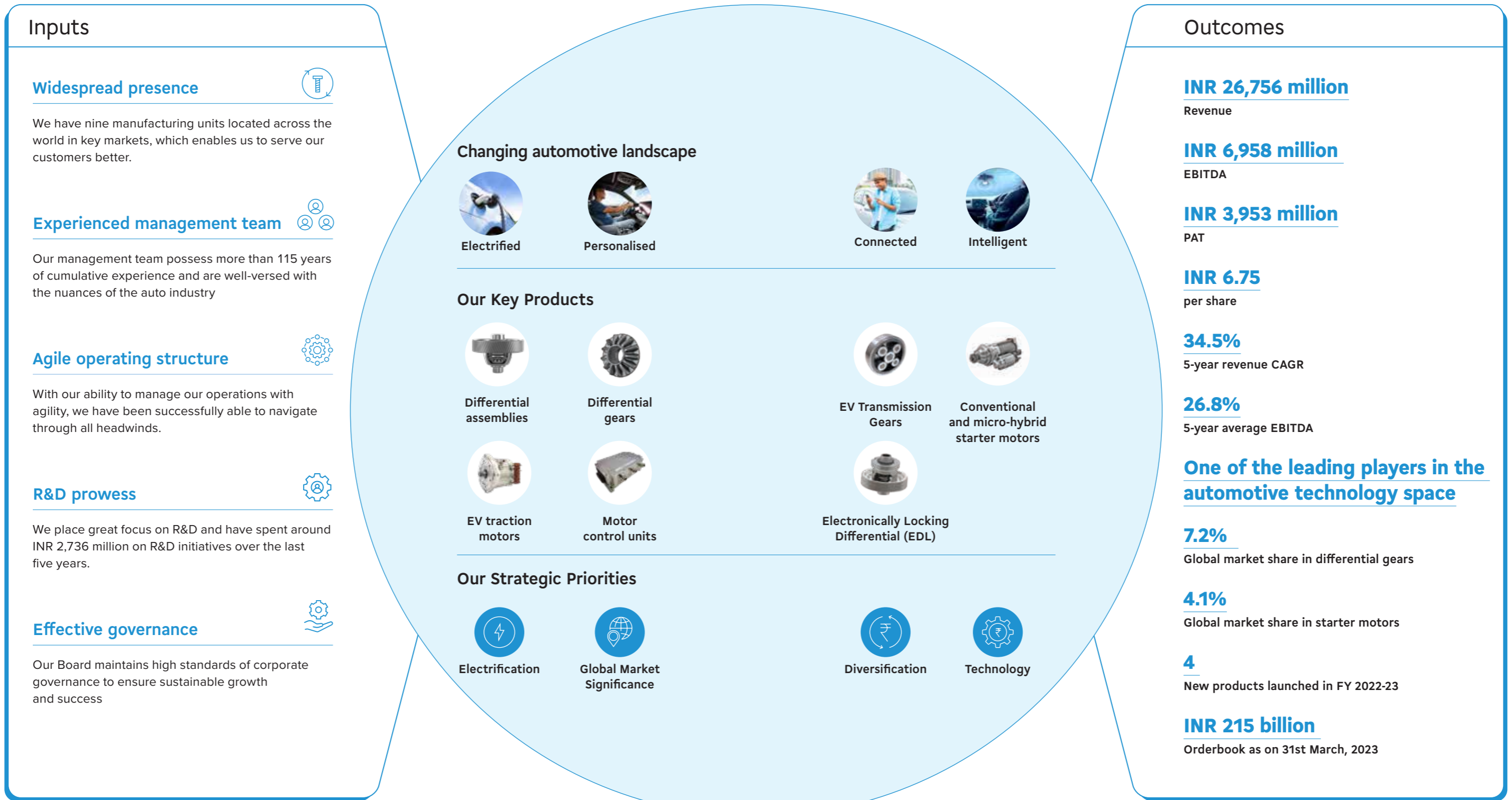
**Sunjay Kapur**

Chairman and Non-Executive Director



Business model

# Geared for sustainable growth



Inputs

**Widespread presence**

We have nine manufacturing units located across the world in key markets, which enables us to serve our customers better.

**Experienced management team**

Our management team possess more than 115 years of cumulative experience and are well-versed with the nuances of the auto industry

**Agile operating structure**

With our ability to manage our operations with agility, we have been successfully able to navigate through all headwinds.

**R&D prowess**

We place great focus on R&D and have spent around INR 2,736 million on R&D initiatives over the last five years.

**Effective governance**

Our Board maintains high standards of corporate governance to ensure sustainable growth and success

**Changing automotive landscape**



Electrified



Personalised



Connected



Intelligent

**Our Key Products**



Differential assemblies



Differential gears



EV Transmission Gears



Conventional and micro-hybrid starter motors



EV traction motors



Motor control units



Electronically Locking Differential (EDL)

**Our Strategic Priorities**



Electrification



Global Market Significance



Diversification



Technology

Outcomes

**INR 26,756 million**

Revenue

**INR 6,958 million**

EBITDA

**INR 3,953 million**

PAT

**INR 6.75**

per share

**34.5%**

5-year revenue CAGR

**26.8%**

5-year average EBITDA

**One of the leading players in the automotive technology space**

**7.2%**

Global market share in differential gears

**4.1%**

Global market share in starter motors

**4**

New products launched in FY 2022-23

**INR 215 billion**

Orderbook as on 31st March, 2023



Evolving landscape

# The automotive world of tomorrow

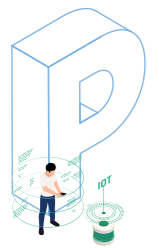
Over the past few years, the automotive industry has been experiencing significant transformation. The paradigm shift in the mobility industry is driven by technological advancements, changing consumer preferences, and the need for sustainable and efficient transportation solutions.

## E.P.I.C. future of mobility



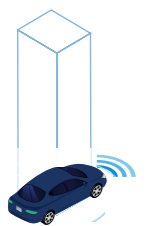
### Electrified

We have witnessed a significant push towards electrification over the last few years. This shift could be attributed to the increasing concerns about climate change and environmental sustainability among governments, consumers, and industry players. As a result, there has been a significant increase in the adoption of electric vehicles (EVs), as it is a viable alternative to traditional combustion engines.



### Personalised

Personalisation of vehicles has become one of the primary demands of automotive consumers. Consumers expect tailored experiences and customised services catering to their preferences and needs. In the coming years, personalisation will drive the customer satisfaction and loyalty for the foreseeable future.



### Intelligent

The emergence of intelligent (autonomous) vehicles is revolutionising the mobility landscape. Self-driving cars, equipped with advanced sensors, artificial intelligence, and machine learning capabilities, possess immense potential to enhance safety, reduce traffic congestion, and revolutionise the concept of personal mobility.



### Connected

The emergence of smart devices, the Internet of Things (IoT), and advanced connectivity has resulted in the demand for connected mobility. Automobiles today, are becoming data-rich platforms that seamlessly interact with other vehicles, infrastructure, and the surrounding environment. Connected automobiles offer a range of benefits, including real-time navigation, remote diagnostics, predictive maintenance, and personalised services.

## Where we stand

We have established ourselves as one of the leading players in the automotive technology space. One of the primary reasons behind this is how we have been cognisant of our operating environment and timely introduced relevant technologies and products.

We are pursuing well-defined strategies that enable us to take advantage of the remarkable potential offered by this E.P.I.C. mobility future.



Strategic priorities

# Electrification at the forefront

With an unwavering focus on our consumers' evolving preferences, we have consistently stayed in tune with the changing landscape. As the demand for electric vehicles (EVs) witnessed a notable surge, we have continuously undertaken proactive measures to introduce new products and boost our production capabilities.

In recent years, the tangible repercussions of climate change have been acutely felt, sparking heightened awareness and credible efforts to combat this phenomenon. The global shift towards electric vehicles (EVs) has gained significant momentum to reduce harmful emissions and lessen dependence on fossil fuels. Governments worldwide have taken proactive steps to accelerate this transition, while automobile manufacturers have responded with increased involvement in the EV sector.

At Sona Comstar, we have been forward-thinking in anticipating this transformation, which prompted us to make proactive investments in R&D. As a result, we have developed a diverse product portfolio that encompasses various types of electrified powertrains enabling us to effectively cater to the growing demands of EV original equipment manufacturers (OEMs) and align with the evolving needs of the industry.



## Capitalising on EV opportunities through our remarkable growth

**42**

EV Programmes awarded by the end of FY23

**77%**

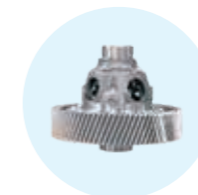
Share of EV in our orderbook



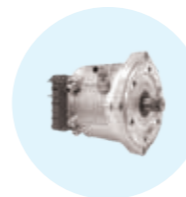
We have developed a diverse product portfolio that encompasses various types of electrified powertrains enabling us to effectively cater to the growing demands of EV original equipment manufacturers (OEMs) and align with the evolving needs of the industry.



EDL



Differential Assembly

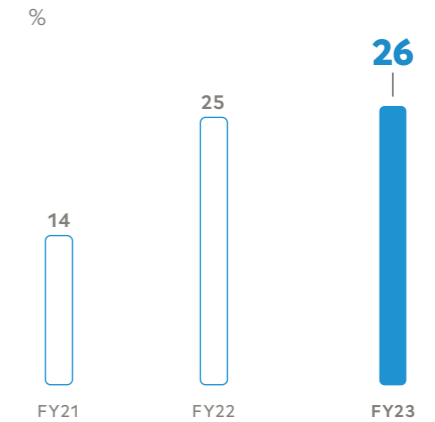


Traction Motor

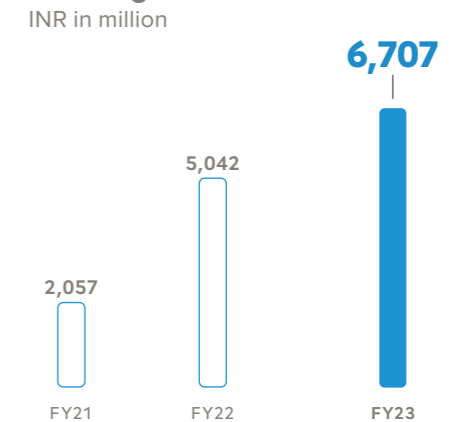


Epicyclic Geartrain

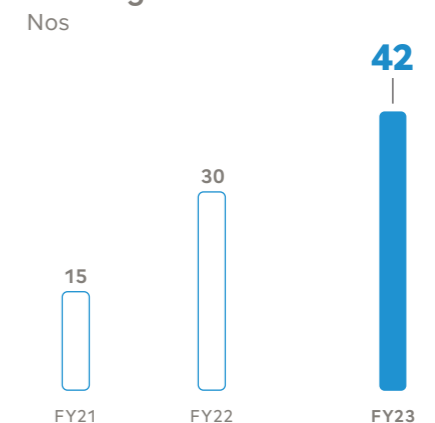
### Revenue Share from BEV



### BEV segment revenue



### EV Programmes



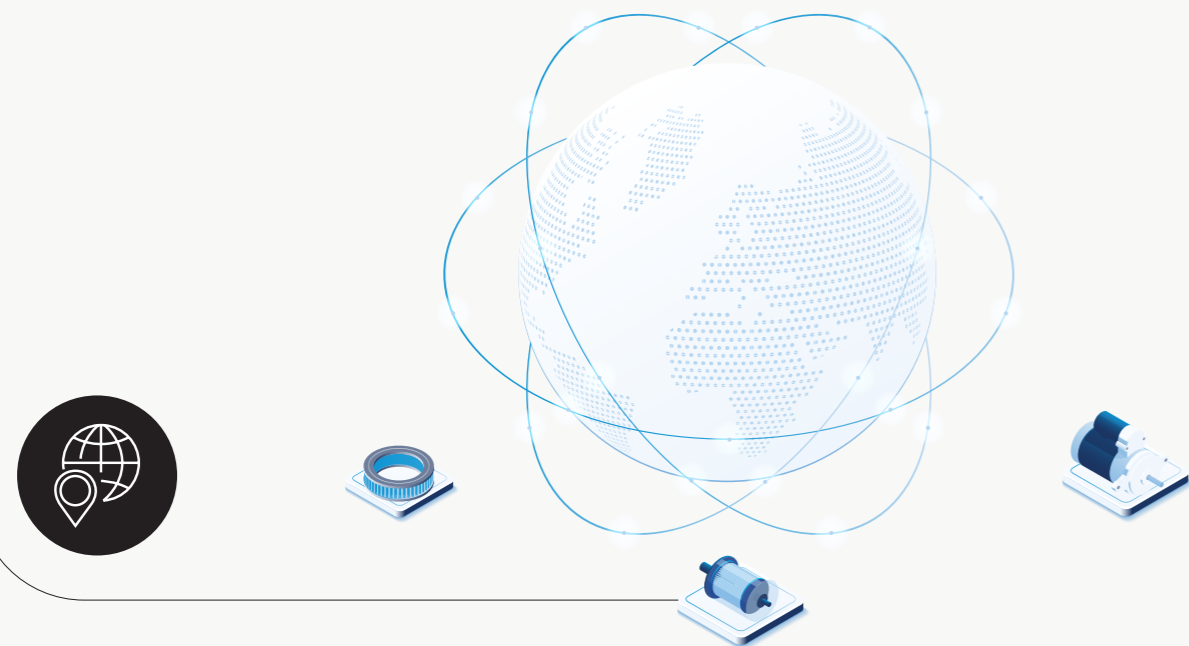
Strategic priorities

# Improving our global market significance

Over the years, we have significantly increased our market share through our ability to service the needs and demands of our customers effectively. Our focus on innovation and new technologies has solidified our position as the partner of choice for the automakers worldwide.

With our strategically positioned manufacturing and assembly units spanning three continents, we are a key player in the global automotive industry. Over the past 24 years, our unwavering commitment to delivering top-notch products has made us the preferred partner for original equipment manufacturers (OEMs) worldwide. Our ability to effectively address the evolving needs of OEMs globally has been further validated by our new order wins.

Our primary focus lies in innovation and developing new products to become the technology and profitability leaders in our chosen product areas and technologies. We have made remarkable progress in growing our global market share in differential gears and starter motors over the past three years, and we remain dedicated to further increasing market shares through ongoing product innovation.



## Suppliers to major global OEMs

**INR 80 Billion**

Worth of new orders added in FY23

**35**

Programmes won in FY23

**7**

New customers added in FY23



**7**

out of top 10 global PV OEMs



**3**

out of top 10 global CV OEMs



**7**

out of top 10 global tractor OEMs



**5**

out of top 10 global EV OEMs

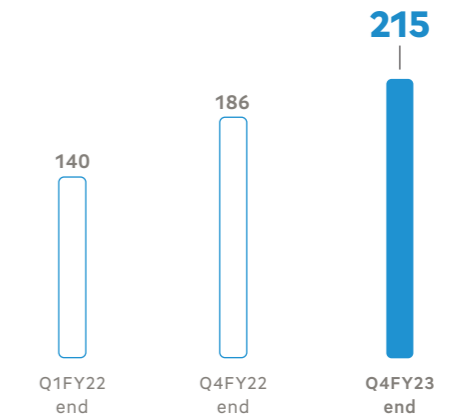


**4**

out of top 10 Indian E-2-Wheeler OEMs

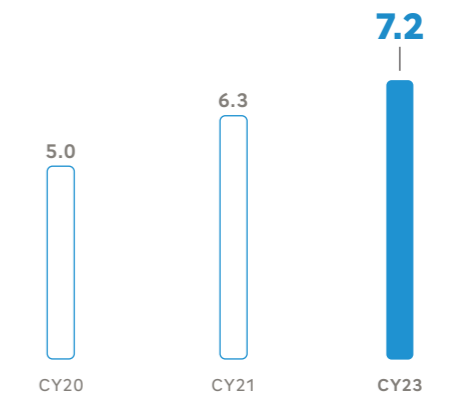
## Total Net Orderbook

INR in billion



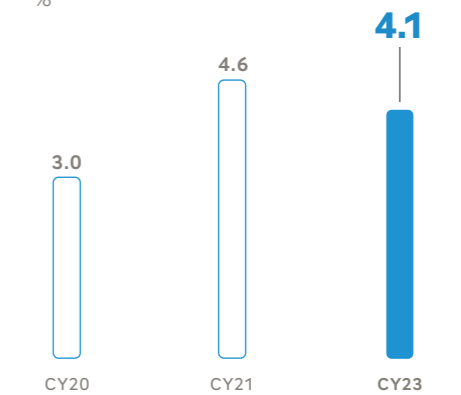
## Global Market Share of Differential Gears

%



## Global Market Share of Starter Motors

%





Strategic priorities

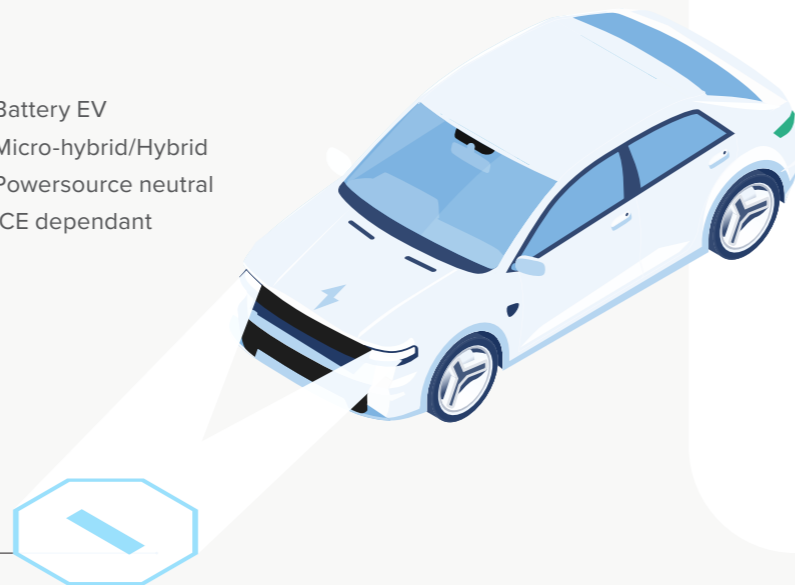
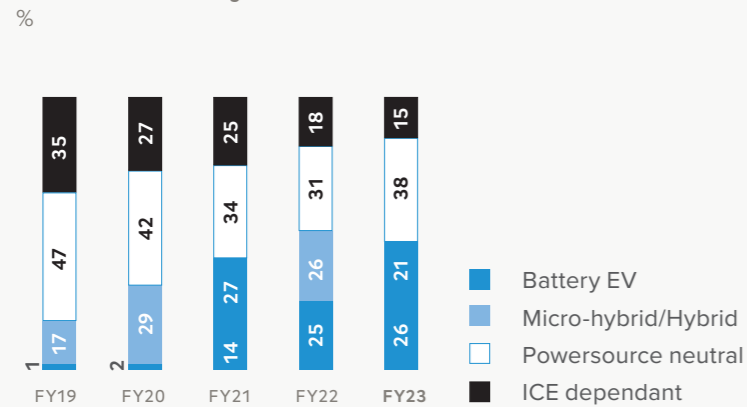
# Driving growth through diversification

We have consistently implemented robust measures to maintain our agility in the face of evolving disruptions within the automotive industry. Through strategic diversification of our portfolio, we have effectively created multiple revenue streams, mitigating the risks associated with dependency on specific products, geographies, or vehicle segments leading us to experience an incredible year.

One of our key strategic priorities revolves around diversifying our revenue mix across different geographies, products, and vehicle segments, aiming to minimise the concentration risk. Our strong focus on electric vehicles aligns with our overarching goal of reducing reliance on internal combustion engine (ICE) powertrains.

## Financial

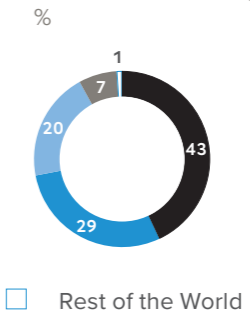
### Revenue mix by Powertrain



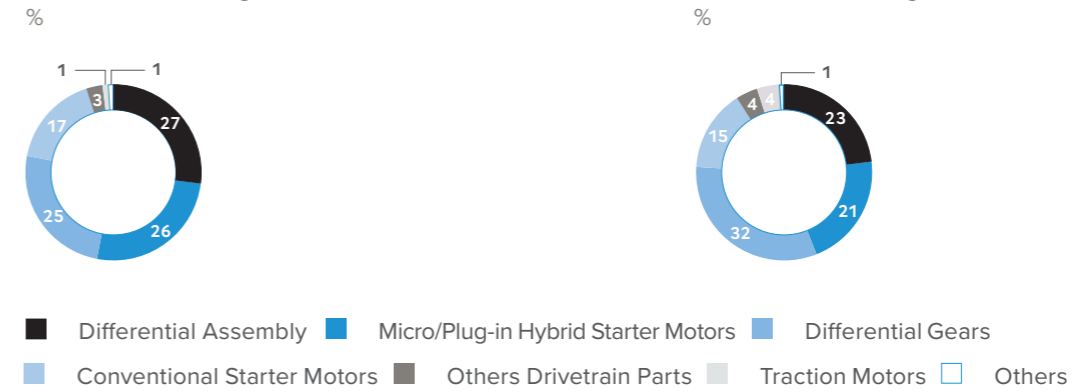
### Revenue mix by Geography FY22



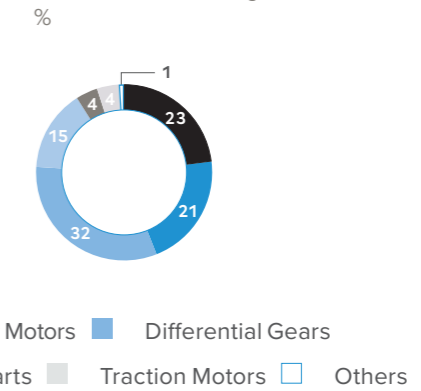
### Revenue mix by Geography FY23



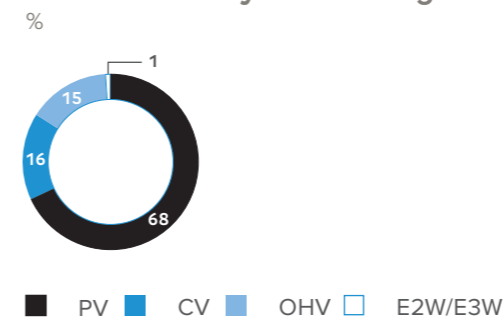
### Revenue mix by Product FY22



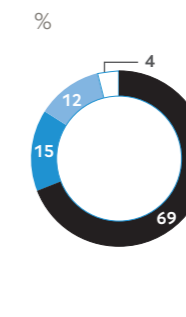
### Revenue mix by Product FY23



### Revenue mix by Vehicle Segment FY22



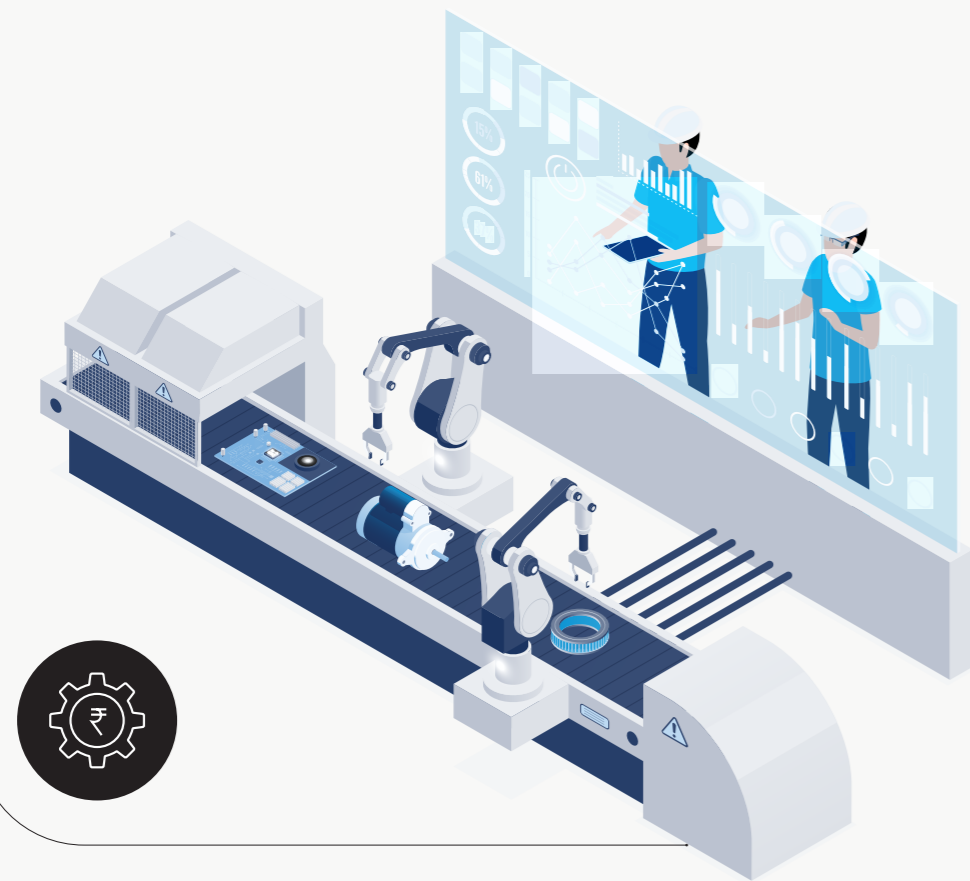
### Revenue mix by Vehicle Segment FY23



Strategic priorities

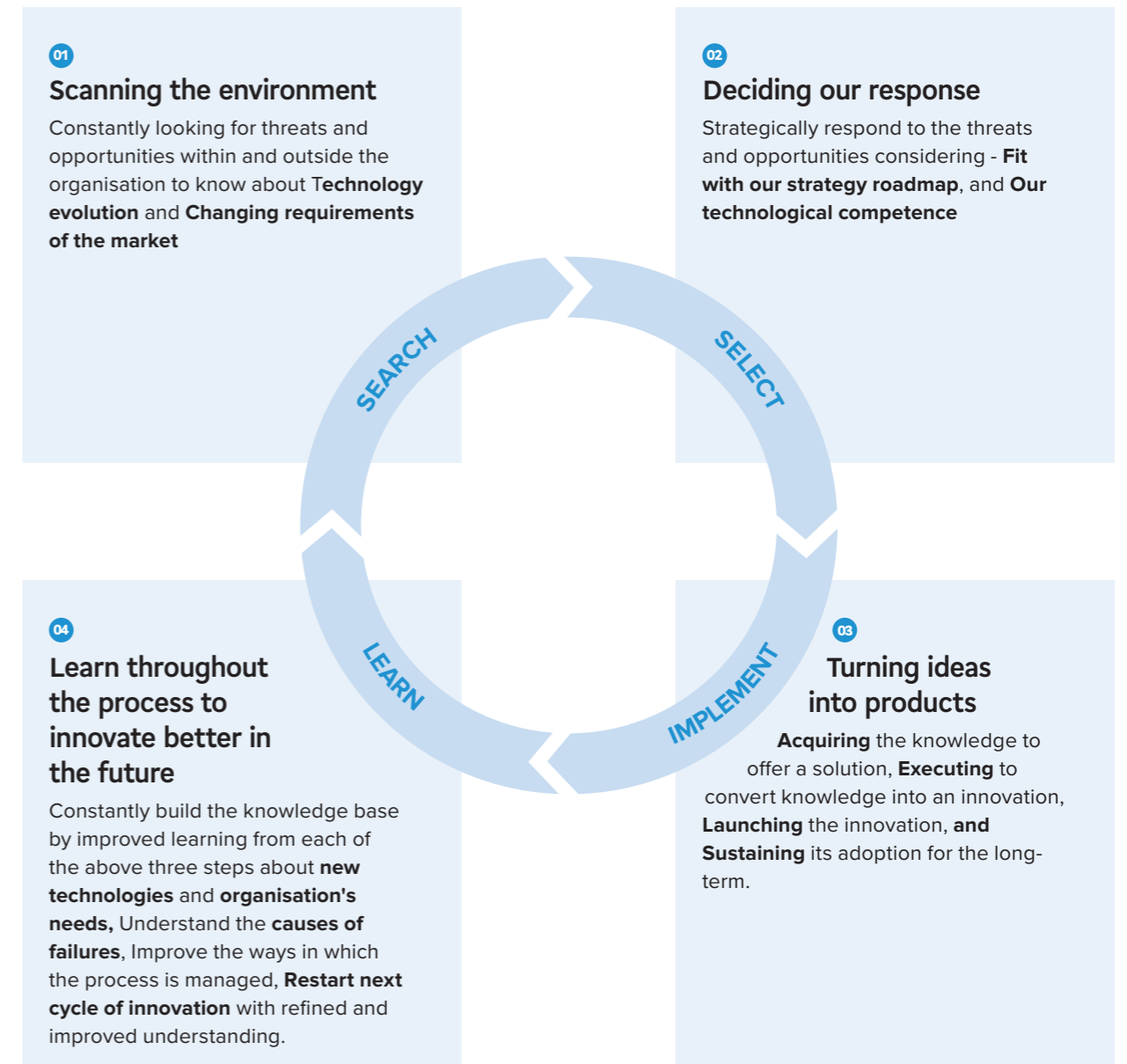
# Technology and innovation

One of the key success factors for Sona Comstar's unparalleled growth is our focus on technology and innovation. Today, we have the ability to design and manufacture high-power-density EV systems handling high torque requirements with a lightweight design. This ability has enabled our customers to enhance their electric vehicles' range, acceleration and overall efficiency.



## Process-Driven Innovation

We have a robust innovation framework to adapt to evolving technology and market demands. Innovation is a well-defined process that consists of scanning the environment, selecting the appropriate response to the changes in the marketplace, and turning the ideas into products that address those changing needs.



## Strategic priorities – Technology and Innovation

### New Launches

This year, we launched three new product lines: electronically locking differential assembly or EDL for the high-end electric SUV for the North American market, precision-formed input shaft and intermediate gears, and net-shaped spiral bevel gears. Each of these is groundbreaking and brings a unique value to our customers.



#### Net-Shaped Spiral Bevel Gears

Perhaps for the first time in the world, spiral bevel gears made by forming rather than cutting the gear teeth have been commercialised by us. This development is big because it is poised to do to the automotive spiral and hypoid gears what this technology did to the straight bevel gears several decades ago. They offer an unmatched price-performance ratio because net-formed

gears are made with lesser steel and have a more favourable grain structure than their machined counterparts. With decades of expertise in designing and making net-formed straight bevel gears, we can now provide the same benefits for spiral bevel gears, and our customers can get superior quality gears at a competitive cost.



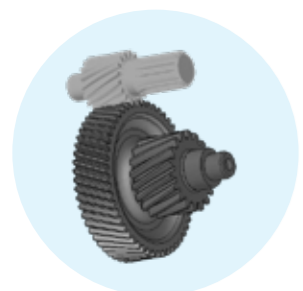
#### EDL

The EDL is an advanced differential used in high-performance and off-road vehicles to enhance stability, traction and safety. It uses electronic actuators to lock the wheels on a vehicle's left and right sides together. This allows the wheels to rotate at the same speed, providing maximum traction and stability. The differential is controlled by a computer that receives input from various sensors, such as the vehicle's speed, steering angle, and yaw rate.

The computer then uses this information to determine when the differential should be locked or unlocked based on the driving conditions and the driver's inputs. The technology enables better

performance in off-road and inclement weather conditions.

The EDL system is a critical component of the car and must integrate seamlessly with the rest of the vehicle's systems. This development required significant engineering and testing to ensure that the EDL performs effectively while minimising the impact on the vehicle's energy efficiency and meeting regulatory requirements. Thanks to our engineers' abilities to work collaboratively in quickly developing a highly engineered product and the customer's trust in their capabilities, we could match the customer's aggressive development timeline.



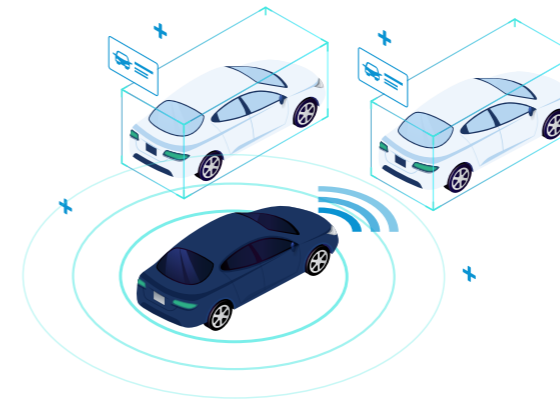
#### Input Shaft and Intermediate Gears

Other two products – the input shaft and intermediate gears – introduced this year enhance our precision forming and machining capabilities and bring us one step closer to developing a comprehensive EV gearbox.

Introducing these groundbreaking products is a significant milestone in our

pursuit of environmentally friendly and safety-enhancing solutions, affirming our commitment to pioneering advancements in the EV sector. We intend to leverage these technological advancements to strengthen our overall capabilities in the EV sector, positioning ourselves at the forefront of precision engineering in our industry.

## New Horizons



This year's significant step in expanding our horizons is entering the ADAS sensor market through the proposed acquisition of NOVELIC, an expert in Radar Technology.

Radars will play a significant role in the burgeoning ADAS world. Radars can detect the distance and speed of other vehicles on the road, obstacles in the car's path, the car's position relative to the road, and other vehicles in the car's blind spots. Many ADAS functionalities, such as adaptive cruise control, automatic emergency braking, lane-keeping assistance, and autonomous driving, cannot be performed cost-effectively without Radars.

Another critical application of Radar technology is in-cabin sensing.

Children and pets left behind in locked cars have resulted in thousands of deaths worldwide due to heatstroke. Government regulations and car safety assessment guidelines in new car models mandate child presence detection or CPD. Euro NCAP 2023 requires CPD for a 5-star rating. Major OEMs have joined hands and have announced that they will provide CPD in their cars by 2025.

NOVELIC's Radar Technology detects life presence, child presence and seat occupancy through vital signs such as heart rate and respiration sensing. The technology works under any lighting conditions, including behind the car seats and even in the seat well. Moreover, the sensing happens anonymously, so there can be no privacy concerns like those in sensing by cameras.

The in-car sensing that NOVELIC's technology makes possible can also be used for other applications such as the optimised deployment of airbags and other safety systems, driver monitoring through the signs of drowsy or distracted driving, and gesture-controlled infotainment and human-machine interface.

NOVELIC will add the capabilities of semi-conductor chip design, radar sensors design, signal processing, perception and sensor fusion software and artificial intelligence and machine learning tools to Sona Comstar. These capabilities augment our efforts in addressing the megatrends of increasing automotive autonomy and automation.

**Kiran Manohar Deshmukh**  
Group CTO

# Entering the high-voltage motor and inverter segment



At Sona Comstar, we are committed to innovation and technological excellence. We have signed a technology licensing agreement with Equipmake, the UK-based technology company, to bring next-generation electric powertrains to cars, buses, commercial vehicles and off-road vehicles in India, Thailand and select South Asian markets.

Equipmake has over 20 years of experience developing and integrating industry-leading electrification products for the provision of electric vehicle drivetrains to meet the needs of the automotive, aerospace and other sectors in support of the transition from fossil-fuelled to zero-emission vehicles. Equipmake's patented technology offers high power density and efficiency with high performance, making it ideal for electric cars, buses, and commercial vehicles.

Under the agreement, Equipmake will license certain patented spoke motor and inverter technology products in the power range of 100kW to 440 kW to Sona Comstar to manufacture and sell EV powertrains, sub-systems, and components.

Under this agreement, we will lead the business development and customer sales in India, Thailand and select South Asian countries, while Equipmake will lead the sales in the rest of the world. Sona Comstar will manufacture EV powertrains, sub-systems, and components, based on Equipmake's patented technology, for the target applications exclusively for India and other select markets. Sona Comstar will also manufacture and sell EV powertrains, sub-systems, and components for the target applications to Equipmake and its global customers in other overseas markets.

Through this partnership, we are excited to contribute to developing sustainable transportation solutions and shape the future of electric mobility. Together, we are ready to lead the way in revolutionising the automotive industry and creating a greener, cleaner future for all.

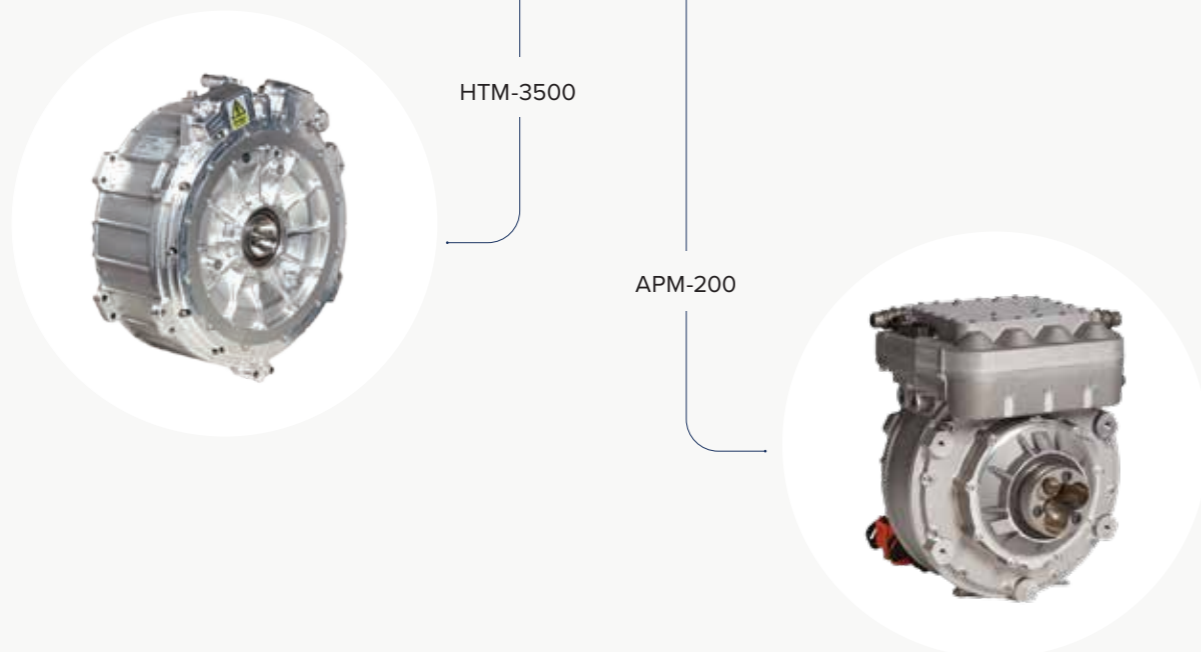


This partnership will allow us to contribute to developing sustainable transportation solutions and shape the future of electric mobility. Together, we are ready to lead the way in revolutionising the automotive industry and creating a greener, cleaner future for all.



"We are delighted to partner with Equipmake to bring their cutting-edge motors and inverters technologies to India. With Equipmake's advanced technology and Sona Comstar's manufacturing and sales capabilities, we aim to offer our customers high-performance, efficient, cost-effective electrified drivetrain solutions. This is yet another step towards our commitment to offering innovative solutions to drive faster adoption of electric mobility in India and globally."

**Sat Mohan Gupta**  
CEO - Motor Business, Sona Comstar

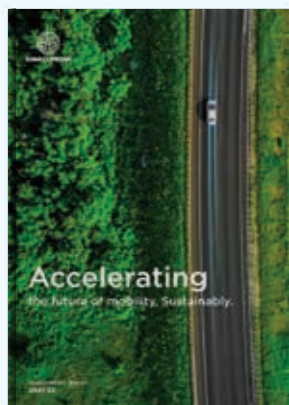




ESG approach

# Doing business, responsibly

Our strategic business goals align with our environmental, social, and governance (ESG) strategy, which aids in expressing our vision, guiding our strategy and establishing management's responsibility to investors and external stakeholders.



This year we published our first sustainability report wherein we talked about our ambitious ESG goals.

[Our Sustainability Report FY 2021-22](#)

## Our ESG Goals

### Environment

#### Energy Consumption

**Driveline Business:** Reduce specific energy consumption, by promoting energy efficiency, by 4% by 2025 and 8% by 2030 over a baseline of 2019

**Motor Business:** Reduce specific energy consumption, by promoting energy efficiency, by 4% by 2025 and 8% by 2030 over a baseline of 2021

#### Waste management

**Company level:** Reduce waste to landfill by 8% by 2025 and 10% by 2030 over the 2022 baseline



#### Water Consumption

**Driveline Business:** Reduce specific water consumption by 10% by 2025 and 15% by 2030 over a baseline of 2019

**Motor Business:** Reduce specific water consumption by 20% by 2025 and 30% by 2030 over a baseline of 2021

#### Non-recyclable Material Consumption

**Driveline Business:** Reduce the use of non-recyclable materials by 10% by 2025 and 20% by 2030 over a baseline of 2020

#### Scope 1 Emissions

**Driveline Business:** Reduce Scope 1 emissions by 5% by 2025 and 10% by 2030 over a baseline of 2019

**Motor Business:** Reduce Scope 1 emissions by 5% by 2025 and 10% by 2030 over a baseline of 2021

#### Scope 2 Emissions

**Driveline Business:** Reduce Scope 2 emissions by 15% by 2025 and 30% by 2030 over a baseline of 2019

**Motor Business:** Reduce Scope 2 emissions by 20% by 2025 and 40% by 2030 over a baseline of 2021

### Social

#### Employee health and safety

**Company level:** Maintain a zero-accident environment, and zero fatality and ensure 100% of employees are trained on QHSE by 2024

**Driveline Business:** Provide 4 hours of QHSE Training per person per quarter

**Motor Business:** Provide 3 hours of QHSE Training per person per quarter by 2024



#### Women empowerment

**Company level:** Ensure equal Gender pay for equal work at all levels and ensure 100% of employees are trained on aspects of "respect towards Individuals"

**Driveline Business:** Ensure 6% women employees by 2024 over a baseline of 2018 across operations

**Motor Business:** Ensure 5% women employees by 2024 over a baseline of 2018 across operations

#### Community development

- Impact 6,000 school students by 2025 by improving sanitation facilities at local schools surrounding our operational areas
- Focus on environmentally sound innovation (e-mobility/eco-innovation) by enabling the skill development of 500 young adults/youth by 2025
- Promote entrepreneurship among youth by supporting 3 startups per annum
- Partner with leading public research institutions to advance research, for public consumption, in the field of curbing air pollution

### Governance

Train all employees on anti-corruption policies and other ethical policies



Ensure all Tier 1 and Tier 2 vendors are sensitised on anti-corruption and bribery by December 2023.

Ensure that Sona Comstar is 100% compliant with local and national regulations.



Environment

# Reducing our carbon trail



## Renewable energy

To reduce GHG emissions and save energy, we aim to increase the proportion of renewable electricity in our overall energy consumption. By utilising solar power, we are actively expanding our renewable energy capacity and reducing reliance on fossil fuels. With a cumulative installed solar capacity of 1975 kWp, we have the potential to annually reduce 1,507 tCO<sub>2</sub> emissions. Additionally, we are exploring infrastructure development for green electricity as part of our long-term objectives. We optimise energy consumption per unit produced through energy-efficient processes like batch time optimisation and conduct regular energy audits to improve efficiency, all aligned with our Energy Management Policy.

**1,975 kWp**

Cumulative installed solar capacity

Environmental stewardship is one of our major priorities. We monitor the environmental footprint of each operational site, guided by compliance with Environmental Management System 14001.

Our facilities prioritise energy, emissions, water, and waste management. This commitment is demonstrated through leadership involvement and oversight by the ESG Committee of the Board, ensuring ESG frameworks are implemented across all operations in India.





## Environment



### Emission reduction

We prioritise carbon management and mitigation to fulfil our commitments. Our emission intensity reflects the carbon efficiency per unit of turnover. Our main GHG emissions come from Scope 2, primarily due to electricity consumption from the grid. We strive for efficiency gains and a transition to renewable energy to reduce these emissions. Through ongoing improvements and increased reliance on solar power plants, we continuously enhance our renewable energy capacity and decrease emission intensity.



### Water conservation

Our water conservation approach includes optimum sourcing and effective water use. We have invested in facilities for improving the recycling rate of water. To minimise water discharge, we have established water treatment systems such as ETP (Effluent Treatment Plants) and Zero Liquid Discharge (ZLD) plants that enable the recovery of water at all our manufacturing locations.

We also have set up 13 water harvesting pits at various plant locations for water conservation. We have a Zero Liquid Discharge (ZLD) plant at our Gurugram unit, having a capacity of 50 KLD (Kilo Litre per day). MBR and Conditioning Unit with High Recovery RO Membrane-based recycling system is installed in the ZLD plant to treat High TDS water.

In addition to this, all business locations have a Waste Water Treatment Plant (WWTP), which is a combination of an Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP).

### 50 KLD

Capacity of our Zero Liquid Discharge unit in Gurugram



### Waste management

We strive to recycle and reduce waste while transforming resources into valuable products. Hazardous waste storage and disposal are recognised as significant environmental risks, prompting us to prioritise their management.

Our manufacturing facilities actively work on minimising both hazardous and non-hazardous waste. Through various initiatives such as recycling waste oil and ETP sludge, we effectively reduce the load of hazardous waste and minimise landfill disposal.

We have dedicated waste management areas in our plants, recycling 12 types of hazardous waste through authorised vendors. Additionally, 100% of both hazardous and non-hazardous waste products are recycled through authorised recyclers. Training our employees on efficient operations and waste reduction is an integral part of our waste management strategy. In FY 2022-23, we generated a total of 16,487 MT of waste, with plastic waste accounting for 0.57% of the total.

**16,487 MT**

Total waste generated in FY 2022-23

**0.79%**

Share of plastic waste



We implemented an innovative solution to reduce die lubricant waste disposal by 75% and recycle 12,000 litres of water per day.



### Responsible procurement

Sona Comstar has designed a Green Procurement Guideline, focusing on procuring products having a lower environmental footprint throughout the lifecycle i.e. procurement, production, use, and disposal, in terms of chemical management, resource efficiency, energy saving, and prevention of environmental pollution.

To eliminate high sustainability risk suppliers, we have included a well-defined metric of sustainability in our supplier selection, assessment and evaluation process. The supplier selection process comprises 17 criteria for onboarding, of which 12 are linked to environmental sustainability, governance, and social obligation. A minimum of 75% of the score is required for vendor qualification as a value chain partner thereby greatly reducing the possibility of high sustainability risk.

We also check that our suppliers comply with our Green Procurement Principle, which covers areas including human rights, labour practices and business integrity.

### Material sourcing and resource conservation

Reducing waste can be achieved by selecting appropriate materials and manufacturing processes. Changing the material used has a greater impact on reducing environmental harm compared to altering the manufacturing process. Our focus is on choosing the best material, optimising its usage, and transforming it into the final product.

Additionally, we practice a circular economy by optimising resource utilisation and using recycled raw materials in the production of components. We are actively taking measures to minimise waste, such as promoting the use of returnable packaging and recycling metal scrap to steel processors. In FY 2022-23, the percentage of recycled steel and casting copper/aluminium in our production materials reached 29%, an increase from the previous year's 27.7% in FY 2021-22.

**29%**

Share of recycled steel and casting copper/aluminium to total material



Social – People

# Always prioritising our human capital



We place utmost importance on the safety and well-being of our employees and undertake many initiatives in this regard. Within Sona Comstar, we are creating safe, fair, equitable and inclusive working environments where our people can develop and achieve their full potential. It is our priority to promote a diverse and inclusive workplace.



## Talent management

We recognise the importance of focusing on employee development and being an attractive employer. Attracting, developing, and retaining top talent is a key component of our operational excellence.

We understand the need to adapt to evolving circumstances and prepare our employees for future challenges arising from social, economic, and technological advancements. Therefore, we consistently invest in projects that enhance and diversify the required skills, offering our staff various training and education opportunities.

Additionally, we have implemented a succession planning policy to identify and fill key leadership roles, ensuring alignment with our business objectives and mitigating risks associated with vacancies, project readiness, and transitions.





## Social – People



### Diversity and inclusion

We are committed to being an equal-opportunity employer and promoting diversity in our workforce, encompassing individuals of various genders, religions, races, ethnicities, and educational backgrounds. This commitment is reflected in our code of conduct, as we recognise the significance of diversity in enhancing performance, fostering creativity, encouraging innovation, and improving decision-making.

We have made concerted efforts to improve the gender ratio in both our office and management positions. Additionally, we strategically invest in the professional development of our employees and workers. Our Remuneration Policy ensures equitable compensation and aligns the aspirations of our human resources with the Company's objectives.



### Employee engagement

We prioritise employee communication and engagement through various initiatives. These include an employee magazine, online engagement programmes for employees and their families, and in-office activities like Fun Fridays and festivals. These efforts foster better departmental and organisational cohesion.

We also recognise employees with long tenures and involve their families in appreciation. Additionally, we organise regular events, meetings with leaders, and employee engagement activities to maintain a stimulating work environment.

Our initiatives, such as On the Spot Awards, Star of the Month, and Suggestion Scheme, encourage ownership and improvement. Furthermore, we have introduced the 'ROWE Star' programme to reward and support exceptional teamwork within our organisation.



### Employee well-being

We prioritise our employees' physical and mental wellness as it is essential for fostering workplace resilience. By promoting and enhancing well-being, we champion better work and working lives, benefitting individuals, organisations, economies, and communities.

Creating a healthy workplace environment enables employees to thrive and reach their full potential, resulting in increased resilience, higher engagement, reduced sick leave, and improved performance and productivity. We believe investing in employee health and well-being yields significant positive outcomes for individuals and us.



### Health and safety

Ensuring a safe working environment is of paramount importance to us. We are committed to the health and safety of our employees, contractors, partners, visitors, and communities.

Our comprehensive security system relies on real-time data and shared responsibility. Senior management and facility workers implement robust safety policies and measures. We maintain high occupational safety standards, comply with regulations, and conduct regular assessments. Training programmes on health and safety are provided to all employees and workers.



### Learning and development

Employee training and development are crucial for our business success as they enhance productivity and contribute to a positive Company culture. Despite the pandemic, we leveraged virtual platforms like THORS and Future Prime Skill portals, as well as industry forums, such as ACMA, CII, AIFIA, ASM, FICCI, ITMA, GLEASON, ISQ to provide learning opportunities.

We prioritise individual and organisational learning, offering capacity-building initiatives to all employees, including the Board of Directors and Key Managerial Personnel. Our focus is on targeted development aligned with core competencies, covering technical skills, behavioural abilities, and compliance culture. We offer a range of internal and external programmes and provide training on various topics, including SEBI regulations, core tools, safety, and industry standards.

Additionally, we ensure that workers receive comprehensive training, including safety, 5S, process operations, and maintenance modules.

#### Skill upgradation

Skill upgradation is a priority for us, and we conducted various skill training sessions in the current fiscal year, empowering 90% of the employees across technical, compliance, and behavioural skill sets.

#### Performance review

We conduct regular performance and career development reviews for all employees, recommending annual increments and incentives to the Nomination and Remuneration Committee. Permanent employees receive promotions and increments based on business and individual performance, including variable pay. For the permanent workers under the collective bargaining scheme, which is negotiated every 4 years, the salaries and enhanced as per the negotiated norms.

**90%**

of total employees participated in these training sessions in FY 2022-23



#### GREAT PLACE TO WORK

As a result of our proactive employee-centric initiatives and culture, we have been awarded the certification of 'Great Place to Work' in 2022.



Social – Community

# Creating a lasting impact on the society

On the business front, we are creating a positive impact on the environment by catalysing the EV revolution, but we also ensure we do our bit for the development of the communities we engage with.

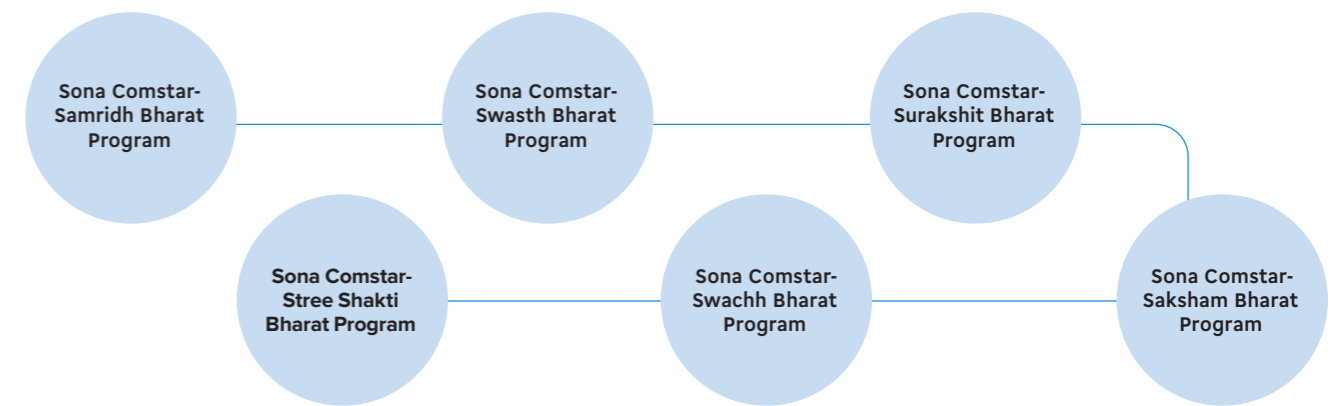
Our corporate social responsibility (CSR) strategy centres around social goals, including education, access to food and medicine, livelihood support, training, and creating opportunities for those who are socially or economically marginalised .

## INR 42 million

Amount spent towards CSR initiatives during FY 2022-23



### Our CSR pillars



#### Sona Comstar- Samridh Bharat Program

Through our Samridh Bharat Program, we strive to focus on creating lasting prosperity through innovation and technological advancements, and prioritise projects that promote mobility solutions, aiming to reduce reliance on fossil fuels and foster a cleaner transportation sector. Collaboration with esteemed universities and institutions is a key aspect of our program, as we support innovation-driven startups through knowledge sharing, mentorship, and financial assistance.



#### Sona Comstar - Saksham Bharat Program

Through our Saksham Bharat Program, we aim to focus on employment enhancement, agriculture development, and education advancement. Our aim is to provide employability and promotion of skill development programs for the rural youth in numerous modules, to support livestock development and agriculture programs to boost productivity and growth in the agricultural sector. Besides this, aim to promote the development of sports, especially in rural, national, Paralympic, and Olympic sports.



#### Sona Comstar - Swasth Bharat Program

Under Swasth Bharat Program, we aim to prioritise healthcare and nutrition, with the aim to improving overall well-being and healthcare services and promoting health education to socially disadvantaged groups, school children, and communities.



#### Sona Comstar - Swachh Bharat Program

Through our Swachh Bharat Program, we are dedicated to promoting environmental sustainability, conserving natural resources, combating the degradation of the environment, and maintaining ecological balance, along with sanitation and providing clean drinking water facilities in schools.



#### Sona Comstar - Surakshit Bharat Program

Through our Surakshit Bharat Program, we aim to prioritise various measures to ensure the well-being of armed forces veterans, war widows, and their dependents. Our focus is to provide support to organisations dedicated to assisting families of martyrs, war widows, disabled soldiers, and the children and dependents of the armed forces, and to contribute to the security and welfare of these individuals and their families.



#### Sona Comstar - Stree Shakti Bharat Program

Through our Stree Shakti Bharat Program, our focus remains mainly on empowering women and promoting education, employment enhancing vocational skills, especially for women, gender equality through education, safe spaces, and self-help groups and such other measures to empower women.



## Social – Community



### Key initiatives undertaken in FY 2022-23 Sona Comstar- Samridh Bharat Program Partnership with FIIT

Our partnership with the Foundation for Innovation Technology Transfer (FIIT), the industry interface of the Indian Institute of Technology, Delhi, aims to foster and promote the commercialisation of science and technology. Through this project, we will conduct research in technology to drive innovations and incubations focused on sustainable development, particularly in the automotive industry. Our goal is to connect incubators with venture capitalists and industry experts to facilitate the commercialisation of innovative ideas and technologies.

By contributing to incubators in central universities, we are investing in the future of the nation by supporting the development of new ideas, technologies, and businesses. This initiative has supported start-ups working in the e-mobility space and has generated lots of interest in the EV space, leading to more collaboration and partnerships, contributing to more success in the mobility start-up space.

### Under this program, we supported the following two more start-ups: Creatara Mobility

Their Modular Vehicle Platform includes a proprietary motor and rear suspension mounting system that ensures a fixed distance between the output shaft of the mid-mounted motor and the rear wheel axis. Additionally, the platform features a unique battery pack design with a removable and multi-functional design. The battery pack is designed for easy docking and undocking, requiring minimal effort to carry for charging from the nearest power outlet.

### P3C Technologies

Their Perovskite Solar Cell is a solution-processed thin film solar cell that can be directly deposited on various substrates such as glass, metal, and plastic. This technology has the potential to power an entire car, as it can be deposited on every metallic and plastic part. In terms of performance, the Perovskite solar cell can generate 500W in a 2 square meter area within a one-hour timeframe. The team has already achieved significant milestones, including the successful



deposition of electron transport and perovskite layers on glass and metal substrates. They have also developed transparent conductive oxide in glass and achieved successful layer deposition on glass substrates of dimensions up to 100 cm<sup>2</sup>.

### Partnership with CIIE

In FY 2021-22, in collaboration with the Indian Institute of Management (IIM), Ahmedabad, we were able to complete and develop an incubation space dedicated to nurturing technology startups in the name of “Dr. Surinder Kapur Innovation Floor”. The expected impact through this CSR investment, is to provide support to over 6,000 innovators and tech-entrepreneurs, assistance to more than 200 early-stage startups, and positively impact nearly 0.5 million stakeholders within the startup ecosystem

In FY 2022-23, we entered into a partnership with the Centre for Innovation Incubation and Entrepreneurship (CIIE), which is set up at the Indian Institute of Management (IIM), Ahmedabad, as a Centre of

Excellence with the support from the Government of India’s Department of Science and Technology and Government of Gujarat. CIIE is the epicentre of the Innovation Continuum. It was established in 2002 as an entrepreneurship centre at IIM Ahmedabad. CIIE has established programs for the purpose of supporting and fostering entrepreneurship in India by providing ecosystem support and venture capital to early-stage enterprises.

### Renkube

With the help of CIIE, one start-up has been identified during the financial year under review, namely Renkube, which is engaged in developing an AI-powered 3D glass design and Motion-free Optical Tracking Technology that increases the solar panel energy yield by 20% and reduces the cost of energy generation by 12%.



Social – Community



Sona Comstar- Saksham Bharat Program

We believe that education is perhaps the most important pillar of our country’s growth and have always placed great emphasis on empowering children from marginalised communities, especially girls.

Supporting Government Schools in Tamil Nadu

- Continued supporting 7 Government schools with consumables and two cleaning staff to maintain the toilets constructed by us, since 2015
- This year, we constructed 8 restroom cubicles for girls and renovated one classroom and library including painting and tile work, in the government school at Chunambedu
- Carried out renovation, plumbing and tiling work, painting and sanitation board fixing for 6 restroom cubicles for boys and 8 restroom cubicles for girls in the government school at Maraimalainagar
- We have been supporting schools in Tamil Nādu on water, sanitation and hygiene since 2015. We identify a few schools every year and continue to support these schools over the years



Supporting Senior Secondary School, Narsingpur, Gurgaon

- Installed one RO machine (250 Lph) and one water cooler (100 litres), along with tiling work of the water drinking area. We also provided assistance towards 5 years AMC of the RO machine
- Provided 60 benches for students and chairs and tables for teachers
- Renovated and created a staff room for the teachers
- Renovated and painted three classrooms
- Provided a 75 inches interactive Digital Display Panel with an in-built mouse and dongle to facilitate digital learning



Scholarship to Ashoka University

Awarded scholarships to 14 girl scholars studying at Ashoka University to promote Science, Technology, Engineering, and Mathematics (STEM) education. The scholarship covers their education for the next three years, supporting their pursuit of knowledge in the fields of science, technology, engineering, and mathematics.

**4,958**

Students benefited in 7 Government Schools in Tamil Nadu through supply of consumables and cleaning staff

**925** Students **32** teachers

beneficiaries of our initiatives in Senior Secondary School, Narsingpur, Gurgaon

**14**

Girls awarded scholarships in Ashoka University

Governance

# Leaders steering our ship

Corporate governance is of utmost importance at Sona Comstar. Through a robust framework that includes a well-balanced Board of Directors, stringent reporting standards, a comprehensive Code of Conduct, and proactive risk management, we strive to instil trust among stakeholders and ensure responsible decision-making.

By upholding the principles of corporate governance, we aim to create sustainable value, foster a culture of integrity, and positively impact the automotive industry as a whole.



**Sunjay Kapur**  
Chairman and  
Non-Executive Director

2 3 5 6 7



**Vivek Vikram Singh**  
Managing Director & Group CEO

4 5 6



**Amit Dixit**  
Non-Executive  
Nominee Director

2



**Ganesh Mani\***  
Non-Executive  
Nominee Director

1 3 5 6 7



**Prasan Abhaykumar Firodia**  
Independent Director

1 2 3 4



**Shradha Suri**  
Independent Director

2 3



**Venkata Rama Subbu  
Behara (B V R Subbu)**  
Independent Director

1 2



**Jeffrey Mark Overly**  
Independent Director

1 2 4 5 6 7

## BOARD COMMITTEE

- 1. Audit
- 2. Nomination and Remuneration
- 3. Corporate Social Responsibility
- 4. Stakeholders Relationship
- 5. Risk Management
- 6. Environment Social and Governance
- 7. Capex

● Chairperson  
● Member

\*Term is up to the conclusion of the 27th AGM of the Company.

## Governance

### Leadership Team



**Vivek Vikram Singh**  
Managing Director & Group CEO



**Vikram Verma Vadapalli**  
CEO, Driveline Business



**Sat Mohan Gupta**  
CEO, Motor Business



**Kiran Manohar Deshmukh**  
Group CTO



**Rohit Nanda**  
Group CFO

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# Management discussion and analysis

## INDUSTRY OVERVIEW

In CY 2022, total global light vehicle sales were around 79.2 million units, according to S&P Global Mobility, 1.3% lower than the previous year. All our international markets –North America, Europe, and Asia (excluding India) also saw a single-digit percentage annual decline in sales volumes. During the year, the European auto industry suffered from supply chain disruptions, energy concerns, and higher raw material prices due to the Russia-Ukraine war. The North American market also struggled with supply chain issues, labour shortages, logistics, and inflation. The Asian market also remained volatile due to the uncertainties related to post-Covid reopening in China. However, the Indian markets performed well in all vehicle segments during FY 2022-23 and witnessed a growth of 27%, 34%, and 12% in passenger vehicles, commercial vehicles, and tractor segments, respectively, due to resilient demand despite facing many issues in the supply chain [Data source: The Society of Indian Automobile Manufacturers (SIAM), Tractor Manufacturers Association(TMA)]. The semiconductor shortage also impacted global light vehicle production but to a lesser extent than the previous year, as this issue started easing out slowly during the year; however not reached a full recovery yet. As a result, towards the end of the year, global production of automobiles started to recover due to the order backlog and increasing acceptance of battery electric vehicles (BEVs).

### **The future of mobility is E.P.I.C.**

Besides the sluggishness in sales volumes, the automotive industry is undergoing a massive transformation as the future of mobility moves towards E.P.I.C. – Electrified, Personalised, Intelligent, and Connected.

#### **Electrified**

In the last few years, the automotive industry has experienced various uncertainties; however, the trend of powertrain electrification has accelerated. Being driven by all stakeholders with rising awareness regarding climate change, OEMs taking ambitious targets of reaching 100% sales of zero-emission vehicles, consumer preferences to reduce CO2 emissions, and government support with favourable policies and incentives, electrification is changing the industry landscape.

As per IEA's Global Electric Vehicle Outlook 2023, the sales of electric cars – BEVs and plug-in hybrid electric vehicles

(PHEVs) – saw another record year in CY 2022, exceeding 10 million worldwide, up 55% relative to CY 2021. The share of electric cars in total car sales jumped from 9% in CY 2021 to 14% in CY 2022, more than ten times their share in CY 2017. The global BEV penetration increased to ~10% of total light-vehicle sales in CY 2022, increasing from 6% in CY 2021 and 3% in CY 2020.

China accounted for around 60% of global electric car sales. In Europe, the second largest market, electric car sales increased by over 15% in CY 2022, meaning that more than one in every five cars sold was electric. Electric car sales in the United States – the third largest market – increased by 55% in CY 2022, reaching a sales share of 8%. The experts and independent automotive research agencies expect an aggressive ramp-up in BEV penetration over the next decade. CY 2022 marked an inflection point in the electrification trend as BEV penetration reached ~10%, and nearly all major automakers have announced or indicated a pivot to electric vehicles (EVs).

Under the IEA Stated Policies Scenario (STEPS), it expects the global outlook for the share of electric car sales based on existing policies and firm objectives to increase to 35% in CY 2030. IEA expects China to retain its position as the largest market for electric cars, with 40% of total sales by CY 2030. The United States will double its market share to 20% by the end of the decade as recent policy announcements drive demand, while Europe will maintain its current 25% share.

#### **Personalised**

Technological advancements and rapid digitalisation have enhanced all vehicle life cycle stages, including R&D, design, production, and on-road performance. Apart from tangible technological improvements, customers now expect intangible enhancements in the form of better personal experiences, such as the customised features and functions that the vehicle must offer. They have started viewing vehicles as connected digital objects that can integrate with and act as an extension of their digital ecosystem.

In an article, McKinsey has defined the levels of user experiences in connected cars as follows [Source: Setting the framework for car connectivity and user experience - McKinsey Quarterly, November 2018]:

	Basic Vehicle monitoring	Driver Profiles for digital services	Personalisation for all occupants	Live interaction with the vehicle for service recommendation	Virtual Chauffeur for all explicit and unstated needs
Level 5					
Level 4					
Level 3					
Level 2					
Level 1					

Many vehicle makers are currently rolling out basic personalisation features such as memory seats, multiple user profiles, and the capability to extend the user's mobile interfaces to the vehicle infotainment system. When we move up in the levels, the user experience shifts from reactive to a more predictive and customisable form with artificial intelligence. The experience not only remains limited to the driver but also extends to all the occupants by offering them personalised controls, infotainment, and digital services. They can even interact with the vehicle through their voice or gestures for their needs. At the highest level, the vehicle predicts the unstated needs of the occupants and offers them customised services, which will completely transform the consumer experience in the future.

### Intelligent

Scalable central computing clusters embedded artificial intelligence (AI) capabilities, and connected experiences delivered through vehicle sensors and tech ecosystems will characterise future vehicle architectures. According to a report from Deloitte, a modern car currently has 100 million lines of code [Source: Autonomous Driving – Deloitte Research, Jan-2019], which is nearly four times the code in an F-35 fighter jet and more than eight times from the Android operating system.

New automotive applications and services leverage various sensor technologies to communicate road conditions, analyse the driving environment, improve ride safety and experience, and improve car efficiency. Alongside digitalisation, the development of assisted and autonomous driving remains a crucial factor for the future of mobility. And as the vehicles are equipped with more and more ADAS sensors and onboard computing, the requirement for software content will further multiply, and a fully autonomous vehicle will need more than 500 million lines of code.

### Connected

Vehicle connectivity with the entire ecosystem will also be the next level of technological advancement, where all the vehicles will talk to each other (V2V), transport infrastructure (V2I),

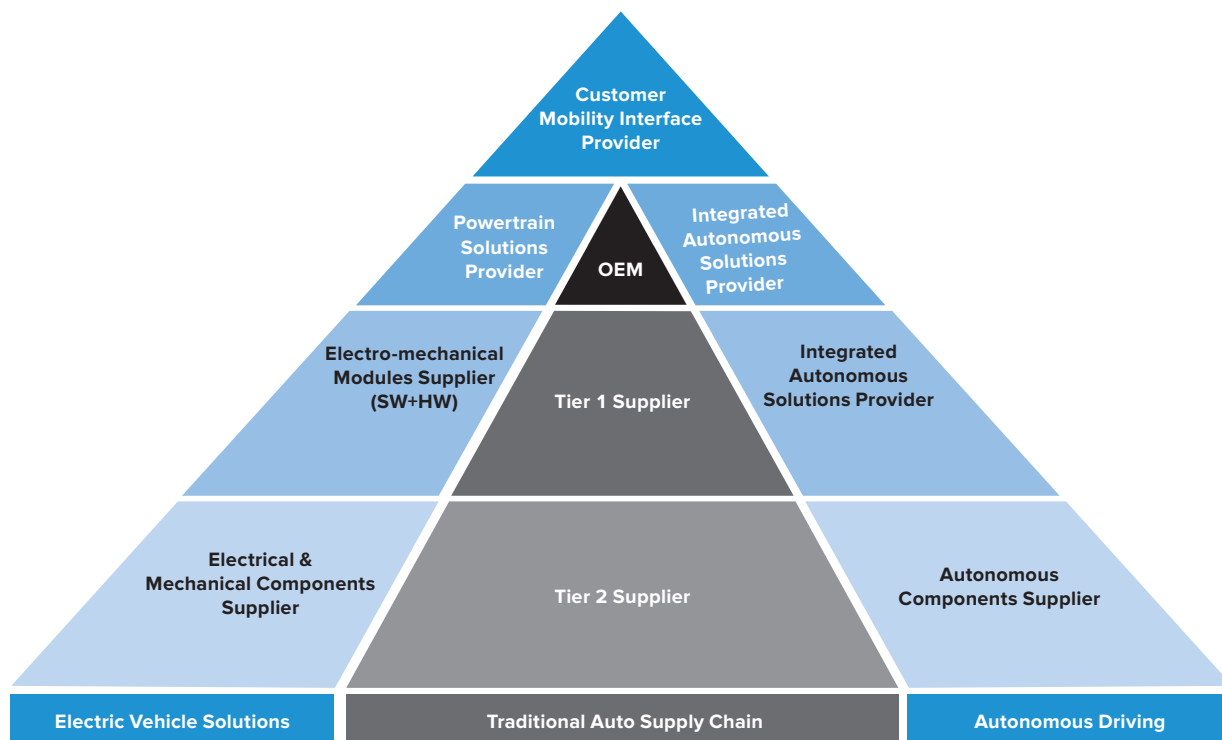
network (V2N), and pedestrians (V2P). This will be a key to the development of smart cities. These V2X connectivity features will provide a safer and more efficient way of commuting.

This movement has already started with Vehicle-to-Customer connectivity through mobile applications with which the customer can access all driving and vehicle parameters. This also enables fleet monitoring and driver behaviour monitoring in logistics applications. This movement will further accelerate toward V2V and V2I connectivity, where all vehicles will share their driving data and the infrastructure to ensure traffic minimisation and route optimisation.

Beyond this, connectivity will also play a key role in providing a personalised experience to the vehicle occupants. As per McKinsey, more than 45% of the global new car sales could have level-3 or above personalisation/connectivity level by CY 2030 [Source: The future of mobility is at our doorstep – McKinsey Centre for Future Mobility, Dec-2019].

### E.P.I.C. automotive value chain

The above global megatrends of the E.P.I.C. automotive world will also require a structural change in the automotive value chain. The traditional value chain of OEM being the manufacturer and taking systems from Tier 1 suppliers who buy components from Tier 2-n suppliers will transform drastically. With the advancement of technology in the mobility space, mobility interface providers will be at the forefront of the value chain interacting with customers to serve their needs. These mobility interface providers can be anyone out of the rental fleet operators, technology-based taxi aggregators, or even the OEMs. These mobility interface providers will buy the vehicles from the OEMs, whose primary value addition will be to assemble the vehicle hardware and software systems. These complete systems will be supplied by specialised powertrain or autonomous solution providers, who will assimilate the role of a Tier-0.5 supplier. The integrated hardware and software module suppliers who will buy the hardware components from the suppliers present down the value chain will support such solutions' development. This structural shift is evident with the large Tier-1s seemingly moving up the value chain.



## COMPANY OVERVIEW

Sona BLW Precision Forgings Limited (Sona Comstar) is one of the world's leading automotive technology companies, designing, manufacturing, and supplying highly engineered, mission-critical, high-quality, complex, and bespoke systems and components for global automotive OEMs for both electrified and non-electrified powertrain segments.

It was incorporated in 1995 as Sona Okegawa Precision Forgings, a JV between Sona Group and Mitsubishi Materials. It pioneered the technology of precision-formed bevel gears in the Indian automotive market. Later, the Company acquired Thyssen Krupp's precision forging business, BLW, which was the inventor of this technology, and renamed itself Sona Comstar. In 2019, it acquired Comstar Automotive to add motor capabilities and formed a new brand identity – Sona Comstar.

Headquartered in Gurugram, India, Sona Comstar is a leading supplier for the fast-growing global EV market, with 26% of its revenues from the EV market. It is also a global supplier with nine manufacturing and assembly facilities across India, the USA, Mexico, and China and ~70% of its sales is for international markets. It has a diversified revenue base across geographies, products, vehicle segments, and customers.

Sona Comstar has strong R&D, engineering, and technological capabilities in precision forging, precision machining, mechanical and electrical systems, and base and application software development. Across its three R&D centres, it develops driveline and motor solutions providing 'more torque per gram' and meeting the evolving demands of its customers. It is one of the few companies globally able to design high-power density EV systems, handling high torque requirements with a light-

weight design while meeting stringent durability, performance, and NVH specifications, enabling EV manufacturers to enhance the vehicle range, acceleration, and overall efficiency.

Sona Comstar aspires to become one of the world's most respected and valuable auto technology companies.

## OPPORTUNITIES

### 'Electrification' – Capturing market opportunity in the growing EV space

With the increasing electrification of vehicles across all vehicle segments globally, Sona Comstar's product offerings place it attractively to leverage this mega opportunity. Its commitment to technology, innovation, and quality supports the development of cutting-edge technologies and new products that helps faster adoption of EVs in India and globally. The Company's extensive EV product portfolio helps it respond to customers' requirements with agility and stay competitive. As part of its growth strategy, the Company plans to increase its presence in the EV segment in both the Indian and overseas markets for both of its major product lines:

- **EV geartrain components:** Anticipating the overall market shift towards electric mobility as early as 2016, it started developing various EV geartrain components, such as differential assemblies, differential gears, and transmission gears, with core design features meeting the increasingly stringent demands of EVs, such as high-power density, improved fuel efficiency, low NVH (noise, vibration, and harshness) characteristics and reduced weight. The Company has started supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018. Afterward, it developed many other products,



such as Spool Gears and Epicyclic Geartrain during the FY 2022-23 and Electronically Locking Differential (EDL), Intermediate Gears, and EV Input/Rotor Shafts during the FY 2022-23 to enhance its EV product portfolio further. The consistent efforts undertaken by the Company to grow in this segment have enabled it to garner new business awards and strengthen its position to compete in the global marketplace. As of 31st March 2023, it had 42 EV program awards for supplying the above products to EV manufacturers across North America, Europe, Asia, and India. The Company remains confident of benefiting from the growing shift towards electrified drivetrains by further increasing its customer base and expanding its share of business with existing EV customers.

- **EV traction motors and motor control units:** With the growing market shift towards the electrification of vehicles, the demand for electric cars, electric two-wheelers, and three-wheelers are growing rapidly in India and globally. As the Company already designs and manufactures traction motors and motor control units for electric two-wheelers and electric three-wheelers, it is well-positioned to benefit from the expected growth in the Indian EV market across all vehicle categories. It commenced the supply of traction motors for Indian electric two-wheelers and three-wheelers in November 2020, and within three years, these products reached zero to 4% of our revenues. Further, working in partnerships with IRP and Enedym Inc., it is developing magnet-less motors for the Indian EV market. In May 2023, it also announced a collaboration with Equipmake for their patented spoke motor technology for supply to various vehicle segments in the Indian market and Equipmake's requirement for global markets. As part of its growth strategy to establish market leadership, it is targeting to develop products with the right motor technology for the right vehicle segment, and it aims to increase its customer penetration and acquire new customers for its traction motors and controllers.

#### **'Automation' – Capturing market opportunity in the growing autonomous space**

The future of mobility is shifting towards higher and higher levels of automation, making vehicles more and more intelligent. Our hardware and software engineering capabilities and abilities to create integrated systems are gaining importance as vehicles and the systems inside become increasingly more intelligent and autonomous. We marked our entry into this space by introducing the Integrated Motor Controller Module during FY 2022-23. This module, consisting of two million lines of code, adjusts a vehicle's predictive active suspension system, offering comfort and convenience to the occupant.

Making vehicles more intelligent, sensors and software will play an oversised role in the automotive. According to a McKinsey report, by CY 2030, the ADAS sensor market will grow to USD 43 billion, dominated by radar sensors, which will contribute USD 14 billion [Source: Automotive software and electronics 2030 – McKinsey, Jul-2019]. During the FY 2022-23, we took a big step in this direction by adding a new pillar of growth, 'Sensors and Software,' by signing a binding terms sheet to

acquire a 54% stake in NOVELIC, a Serbia-based company and a leading provider of mmWave radar sensors, subject to successful negotiations, finalisation and execution of definitive agreements and regulatory approvals. NOVELIC's sensing and perception capabilities, adding to our mechanical, electrical, and electronics capabilities, would help us to start building the third business vertical of sensors and software.

#### **Increasing market share globally**

- **Achieving significant global share from existing systems and components:** Sona Comstar has increased its global market share of differential gears and starter motors to 7.2% and 4.1% respectively in CY 2022 from 5.0% and 3.0% respectively in CY 2020, as per the data from the Ricardo Report. As part of the strategy, the Company intends to penetrate the European market by supplying differential assemblies and differential gears, where it currently has a limited market share for its driveline products.
- **Benefiting from the industry trend towards multi-axle vehicle drives:** According to CRISIL, the global automotive industry is experiencing an increased market preference for multiple-axle vehicles in PVs, CVs, and tractors. A gradual shift in demand towards four-wheel-drive vehicles, particularly in the utility vehicle segment, is projected to result in higher per-vehicle gear content. It expects this trend to increase the demand for its differential gears significantly. It aims to achieve its growth objectives by capitalising on this shift in market preference for multiple-axle vehicles.
- **Benefiting from integrated powertrain systems in EVs:** Today, it is among the limited number of players who are well-placed to combine its motor and driveline capabilities to offer a compelling value proposition to its EV customer base. Integrated drive units have three key components: differential assembly, high-voltage traction motors, and high-voltage inverters. Since it already manufactures electric drive motors and inverters for electric 2-wheelers and 3-wheelers, as well as differential assemblies and transmission gears for battery electric passenger vehicles, it is placed uniquely to integrate the three key constituents of the electric powertrain into a single matched unit, offering an efficient and compact solution to EV OEMs.

#### **Continue to focus on R&D to develop new and innovative systems and components**

With its deep emphasis on R&D and innovation, it aspires to consistently enhance and adopt newer technologies. The Company has developed extensive in-house capabilities to develop embedded systems, application software, and integration capabilities to offer its customers a complete solution. The strong in-house capabilities of the Company have also enabled it to deliver evolving green technologies for future mobility.

Additionally, the Company aims to capture the growth trend in revenue realisation per vehicle through increasing electrification by continuously investing in R&D to develop and deliver new and innovative systems and components. It is

progressing well by developing seven new products within the last two years and looking forward to developing many more by leveraging its technology capabilities.

Although the core of its strategy is to continue achieving growth organically through investment in its technological capabilities, business development skills, and customer relationships, the Company will continue to evaluate inorganic growth opportunities, such as acquisitions and strategic alliances, that would provide it with complementary technologies that have a similar financial profile.

## THREATS, CONCERNS, AND RISKS

The Company has a strong mechanism to anticipate and manage risks. The Company's robust systems, processes, standards, code of conduct, organisational structure, and appropriate review mechanisms enable it to conduct its business and actively monitor, manage, and mitigate potential risks.

The business of the Company is susceptible to certain risks and uncertainties arising from the following factors:

### Escalation of geopolitical uncertainty

The Company's business is dependent on the performance of the automotive sector globally, including key markets such as USA, Europe, India, and China. The Company has operations in multiple countries that can be impacted by expected and unexpected changes in the legal and regulatory environments in which it operates. Additionally, having its business operations across the globe and geopolitical instability in these countries or regions could impact the Company and challenge its overall performance.

### Volatility in key raw materials

The Company's business could be affected by commodity price volatility which could affect the firm's overall cost of manufacturing operations. Though it has adequate mechanisms to monitor and manage various market risks, the effects of changes in commodity prices cannot always be predicted, hedged, or offset with price increases to eliminate the impact on the Company's overall profitability.

### The risk from a potential disruption due to Covid-19 or any other pandemic or event of similar nature

The Company operates globally and can be affected by unprecedented general crises like the Covid-19 pandemic. This

pandemic led to a significant downturn in the global economy and substantial curtailment of business activities worldwide. There remains a possibility that this crisis or a similar public health threat, could substantially affect the businesses' financial condition and operations.

### Change in regulations and industry trends

The automotive industry is subject to environmental and other regulations. Therefore, any adverse impact on the industry in general and the Company's customers due to any change in such rules can affect its business. Further, there has been a gradual shift in the industry from pure ICE-dependent vehicles. An acceleration in this trend will adversely affect the ICE-dependent business of the Company.

### Risk mitigation, internal control systems, and their adequacy

The Company believes managing existing and emerging risks effectively is vital for realising its objectives. The Company has a well-covered risk management framework that works at different levels across the institution. The Company's internal control systems are regularly tested for design, implementation, and operating effectiveness. Overall, the Company has a robust risk management framework enabling it to manage and report on risks effectively.



## OUTLOOK

In FY 2022-23, we saw some recovery from the impact of the Covid-19 pandemic and the semiconductor chip shortages in the automobile industry. But this year posed new challenges in the form of geopolitical disturbances in Europe impacting the overall supply chain, commodity and power prices inflation, and a slowdown of economic growth worldwide.

S&P Global Mobility forecasts global light vehicle sales to reach 83.6 million units in 2023 and witness a 5.6% growth over the previous year. The auto industry continues to navigate supply chain challenges, geopolitical uncertainties, high inflation, deteriorating economic conditions, and fading pent-up demand.

Over the years, the Company has widened its offerings to focus on the electrification trend sweeping the automotive landscape. The Company has fortified its R&D capabilities and has built an experienced and capable team with expertise in its focus areas. It serves large-scale global OEMs and Tier-1 customers and boasts a rich track record of delivering high-

quality automotive systems and components for EVs and conventional powertrains.

Growth in the EV segment, global market share, and entry into the autonomous segment would be the cornerstones of the Company's growth strategy. Electrification is set to gain further traction, and projections by renowned industry publications indicate an acceleration in the customer preference for electrification due to multiple factors such as improved infrastructure, reduced cost of ownership, and fiscal incentives over the foreseeable future. The Company remains confident that it is well-positioned to gain from this megatrend. Further, the increasing level of autonomy in the vehicles would require various types of sensors and perception software. These trends, coupled with digitalisation and connectivity, will provide the customer with a cleaner, safer, and more personalised experience in a vehicle.

Overall, the Company remains confident that it is well-placed to meet the challenges ahead and continue to generate sustainable long-term growth for its stakeholders in the new E.P.I.C. automotive world.

## FINANCIAL OVERVIEW

### Consolidated income statement summary

Particulars (INR in million)	(INR in million)		
	Consolidated		
	FY23	FY22	y-o-y (%)
Net revenue from operations <sup>1</sup>	26,756	21,306	26%
Total expenditure	19,798	15,715	26%
EBITDA	6,958	5,591	24%
Other income	116	200	(42)%
Finance cost	169	183	(8)%
Depreciation	1,780	1,420	25%
Adjusted PBT <sup>2</sup>	5,124	4,189	22%
PBT	5,091	4,322	18%
Tax	1,138	706	161%
PAT	3,953	3,615	9%
EPS (Diluted)	6.75	6.21	9%

<sup>1</sup>Includes Foreign Exchange Gain (net).

<sup>2</sup>Adjusted PBT is PBT plus exceptional expense or minus exceptional income.

### Revenues from operations

The consolidated revenue in FY 2022-23 grew by 26% over FY 2021-22. The BEV revenue registered a growth of 33%, whereas the non-BEV revenue grew by 23% on a y-o-y basis while light vehicle sales in our top-3 markets (North America, India, and Europe) grew by only 2%.

### Expenditure

The total expenditure registered a y-o-y increase of 26% at INR 21,747 million in FY 2022-23 compared to INR 17,318 million during FY 2021-22.



Expenditure Break-up	FY23	% of Total Income	FY22	% of Total Income	y-o-y change (FY23 vs. FY22)
Material cost <sup>1</sup>	12,200	45%	9,456	44%	29%
Employee cost	1,804	7%	1,689	8%	7%
Finance cost	169	1%	183	1%	(8%)
Depreciation	1,780	7%	1,420	7%	25%
Other expenses	5,795	22%	4,571	21%	27%
<b>Total Expenses</b>	<b>21,747</b>	<b>81%</b>	<b>17,318</b>	<b>81%</b>	<b>26%</b>

<sup>1</sup>Material cost includes the cost of materials consumed and changes in inventories of finished goods and work-in-progress.

### Material cost

The cost of materials consumed primarily includes the cost of raw materials such as special steel alloy bars, iron castings, steel blanks, bolts for the manufacturing of differential gears, differential assemblies and steel forgings, copper enamelled wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components, other proprietary parts for manufacturing starter motors and BLDC motors. Material cost accounted for 45% and 44% of our total income for FY 2022-23 and FY 2021-22, respectively. It has gone up despite a favourable sales mix due to increase in raw material price.

### Employee benefit expenses

Employee benefit expenses primarily includes salaries, wages, bonuses paid to our employees and employee welfare expenses. This increased by 7% to INR 1,804 million in FY 2022-23 from INR 1,689 million in FY 2021-22 due to an increase in the number of employees because of increased scale of operations and annual increments paid to employees during the period.

### Finance costs

Finance costs decreased by 8% to INR 169 million in FY 2022-23 from INR 183 million in FY 2021-22. The decrease is primarily due to a reduction in the average borrowings because of the repayment of long-term borrowings from IPO proceeds.

### Depreciation and amortisation expense

Depreciation and amortisation expenses increased by 25% to INR 1,780 million in FY 2022-23 from INR 1,420 million in FY 2021-22. The increase in depreciation was on account of the addition of property, plant and equipment primarily for increasing the production capacity of differential gears and differential assemblies.

### Other expenses

Other expenses primarily comprise manufacturing, administrative, selling, and distribution expenses.

Manufacturing expenses mainly consist of expenses on account of sub-contracting, stores and spares consumed, power and fuel, repairs and maintenance towards plant and machinery and manpower hiring on contract.

Administrative expenses mainly consist of legal and professional charges, travelling, conveyance and vehicle expenses, insurance, repair, and maintenance among others.

Selling and distribution expenses mainly comprise of freight, clearing and forwarding charges, and consumption of packing material.

Our other expenses increased from 21% in FY2021-22 to 22% of the total income in FY 2022-23. Other expenses were higher due to change in product mix, one-time expenses related to tech partnerships and increase in travel costs due to post-covid pick-up in business travels.

### Exceptional items

Exceptional item of INR 34 million during FY 2022-23 represents expense incurred for diligence work for acquisition. During FY 2021-22, an exceptional item of INR 133 million represents the recovery of IPO-related expenses incurred by the Company until 31st March 2021 from the selling shareholder.

### Tax expense

Our tax expense was INR 1,138 million (ETR 22.3%) in FY 2022-23 compared to INR 706 million (ETR 16.3%) in FY 2021-22. The effective tax rate in FY 2022-23 was higher due to a suppressed base in FY 2021-22 caused by certain one-time tax impact.

### EBITDA, PBT and PAT

As a result, EBITDA for FY 2022-23 increased to INR 6,958 million from INR 5,591 million in FY 2021-22 and Adjusted PBT for FY 2022-23 increased to INR 5,124 million from INR 4,189 million in FY 2021-22. PAT for FY 2022-23 increased to INR 3,953 million from INR 3,615 million in FY 2021-22.

The table below reflects the cash and debt position of the Company.

Description - Borrowings	(INR in million)	
	As on March 2023	As on March 2022
Long-term borrowing	487	438
Short-term borrowing	1,688	266
<b>Total debt</b>	<b>2,175</b>	<b>704</b>
Cash and cash equivalent and other bank balances	698	773
Current investment	2,281	65
<b>Net debt</b>	<b>(804)</b>	<b>(134)</b>

The Company's total debt stood at INR 2,175 million as of 31st March 2023 compared to INR 704 million as on 31st March 2022. The net cash and cash equivalents, other bank balances, and current investment available with the Company as on 31st

March 2023 were INR 2,979 million and the negative net debt amounted to INR 804 million. The Company generated free cash flow of INR 1,996 million from operations.

<sup>2</sup>Net debt has decreased due to the free cash flow of INR 1,996 million generated from operations.

<sup>3</sup>Return on equity decreased due to primary equity raised in the IPO.

#### Key financial ratios

The key financial ratios of the company are given below:

Key Financial Ratios	FY23	FY22
EBITDA margin (%)	26.0%	26.2%
PAT margin <sup>1</sup> (%)	14.8%	17.0%
Net debt to equity	0.00	0.00
Net debt to EBITDA <sup>2</sup>	(0.12)	(0.01)
Return on equity (%) <sup>3</sup>	26.6%	36.3%
Return on capital employed (%)	30.4%	32.4%
Working capital turnover	4.2	3.9
Current ratio	2.4	2.5

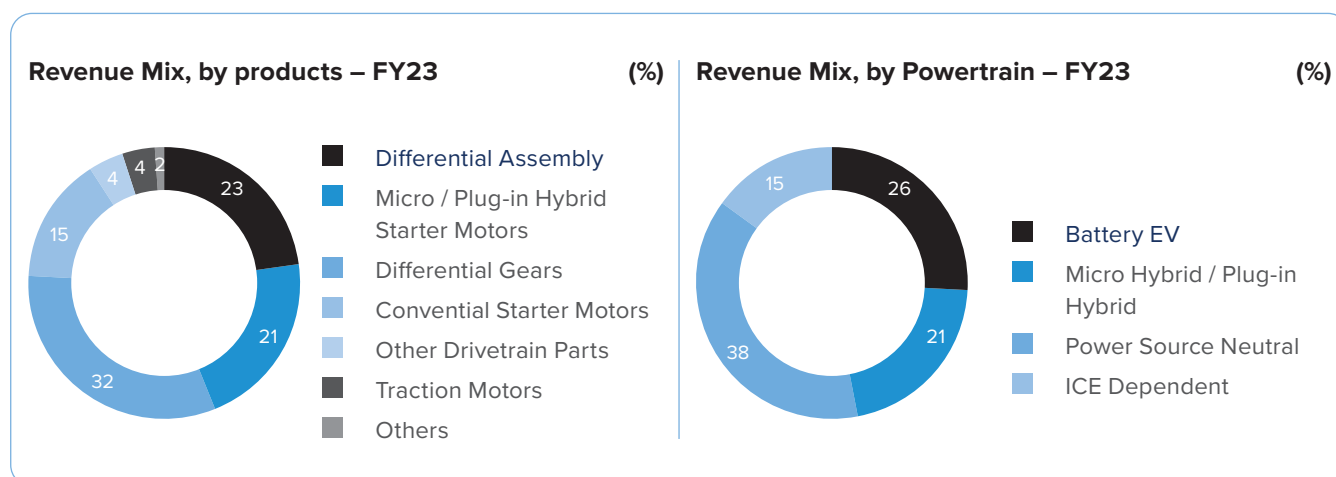
<sup>1</sup>FY 2022-23 PAT margin registered a decrease of 220 bps on a y-o-y basis. This is due to exceptional income from IPO expense reversal and one-time tax impact in FY 2021-22.

#### Basis of calculation of the ratios:

- Net debt to equity is calculated as short-term and long-term debt less cash, bank balances, and mutual fund investments/equity.
- Net debt to EBITDA is calculated as short-term and long-term debt less cash, bank balances, and mutual fund investments/EBITDA.
- ROE (%) is calculated as PAT/Average tangible net worth.
- ROCE (%) is calculated as EBIT/Average tangible capital employed.
- Working capital turnover is calculated as revenue/average net working capital.
- Current ratio is calculated as Current asset/Current liabilities.

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

### Diversified presence across product categories and powertrain segment

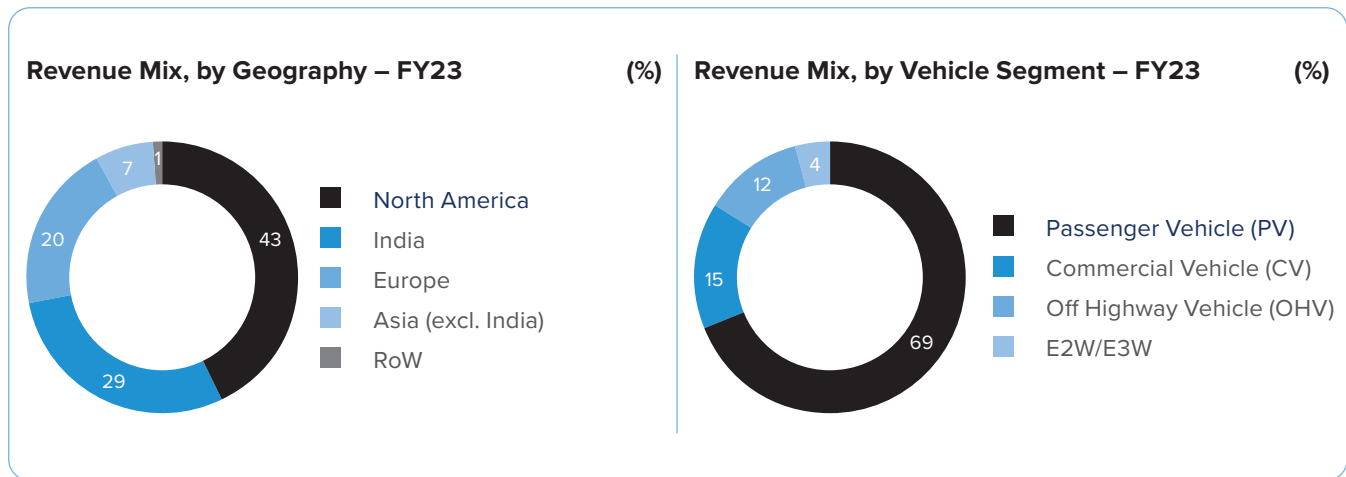


Our revenue mix by products is diversified with sale from differential gears being the largest contributor at 32% of revenue, followed by differential assemblies at 23%, micro hybrid / plug-in hybrid starter motors at 21%, conventional starter motors at 15% and traction motors and other driveline parts at 4% each.

In revenue mix by powertrain, Battery EV share of sales increased to 26% of revenues in FY 2022-23. Micro hybrid/hybrids contributed 21% and power source neutral and ICE accounted for 38% and 15%, respectively.

The increase in BEV revenue share was due to the start and ramp-up of new EV programs during the year, especially from the traction motor programs. Our ICE dependence continued to decline this year as well.

## Diversified presence across geographies and automotive segments



Being a global supplier, 71% of our revenues were dependent upon geographies outside India and the remaining 29% from India. Key regions for the Company are North America (43%), Europe (20%), India (29%), and Asia (excluding India) (7%). Growth in North America was primarily driven by the start and ramp-up of new programs during the year. Despite a weak start this year due to geopolitical disturbances the Europe market recovered by the end of the year and reached almost a similar percentage as of the previous year.

In terms of vehicle segments, Passenger vehicles (PV) contributed 69% of FY 2022-23 sales, and Commercial vehicles (CV) and off-highway vehicles contributed 15% and 12%, respectively. Revenues from electric 2-wheeler and 3-wheelers increased to 4% this year from only 1.5% last year because of the ramp-up of the programs for this segment.

## HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

### 'Great Place to Work' certification - a testament to exceptional workplace culture

The Company has always considered its employees an important stakeholder for its success, and its vision statement reflects that. This year the Company proved its excellence across all five dimensions of a high-trust and high-performance culture-credibility, respect, fairness, pride, and camaraderie by becoming 'Great Place to Work' certified. This prestigious recognition reflects our commitment to creating an exceptional workplace that values and supports our employees and serves as a testament to our efforts in fostering a positive work culture, promoting employee engagement, and nurturing a supportive environment for personal and professional growth.

### Diversity, equity, and inclusion

We are committed to creating a fair, inclusive, and collaborative work environment where all the employees can learn, develop, and achieve their full potential. As an innovation and people-driven Company, our success is driven by the success and satisfaction of our employees. A diverse workforce brings together a wide range of perspectives, ideas and experiences,

leading to enhanced innovation, and creativity in problem-solving and decision-making processes. As part of our focus on creating an inclusive work culture and a strong pipeline of talent, we have taken the target to have more than 5% of women employees by the CY 2024.

### Learning and development

Our customers see us as a technology leader with excellent products. We have invested heavily in creating new capabilities, skills, processes, and systems to meet their demands with a high level of responsiveness and flexibility.

In today's dynamic business landscape, continuous learning and development are vital for organisations to thrive and for employees to reach their full potential. With our focus on empowering growth and excellence, we have digitised the technical and behavioural competencies and undertaken initiatives to equip the leaders and managers to embrace new challenges by acquiring new skills through an online program, in partnership with NASSCOM on the latest technological trends.

To enhance the skill competency of the front-line workforce, we run structured DOJO programs across all locations with the modules standardised and digitised. We continue to nominate our bright talent for the focused program Visionary Leader for Manufacturing (VLFM) to develop them into the leaders for tomorrow.

### Employee engagement

We undertake various employee engagement programs around the Skill Enhancement, Wellness, Climate Change, Urbanisation, Globalisation, and Digitalisation to foster a culture of learning and continuous improvement so that we give our customers, business partners, employees, and shareholders an idea of the path that we want to pursue over the next few years. We conduct an annual exercise to develop a focused 5-year strategy roadmap by combining long-term thinking and the success factors that have established us over the years – Quality, Technology, and Innovation – with a systematic orientation towards the future. To strengthen the



leader's connection with the team, we run multiple forums such as monthly communication meetings, reward and recognition programs, suggestion programs, and quality circles to discuss work-related challenges and team building.

### **Employee well-being**

Employee well-being is no longer a mere employee benefit but a critical driver of organisational success. By investing in initiatives that support physical, mental, and emotional well-being, organisation fosters a culture of care, trust, and engagement.

Our company strategy enshrines our deep commitment towards ESG under which we have initiated several practices with employee safety being of utmost importance. We also ensure the health of our employees with frequent health checkups. We also conduct various sports activities and tournaments to improve both the mental and physical well-being of the employees. Our commitment to safe work culture and TQM remains uncompromised. We are continuously strengthening the goal deployment through Managing Points and Checking Points, adopting the Problem-solving approach, and working towards identifying and eliminating unsafe situations so that all employees continue to have a safe work environment.

### **Digitalisation and automation**

As technology advances, digitalisation and automation have become game-changer in streamlining HR processes, improving efficiency, and enabling HR professionals to focus on strategic initiatives that drive organisational success. Our

efforts for digitalisation in various areas like performance management and feedback and payroll management have already made a significant impact. Soon, we will automate various other HR processes including recruitment, learning and development, and employee engagement for increasing effectiveness and efficiencies.

### **Future outlook**

Emphasizing the Company's commitment to continuous improvement, unleashing creativity and collaboration to thrive with the industry's ongoing evolution, we will continue to promote an innovation culture among our employees. Focusing on being the market leader, our idea of innovation at the centre catalyses creative thinking, problem-solving, and driving transformative ideas that propel our organisation forward.

### **Cautionary statement**

Some of the statements in this management discussion and analysis that describe the Company's objectives, projections, estimates, and expectations may contain certain forward-looking statements which are within the meaning of applicable laws and regulations. Actual results could differ from those expressed or implied. There are a variety of factors that may cause real events or trends to vary significantly from those reflected or implied by these forward-looking statements and predictions. The Company assumes no responsibility to publicly amend, modify, or revise any such statements. The Company disclaims any obligation to update these forward-looking statements except as may be required by law.

# Board's Report

Dear Members,

The Board of Directors take pleasure in presenting the twenty seventh (27th) Annual Report of the Company along with the Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended on March 31, 2023.

## 1. FINANCIAL HIGHLIGHTS & PERFORMANCE

The financial performance of the Company (Standalone and Consolidated) for the Financial Year ended on March 31, 2023 is as under:

Particulars	(INR in million)			
	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	24,686.24	19,390.48	26,755.95	21,306.40
Other Income	430.74	509.98	115.88	200.26
<b>Total Income</b>	<b>25,116.98</b>	<b>19,900.46</b>	<b>26,871.83</b>	<b>21,506.66</b>
<b>Total expenses</b>	<b>20,137.10</b>	<b>15,865.46</b>	<b>21,747.09</b>	<b>17,317.60</b>
Profit before exceptional items and tax	4,979.88	4,035.01	5,124.74	4,189.06
Less: Exceptional Items	33.69	(132.70)	33.69	(132.70)
<b>Profit before tax</b>	<b>4,946.19</b>	<b>4,167.71</b>	<b>5,091.05</b>	<b>4,321.76</b>
Less: Total Tax Expenses	1,065.29	632.32	1,138.08	706.33
<b>Profit for the period/year</b>	<b>3,880.90</b>	<b>3,535.38</b>	<b>3,952.97</b>	<b>3,615.43</b>
Other comprehensive (loss)/ income for the period/ year	14.47	(11.52)	74.82	28.70
<b>Total comprehensive income for the period/ year</b>	<b>3,895.37</b>	<b>3,523.86</b>	<b>4,027.79</b>	<b>3,644.13</b>
Earnings per share (Basic) (in INR)	6.64	6.08	6.76	6.22
Earnings per share (Diluted) (in INR)	6.63	6.08	6.75	6.21

### Standalone

The standalone revenue (revenue from operations plus foreign exchange (net)) increased by 27% to INR 24,686.24 million for Financial Year 2023 from INR 19,390.48 million for Financial Year 2022, driven by ramp-up of sales volume for some of the new contracts especially in the electric vehicle (EV) segment in North American market and growth in sales in the Indian market in all three segments – passenger vehicles, commercial vehicles, and off-highway vehicles. Profit before exceptional items and tax in Financial Year 2023 was INR 4,979.88 million as compared to INR 4,035.01 million in Financial Year 2022, reflecting an increase of 23% from the previous year. Profit after tax (PAT) in the Financial Year 2023 was INR 3,880.90 million as compared to INR 3,535.38 million in Financial Year 2022, reflecting an increase of 10% from the previous year. The growth in PAT is lower due to certain one-time tax impact in the previous year's PAT.

### Consolidated

The consolidated revenue (revenue from operations plus foreign exchange (net)) increased by 26% to INR 26,755.95 million for Financial Year 2023 from INR 21,306.40 million for Financial Year 2022, primarily driven by the start and ramp-up of sales volume for some of the new contracts especially in the EV segment in North American market and growth in sales in the Indian market

in all three segments – passenger vehicles, commercial vehicles, and off-highway vehicles. Profit before exceptional items and tax in Financial Year 2023 was INR 5,124.74 million as compared to INR 4,189.06 million in Financial Year 2022, reflecting an increase of 22% from the previous year. Profit after tax (PAT) in the Financial Year 2023 was INR 3,952.97 million as compared to INR 3,615.43 million in Financial Year 2022, reflecting an increase of 9% from the previous year. The growth in PAT is lower due to certain one-time tax impact in the previous year's PAT.

## 2. PERFORMANCE OF THE COMPANY AND INDUSTRY OVERVIEW

In Financial Year 2023, your Company continued its growth momentum by scaling new revenue and profitability benchmarks. Its consolidated revenue (revenue from operations plus foreign exchange (net)), EBITDA, and Profits (before tax and exceptional items) were INR 26,756 million, INR 6,958 million, and INR 5,123 million, respectively. The EV business that witnessed revenue growth of 33% over the previous year led the overall revenue growth. One of the key contributors to the battery electric vehicles (BEV) business growth was the increase in Traction Motor sales for the electric 2-wheeler segment. Non-BEV business also achieved 23% revenue growth, especially from the start and ramp-up of new programs in the North American market.

This performance was achieved against the headwinds of sharply higher inflation, geopolitical risks, rising interest rates, and slowing global economic growth. The shortage of semiconductors for the automotive industry started easing out slowly during the year, however, not achieving a full recovery. Global light vehicle production during the Financial Year 2023 remained negatively impacted by these supply chain constraints. As a result, global sales of automobiles have declined over the previous year, however there are sub-segments like hybrid and electric vehicles that continue to demonstrate strong growth.

While the supply chain disruption and raw material inflation intensified the challenges, your Company did not experience any interruption in the ability to supply systems and components and ensured that customers do not experience any disruption to their production lines. Apart from maintaining the revenue growth momentum during the year, your Company continued to drive business development and won 35 new programs during the Financial Year 2023, of which 12 were for EV Programs. As of 31st March 2023, your Company has 42 EV programs, out of which 10 EV programs are in fully ramped-up production, 10 are in ramp-up phase and 22 programs will undergo production in the Financial Year 2024 or later, depending upon customers' production schedules. With these new order wins, your Company's 10-year net order book grew by 16% during the year and currently stands at INR 215 billion.

In technology development also, your Company took a significant leap by adding four new products to its portfolio during the year. While we achieved a significant breakthrough in precision forming by developing net-shaped spiral bevel gears, we also developed a first-of-a-kind electronically locking differential for electric vehicles. The development of helical gears and rotor shafts brings us closer to developing an entire EV gearbox and thus increases our value addition in an electric vehicle.

The future of mobility is shifting towards higher and higher levels of automation, making vehicles more and more intelligent. According to a McKinsey report, by 2030, the ADAS sensors market will grow to USD 43 billion, dominated by radar sensors, which will contribute USD 14 billion. During the year, we took a big step in this direction by adding a new pillar of growth, 'Sensors and Software,' by signing a binding term sheet to acquire at least 54% stake in Novellic d.o.o. Beograd-Zvezdara, a Serbia-based leading provider of mmWave radar sensors, subject to successful negotiations, finalisation and execution of definitive agreements and regulatory approvals.

Continuing our focus on ESG, we published our first sustainability report in the year 2022 and set targets for many sustainable development goals. One of the most important targets is to achieve a 45% revenue share from electric vehicles by 2026. We have also set up a zero liquid discharge treatment system to treat the used die

lubricant for water recovery. This system recovers around 12,000 liters of water per day from 16,000 liters of used die lubricant, which was waste earlier and used to be disposed of through an authorized channel.

This was an eventful year for your Company. We participated in person in the Auto Component Show of the Indian Auto Expo 2023, where we showcased our entire technology roadmap which was well-liked by our customers. We also inaugurated our second-largest manufacturing plant in Chakan, Pune by shifting our existing facility in Pune.

For the future outlook, S&P Global Mobility forecasts global light vehicle sales to reach 83.6 million units in the calendar year 2023 and witness a 5.6% growth over the previous calendar year 2022. The auto industry continues to navigate supply chain challenges, and several markets face deteriorating economic conditions and fading pent-up demand.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report for the Financial Year 2022-23, pursuant to the provisions of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), which is presented as a separate statement forming part of this Annual Report.

### 4. CORPORATE DEVELOPMENTS

#### Acquisition of Novellic d.o.o. Beograd - Zvezdara

Your Company has agreed to acquire at least 54% share capital and voting rights in NOVELIC d.o.o. Beograd - Zvezdara (a company registered in Belgrade, Serbia) ("**Novellic**"), subject to successful negotiations, finalisation and execution of definitive agreements and regulatory approvals. In this regard, the Company has executed a binding Term Sheet on January 9, 2023 with the shareholders of Novellic.

Novellic is the world's leading self-sustaining provider of mmWave radar sensors, perception solutions, and full-stack embedded systems. Since past ten years of market presence, Novellic has built an extensive portfolio of mmWave radar sensors and perception solutions that enable off-the-shelf and customised products focused on autonomous driving and automation. Novellic also does full cycle development of electronics and software services based on its hardware-in-loop (**HIL**) systems, control systems, ECU hardware/software platform, annotation tools and other in-house platforms.

The successful completion of the acquisition of Novellic will add a new vertical into the products portfolio of the Company.



### **Disinvestment by Singapore VII Topco III Pte. Ltd.**

During the year under review, Singapore VII Topco III Pte. Ltd. ("**Singapore Topco**") divested its entire remaining stake in the Company through bulk deal mechanism of the stock exchanges.

The Board of Directors expresses its support and appreciation for all the co-operation and support extended by Singapore Topco to the Company.

As on 31st March, 2023, 67% equity shares of the Company are held by more than 4,80,000 public shareholders and remaining 33% equity shares of the Company are held by Promoters and Promoter groups of the Company.

### **Inauguration of new Chakan Plant**

During the year, the Company shifted its operations from its existing Pune plant at T-46, MIDC Bhosari Industrial Area, Pune - 411 026, India to a new bigger facility at Plot No. A-78/2, MIDC, Chakan Industrial Area Phase -2, Wasuli, Pune, Maharashtra, 410501. This plant manufactures driveline products for EV and non-EV applications and serve customers in India and globally.

## **5. TRANSFER TO RESERVES**

The Board of Directors of the Company do not propose to transfer any amount to reserves.

## **6. DIVIDEND**

The Board of Directors at their meeting held on May 3, 2023 has recommended payment of INR 1.53 (One rupee and fifty-three paise only) per equity share of Company having face value of INR 10 (Rupees ten only) each as final dividend for the Financial Year ended on March 31, 2023. The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

During the year under review, the Board of Directors of the Company at their meeting held on January 24, 2023 declared an interim dividend of INR 1.28 (One rupee and twenty-eight paise only) per equity share of the Company having face value of INR 10 (Rupees ten only) each. The interim dividend was paid to the shareholders on February 20, 2023.

The total dividend for the Financial Year 2022-23, including the proposed final dividend, amounts to INR 2.81 (Two rupees and eighty-one paise only) per equity share of INR 10 (Rupees ten only) each of the Company.

As per the Income Tax Act, 1961, dividends paid or distributed by the Company shall be taxable in the hands of the shareholders. Accordingly, the Company makes the payment of the final dividend from time to time after deduction of tax at source.

The abovesaid dividend declared is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the Listing Regulations, can be accessed on the website of the Company at <https://sonacomstar.com/policies-and-codes>

## **7. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year under review, no amount was required to be transferred to the Investor Education and Protection Fund by the Company.

## **8. CHANGE IN SHARE CAPITAL OF THE COMPANY**

### **Allotment of Equity Shares Under Employee Stock Option Scheme-2020**

During the financial year under review and till the date of adoption of the Board Report, your Company has allotted 1,062,872 (One million sixty-two thousand eight hundred seventy-two only) equity shares of the Company having face value of INR 10/- (Rupees ten only) each fully paid up, to the eligible employees of the Company upon exercise of vested options, as granted to them, under the Sona BLW Precision Forgings Limited -Employee Stock Option Scheme 2020 ("**ESOP Scheme-2020**").

As a result, the paid-up share capital of the Company increased from INR 5,843,527,100 (Five billion eight hundred forty three million five hundred twenty seven thousand and one hundred only) consisting of 584,352,710 (Five hundred eighty four million three hundred fifty two thousand seven hundred and ten only) equity shares having face value of INR 10/- (Rupees ten only) each fully paid-up to INR 5,854,155,820/- (Five billion eight hundred fifty-four million one hundred fifty-five thousand eight hundred twenty only) consisting of 585,415,582 (Five hundred eighty-five million four hundred fifteen thousand five hundred eighty-two only) equity shares having face value of INR 10/- (Rupees ten only) each fully paid-up. The Equity Shares issued under ESOP Scheme -2020 shall rank *pari-passu* with the existing equity shares of the Company including dividend entitlement.

Applicable disclosures as stipulated under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SEBI SBEB Regulations**") with regard to the ESOP Scheme are available on the Company's website at <https://sonacomstar.com/investor/annual-reports-and-returns>

The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

## **9. CHANGE IN NATURE OF BUSINESS**

During Financial Year 2022-23, there was no change in the nature of Company's business.

## 10. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

As at March 31, 2023, the Company has 4 (four) directly held subsidiaries and 5 (five) step down subsidiaries, the details of which is available on the website of the Company in Form MGT-7 at <https://sonacomstar.com/investor/annual-reports-and-returns>

Pursuant to Section 129(3) of the Companies Act, 2013 ('Act'), the Company has prepared the consolidated financial statements, which forms part of this Annual Report. Further, a statement containing salient features of Standalone Financial Statements of subsidiaries in Form AOC-1, as required under Rule 5 of Companies (Accounts) Rules, 2014 is attached to the consolidated financial statements of the Company and therefore not repeated in this report for the sake of brevity.

During the year under review, no company has become or ceased to be subsidiary, joint venture or associate of the Company.

In accordance with Section 136 of the Act, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company and Audited Financial Statements of each of its subsidiaries, are available on the website of the Company viz. <https://sonacomstar.com/investor/subsidiary-companies-financial-statements>

Your Company does not have any material subsidiary as on March 31, 2023.

The policy for determining material subsidiaries, as approved by the Board, is uploaded on the Company's website and can be accessed at the web-link: <https://sonacomstar.com/policies-and-codes>

## 11. CORPORATE GOVERNANCE

Your Company is committed to benchmarking itself with the best national and international standards of Corporate Governance. Further, your Company has also in place the Legal Risk Management System tool mapping compliance database, policies and compliance framework implemented by M/s. Shardul Amarchand Mangaldas, the leading law firm of India ("**Compliance Framework**") which provides a bird's eye view of all statutory compliances applicable to the Company.

The Company is committed to pursue and adhere to the highest standards of Corporate Governance as set out by the Securities and Exchange Board of India (SEBI) and the Act. The report on the Corporate Governance as stipulated in Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **Annexure-A** and form part to this Annual Report.

## 12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Board Diversity

In compliance with Regulation 19(4) read with Part D of the Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**"), the Nomination and Remuneration Committee of the Board of Directors of the Company has devised a Policy to promote diversity on the Board of Directors which aims to ensure that the Board shall have an optimum combination of Executive, Non-Executive and Independent directors in accordance with requirements of the Act, Listing Regulations and other statutory, regulatory and contractual obligations of the Company. The Policy is available on the website of the Company at <https://sonacomstar.com/policies-and-codes>

The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, race and gender, which will ensure that the Company retains its competitive advantage.

### Board of Directors

As on March 31, 2023, Board comprises of eight directors, including four independent directors (including one-woman independent director), one executive director, and three non-executive directors. The brief profile of each director is available on the website of the Company at <https://sonacomstar.com/board-of-directors>

The Nomination and Remuneration Committee ("**NRC**") and the Board noted the following in their respective meetings 5 held on May 3, 2023:

### Retirement of Mr. Ganesh Mani as Non-Executive Nominee Director of the Company

Mr. Ganesh Mani (DIN: 08385423), Non-Executive Nominee Director of the Company is liable to retire by rotation at the ensuing 27th Annual General Meeting ("**AGM**") of the Company and is eligible for re-appointment at the Annual General Meeting. The Company has received a request from Mr. Ganesh Mani expressing his unwillingness for re-appointment at the forthcoming Annual General Meeting. The Nomination and Remuneration Committee and the Board at their respective meetings held on 3rd May 2023 took note of the same. Consequent to this, Mr. Ganesh will cease to be a director of the Company on the conclusion of the forthcoming Annual General Meeting.

The Board of Directors of the Company expressed its gratitude for the guidance and support provided by Mr. Ganesh Mani for the deliberation of the Board during his tenure as director of the Company.

In the opinion of the Board, all the directors, including the directors proposed to be appointed / re-appointed, if any, possess the requisite qualifications, Skills, experience and expertise and hold high standards of integrity.

The list of key skills, expertise and core competencies of the Board of Directors is provided in the Report on Corporate Governance forming the part of this Board's Report.

None of the Directors of the Company have resigned during the year under review.

### Key Managerial Personnel

As on March 31, 2023, the Key Managerial Personnel ("KMP") of the Company as per Section 2(51) and Section 203 of the Act are as follows:

Name of the KMP	Designation
Mr. Vivek Vikram Singh	Managing Director and Group Chief Executive Officer
Mr. Rohit Nanda	Group Chief Financial Officer ("CFO")
Mr. Ajay Pratap Singh	Vice President (Legal), Company Secretary and Compliance Officer

During the year under review, there were no changes in the KMP of the Company.

## 13. DECLARATION BY INDEPENDENT DIRECTORS

The independent directors on the Board of the Company have submitted requisite declarations to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations.

All independent directors of the Company have affirmed compliance with the Schedule IV of the Act and Company's Code of Conduct for Directors and Senior Management.

All the Independent Directors of the Company have complied with the requirement of inclusion of their names in the data bank of Independent Directors maintained by Indian Institute of Corporate Affairs and they meet the requirements of proficiency self-assessment test.

The Directors have further confirmed that they are not debarred from holding the office of director under any SEBI order or any other such authority.

In the opinion of Board of Directors of the Company, independent directors on the Board of Company hold highest standards of integrity and are highly qualified, recognized and respected individuals in their respective fields. The Company has an optimum mix of expertise (including financial expertise), leadership and professionalism.

## 14. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The remuneration paid to the Directors, Key Managerial Personnel and Senior Management is in accordance with the Remuneration Policy for Directors, Key Managerial Personnel and Other Employees ("**Remuneration Policy**") of the Company formulated in accordance with Section 178 of the Act and regulation 19 read with Schedule II of the Listing Regulations. Further, details on the same are given in the Corporate Governance Report which forms part of this Annual Report.

The Managing Director and Group CEO of the Company has not received any remuneration or commission from any of the subsidiary companies. Further, the Company doesn't have any holding company, hence, there does not arise a circumstance of any remuneration or commission from holding company.

Singapore VII Topco III Pte. Ltd. (Singapore Topco), the erstwhile holding company/ major shareholder (and promoter) of the Company had adopted an exit return incentive plan ("**ERI Plan**") pursuant to which Singapore Topco rewarded/will reward certain identified employees of the Company and/or its subsidiaries (including each of Key Managerial Personnel and Executive Director(s) who are not promoters of the Company) with cash rewards based on certain disposition event(s) in relation to its interest in the Company. These cash rewards were paid/ will be paid to such employees entirely by Singapore Topco (without any recourse or liability to the Company). None of the promoters, nominee director or shareholder of the Company, having significant influence, is beneficiary of the ERI Plan.

The Board of Directors and Shareholders of the Company had approved the ERI Plan, in its meeting held on August 6, 2021 and September 9, 2021 respective in compliance with regulation 26(6) of the Listing Regulations. Accordingly, Singapore Topco paid part of cash reward, to the identified employees (including the Managing Director and Group CEO) of the Company.

The Remuneration Policy of the Company is available on the website of the Company at <https://sonacomstar.com/policies-and-codes>

## 15. DISCLOSURE UNDER RULE 5(1) AND 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The disclosure pertaining to remuneration and other details, as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in a separate **Annexure-B1** forming part of this Report.



The statement containing names of top ten (10) employees in terms of remuneration drawn and the particulars of employees as required under section 197(12) of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as **Annexure- B2** forming part of this Report.

## 16. BOARD EVALUATION

The criteria of evaluation of Board are based on "Guidance note on Performance Evaluation" issued by the SEBI on January 5, 2017, and in compliance with provisions of Act and Listing Regulations.

A structured questionnaire covering various aspects of the Board's functioning was circulated to individual directors, Committees, Board followed by feedback received through one-to-one interactions by the Chairperson of the NRC Committee and Chairperson of the Board with the directors being evaluated and suggestions for the further improvements based on feedback received.

The summary of the evaluation was presented to the Nomination and Remuneration Committee and the Board of Directors of the Company in their meeting held on March 24, 2023.

### Evaluation of Committees

The performance evaluation of committees was carried out by the Board after seeking inputs from the committee members, on the basis of the criteria such as structure and composition of committees, fulfilment of the functions assigned to committees by the Board and applicable regulatory framework, frequency of meetings, adequacy of time allocated at the committee meetings, adequacy and timeliness of the agenda and minutes circulated, effectiveness of the Committee's recommendation to the Board etc.

### Evaluation of Directors and Board

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of Individual Directors.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairperson of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Directors and Non-Executive Directors.

The evaluation of directors was based on, *inter-alia*, various criteria such as qualification and experience, fulfilment of functions as assigned, attendance at Board and Committee meeting, contribution to strategy and other areas impacting Company's performance, availability and attendance etc.

The evaluation of the Board was based on the criteria such as structure and composition of the Board, frequency

of meetings, adequacy of time allocated at the Board Meetings, adequacy and timeliness of the agenda and minutes circulated, functions of the Board, governance and compliance etc.

### Evaluation of Independent Directors

The performance evaluation of Independent Directors was carried out by the Board of Directors based on various criteria, *inter-alia*, including attendance at Board and committee meetings, qualification, experience, ability to function as a team, commitment, roles performed and understanding of industry.

### Feedback

The feedback and results of the questionnaire were collated, and consolidated report shared with the Board for improvements and its effectiveness. Broadly, the Directors have expressed their satisfaction with the evaluation process and the outcome. The Board also noted the key action points emerged from the process for implementation. A detailed update on the Board Evaluation is provided in the relevant section of the Corporate Governance Report.

### Results of Evaluation

The outcome of such performance evaluation exercise was discussed at a separate meeting of the Independent Directors held on March 24, 2023 and was later tabled before the meeting of Nomination and Remuneration Committee and the Board of Directors of the Company held on the same day.

The Board of Directors expressed their satisfaction with the evaluation process. During the year under review, the Nomination and Remuneration Committee ascertained and reconfirmed that the deployment of "questionnaire" as a methodology, is effective for evaluation of performance of Board and Committees and Individual Directors. The overall performance of the Board, Committees, Independent Directors, Non-Executive Directors and Chairperson of the Board was positive.

## 17. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

All Independent Directors of the Company are familiarised with the operations and functioning of the Company at the time of their appointment and on an ongoing basis. The details of the training and familiarisation programme are provided in the Corporate Governance Report and is also available on the website of the Company at <https://sonacomstar.com/files/policy/familiarisation-programme-policy-bXLXH7.pdf>.

## 18. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the Directors of the Company state that:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable Accounting Standards have been followed, and there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profits of the Company for the financial year ended March 31, 2023;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts for the financial year ended March 31, 2023, have been prepared on a 'Going Concern' basis;
- v. proper internal financial controls have been laid down by the Directors were followed and that such internal financial controls are adequate and operating effectively; and
- vi. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 19. DISCLOSURE ON COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AS PER SECTION 178 OF THE ACT

The Remuneration Policy for Directors, Key Managerial Personnel and Other Employees ("**Nomination and Remuneration Policy/Policy**") of the Company was adopted by the Board based on the recommendation of the Nomination & Remuneration Committee. The Policy sets out criteria to pay equitable remuneration to the Directors, KMP and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

While formulating policy relating to the remuneration of the directors, key managerial personnel and other employee, the Board has ensured that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- c) remuneration of the directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### The salient features of the Nomination and Remuneration policy of the Company are as follows:

- 1) The Nomination and Remuneration Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP and accordingly recommend to the Board his / her appointment to the Board;
- 2) The Nomination and Remuneration Committee shall consider qualifications and appointment for Independent Directors as per the provisions of the Act;
- 3) The Company shall ensure that the person appointed as Director/ Independent Director are not disqualified under the Companies Act, 2013, and rules made thereunder;
- 4) The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Act, and rules made there under, or any other enactment for the time being in force;
- 5) The term/ tenure of the Directors shall be governed as per provisions of the Act and the Rules made there under, as amended, from time to time;
- 6) In case of re-appointment of Director(s), the Board shall take into consideration, the performance evaluation of director, engagement of the director and contribution in the deliberations of the Board.

This Policy is available on the website of the Company at the web link: <https://sonacomstar.com/files/policy/nomination-and-remuneration-policy-policy-GXCIWS.pdf>

## 20. EMPLOYEE STOCK OPTION

### Employee Stock Option Scheme-2020

In terms of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended, from time to time, the Nomination and Remuneration Committee of your Board of Directors administer and monitor "Sona BLW Precision Forgings Limited-Employee Stock Option Scheme-2020" (**ESOP Scheme-2020**) of your Company.

The Nomination and Remuneration Committee has been designated as the Compensation Committee under the ESOP Scheme-2020. During the year under review, no fresh grants were made under the ESOP Scheme-2020.

The last and final vesting under the ESOP Scheme-2020 will occur on 1<sup>st</sup> October, 2023.

Applicable disclosures as stipulated under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“**SEBI SBEB Regulations**”) (wherever applicable) with regard to the ESOP Scheme are available on the Company’s website at <https://sonacomstar.com/investor/annual-reports-and-returns>

The Company has received a certificate from M/s. PI & Associates, Secretarial Auditor of the Company as required under Regulation 13 of SEBI SBEB Regulations and it confirms that the ESOP Scheme-2020 has been implemented in accordance with these Regulations. The Certificate is available for inspection during the AGM of the Company and is also placed at the website of the Company at <https://sonacomstar.com/investor/annual-reports-and-returns>

### Employee Stock Option Plan - 2023

In terms of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and other application Regulations and the Companies Act, 2013 and based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Director in its meeting held on May 3, 2023 has approved the Employee Stock Option Plan-2023 and recommended to the shareholders of the Company in the ensuing 27<sup>th</sup> Annual General Meeting of the Company.

The required disclosures of the Employee Stock Option Plan - 2023 is disclosed in the Notice of 27<sup>th</sup> Annual General Meeting of the Company, which is attached to this Annual Report.

## 21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE ACT

Pursuant to Section 186 of the Act, disclosure on particulars relating to loans, advances, guarantees and investments form part of the standalone financial statements provided in Note 42 to the standalone financial statements of the Company.

## 22. DIVIDEND DISTRIBUTION POLICY

The Company has formulated and published a Dividend Distribution Policy which provides for the parameters to be considered for declaring/recommending dividend, circumstances under which the shareholders may or may not expect dividend. The policy is available on the website of the Company at <https://sonacomstar.com/files/policy/dividend-distribution-policy-policy-oW38wX.pdf>

## 23. SUCCESSION PLANNING

The Company believes that succession planning for the Board members and Senior Management is very important for creating a robust future for the Company. The Nomination and Remuneration Committee plays a

pivotal role in identifying successors to the members of the Senior Management and invests substantial time with the Managing Director & Group CEO on succession planning.

The Company has a Succession Planning Policy in place which intends to achieve the following:

- The business of the Company is not affected on account of interruptions caused due to superannuation or voluntary retirement or resignation or death or permanent incapacitation or sudden exit of any member of the Board, Executive Directors, Senior Management and other key employee covered under this Policy;
- To identify and create a talent pool of high potential personnel, who can be considered for appointment at the Board, Executive Directors, Senior Management and other critical positions and to groom them to assume such roles in the Company, whenever the need arises;
- To ensure timely and high-quality replacements for those personnel who are currently holding positions as above said.

## 24. DEPOSITS

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

## 25. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the Financial Statements relate and the date of this report.

## 26. RELATED PARTY TRANSACTIONS

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions, formulated and adopted by the Company. Omnibus approval from the Audit Committee is obtained for the related party transactions.

The Policy on Related Party Transactions, as required under the Listing Regulations, is available on the website of the Company at <https://sonacomstar.com/policies-and-codes>

All contracts/arrangements/transactions entered into by the Company during the year under review with related parties were in the ordinary course of business and on arm’s length basis in terms of provisions of the Act. Further, there are no contracts or arrangements entered



into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 36 to the standalone financial statements of the Company.

The Company in terms of Regulation 23 of the Listing Regulations regularly submits within the stipulated time from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified to the stock exchange. The said disclosures can be accessed on the website of the Company at <https://sonacomstar.com/investor/financial-information>

Form AOC-2 pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in **Annexure-C** to this Report.

## 27. NUMBER OF MEETINGS OF THE BOARD

During the year under review, eight (8) meetings of the Board of Directors were held. The details of the meetings of the Board of Directors held and attended by the Board of Directors during the Financial Year 2022-23 are given in the Corporate Governance Report which forms part of this Report.

The Board of Directors have met quarterly and the gap intervening between two meetings was within the time prescribed under the Act and the Listing Regulations.

The details and attendance of meetings of the Board, its committees, the Annual General Meeting and Extra Ordinary General meeting are mentioned in the Corporate Governance Report, which forms part of this Report.

## 28. DOWNSTREAM INVESTMENT

During the Financial Year 2022-23, the Company has not made any downstream investment which tantamount to indirect foreign investment. Hence, the requirement of obtaining certificate from the statutory auditors under the extant Foreign Exchange Management (Non-debt Instruments) Rules, 2019 is not applicable.

## 29. AUDITORS AND AUDITOR'S REPORT

### a. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company, on the recommendation made by the Audit Committee, have appointed M/s. PI & Associates (CP No. 16276), as the Secretarial Auditor of the Company to undertake the Secretarial Audit for Financial Year 2023-24, based on consent received from M/s. PI & Associates.

The Secretarial Auditors' Report for the financial year 2022-23 does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed herewith and forms part of this report and enclosed as **Annexure-D**.

### b. Annual Secretarial Compliance Report

As per the regulation 24A(2) of the Listing Regulations, the Secretarial Auditor of the Company has provided the report on the applicable compliances of the Company for the financial year 2022-23. The Annual Secretarial Compliance Report obtained from the Secretarial Auditor of the Company has been submitted to the Stock Exchanges and is available on the website of the Company at <https://sonacomstar.com/investor/annual-reports-and-returns>.

### c. Statutory Auditors

M/s. Walker Chandiook & Co. LLP, Chartered Accountants (FRN No. 001076N/N500013) were re-appointed as Statutory Auditors of the Company for the second term of 5 (Five) consecutive years, to hold office from the conclusion of 26th Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company in terms of the provisions of Section 139 and 141 of the Act.

The Statutory Auditor's Report on standalone and consolidated financial statements for Financial Year 2022-23, does not contain any qualification, reservation, adverse remarks or observation and the same forms part of this Annual Report.

### d. Cost Auditors

The Company has maintained cost records for certain products as specified by the Central Government under Section 148(1) of the Act. M/s. Jayaram & Associates, Cost Accountants (Firm's Registration No. 101077), are in the process of carrying out the cost audit for applicable products during the financial year 2022-23.

The Board of Directors of the Company, based on the recommendation of the Audit Committee at its meeting held on May 03, 2023 have appointed M/s. Jayaram & Associates, as the Cost Auditors of the Company for the Financial Year 2023-24 under section 148 of the Act. M/s. Jayaram & Associates, being eligible, have consented to act as the Cost Auditors of the Company for the financial year 2023-24.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and in terms of the Act and rules made/framed thereunder and accordingly, requisite resolution for ratification of remuneration of the Cost Auditors by the members

has been set out in the Notice of the 27th AGM of the Company.

#### e. Internal Auditors

The Board of Directors have in their meeting held on May 03, 2023, has appointed M/s. BDO India LLP (Firm Registration No. MCA: AAB-7880), as Internal Auditors of the Company for the Financial Year 2023-24.

### 30. INTERNAL CONTROL SYSTEM

The Company has in place internal control system, which is commensurate with its size, scale and complexities of its operations.

The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board of Directors is periodically apprised of the internal audit findings and corrective actions are taken accordingly. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. For more details, refer to the 'internal control systems and its adequacy' section in Management's Discussion and Analysis Report, which forms part of this Annual Report.

### 31. REPORTING OF FRAUD

During the year under review, none of auditors have reported any instances of fraud committed in the Company by its officers or employees to the Audit Committee, under Section 143 (12) of the Act.

### 32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the Financial Year 2022-23, the Company has spent INR 28.53 million towards CSR expenditures and INR 2.10 million towards administrative expenses and remaining unspent amount for ongoing projects of INR 11.55 million was transferred to unspent CSR account of the Company. During the year under review, the CSR initiatives of the Company mainly focused under the CSR intervention 'Sona Comstar- Samridh Bharat Program' (promotion of education) and 'Sona Comstar- Saksham Bharat Program' (promotion of innovation) during the year under review.

The Board of Directors of the Company amended the CSR Policy of the Company to re-classify the existing CSR interventions/Pillars by carving out the focus on women empowerment and green and clean initiatives under separate pillars. The two new pillars are: (a) Sona Comstar- Swachh Bharat Program, which will focus more

on environmental sustainability, conservation of natural resources and ecological and (b) Sona Comstar- Stree Shakti Bharat Program which will focus more on women empowerment. The CSR Policy of the Company is available on the website of the Company at <https://sonacomstar.com/investor/corporate-social-responsibilities>.

The Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended March 31, 2023, in accordance with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), are set out in **Annexure-E** to this Annual Report.

The Company has voluntarily engaged M/s Ingovern Research Services Private Limited and Bluesky Sustainable Business LLP an (Independent Agency) to conduct the impact assessment of the CSR initiatives undertaken for the Financial Year 2022-23. The synopsis of the Impact assessment report is attached as **Annexure-L** of this report and also available on the website of the company at <https://sonacomstar.com/files/documents/csr-impact-assessment-report-fy2022-23-document-LrurBl.pdf>

### 33. AWARDS AND RECOGNITIONS

Your Company has received the following recognitions/awards during the period under review:

S. No.	Award Category	Awarded By
1.	2021-22 Vision Award	League of American Communications Professionals LLC (LACP)
2.	National CSR Summit & Award, 2022 (Gold- Innovation Support)	Vision India Forum
3.	7 <sup>th</sup> ICSI CSR Excellence Awards – Certificate of Recognition	ICSI (Institute of Company Secretaries of India)
4.	Great Place To Work Certificate	Great Place To Work® Institute India
5.	CII Industrial Innovation Awards 2022 – Top 50 Innovative Companies	CII (Confederation of Indian Industry)
6.	India Green Manufacturing Challenge 2021-22 – Silver Medal	IRIM (Indian Research Institute for Manufacturing)
7.	Zero PPM Supplier for FY22-23 Q1	Indian OEM of PVs, CVs & EVs
8.	Best Quality Performance in Forgings – Platinum Award	Indian Tier 1 Supplier for CVs
9.	Leverage the Core 2021	Global Tier 1 Supplier for PVs, CVs, OHVs & EVs
10.	Overall Performance for the year 2021-22	Indian OEM of PVs
11.	Best in Class Quality, New Product Development & Delivery Performance in FY22	Global OEM of OHVs

### 34. RISK MANAGEMENT

Pursuant to Section 134(3) (n) of the Act and Regulation 17(9) of Listing Regulations, the Company has formulated and adopted a Risk Management policy. The primary

objectives of the policy include identification and categorisation of potential risks, their assessment and mitigation and to monitor these risks.

The Board has entrusted the Risk Management Committee ("**RMC**") with overseeing the processes of identification, evaluation and mitigation of risks. The RMC *inter alia* periodically reviews the organisational risks that are spread across operational, financial, technological and environmental spheres and provide guidance to the management team. The outcome of the meetings of RMC are reported to the Audit committee of the Board.

Your Company is committed to protect the interests of its customers, stakeholders, investors, shareholders, employees and each person or entity with whom it is associated with. Towards this goal, your Company will further strengthen the internal processes and evaluate even more innovative ways to blunt the risk impact. The details of the RMC along with its charter are set out in the Corporate Governance Report, forming part of this Report. The Company has designated Mr. Rohit Nanda, Group CFO as the Chief Risk Officer of the Company.

Mitigation plans to significant risks are well integrated with functional and business plans and are reviewed on a regular basis by the Management periodically.

The Risk Management Policy of the Company is available on the website of the Company at <https://sonacomstar.com/files/policy/risk-management-policy-policy-NTCFLh.pdf>

### 35. VIGIL MECHANISM

Your Company is committed to highest standards of professionalism, honesty, integrity, transparency and ethical behaviour. Pursuant to the provisions of Section 177(9) & (10) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the Listing Regulations, the Board of Directors have approved the Policy on vigil mechanism/whistle blower which provides mechanism to its directors, employees, vendors, customers, business partners/associates or any third party and other stakeholders to raise concerns about any wrongdoing in the Company and provide for adequate safeguards against victimisation of employees and other persons who avail this mechanism.

The Company has also designated an email id that is [speakup.sbpl@sonacomstar.com](mailto:speakup.sbpl@sonacomstar.com) where the whistle blower can report the concerns or wrong doings.

The mechanism under the policy has been appropriately communicated within the organisation. The Audit Committee of the Board reviews the functioning and implementation of the Whistle-blower mechanism, on quarterly basis. No person was denied access to the Audit Committee of the Company.

During the year under review, the Company has not received any complaints under the said mechanism.

During the year under review, the Whistle Blower Policy was amended, and the Policy has been appropriately communicated within the Company across all levels and is available on the website of the Company at the link: <https://sonacomstar.com/files/policy/whistle-blower-policy-policy-MUwqe2.pdf>

### 36. CYBER SECURITY AND DATA PRIVACY

With increasing digitalisation, rise in corporate cyber-crimes, high cost of data breaches and evolving regulations, businesses are placing greater focus on detecting, preventing, and combating information security threats. The Company identified its information security risks and is committed to safeguarding business information from internal and external threats. It is also committed to upholding stakeholders' right to privacy and, as a responsible corporate, strive to protect their personally identifiable information. The Company has established robust policies and processes on information security.

The Company has implemented an Information Security policy, which provides management direction and guidance to ensure availability, integrity and confidentiality of information and information systems across locations.

### 37. ANNUAL RETURN

In accordance with the provisions of Act, the Annual Return of the Company in the Form MGT-7 is available at: <https://sonacomstar.com/investor/annual-reports-and-returns>

### 38. COMPLIANCE WITH SECRETARIAL STANDARDS

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

### 39. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS

No significant and material order has been passed by any regulator or court or tribunal, which might impact the 'going concern' status and Company's operations.

### 40. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in the **Annexure-F** forming part of this Report.



#### 41. HUMAN RESOURCES

Our Company has excelled across all five dimensions of High-Trust, High-Performance Culture - Credibility, Respect, Fairness, Pride, and Camaraderie. On the employee satisfaction front, the Company earned the Great Place To Work® Certification™ from the Great Place To Work. The coveted recognition reinforces your Company's standing as one of India's leading automotive technology employers.

Sona Comstar is committed to creating fair, inclusive, and innovative working environments where employees can learn, develop and achieve our full potential. As an innovation and people-driven Company, our success is driven by the success and satisfaction of our employees, customer, and shareholders. We will continue to invest in our people and nurture a culture that promotes fairness, integrity, transparency, and collaboration.

Our customers see us as a technology leader with excellent products. We have invested heavily in creating new capabilities, skills, processes, and systems to meet our demands on committed dates with a high level of responsiveness and flexibility.

Our commitment towards Safe work culture and TQM remains uncompromised. We are continuously strengthening the goal deployment through managing points and checking points, adopting the problem-solving approach, and working towards identifying, eliminating unsafe situations so that the employees continue to feel a safe work environment.

#### 42. POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH'), the Company has formulated a comprehensive Policy on Prevention of Sexual Harassment at Workplace ("policy") for prevention, prohibition and redressal of sexual harassment at workplace and an Internal Committee has also been set up to redress any such complaints received.

The Company's goal is to create an open and safe workplace for every employee to feel empowered, irrespective of gender, sexual preferences, and other factors, and contribute to the best of their abilities. Company is committed to providing a safe and conducive work environment to all of its employees and associates.

The Company periodically conducts sessions for employees across the organisation to build awareness about the Policy and the provisions of POSH. The employees are sensitised from time to time in respect of matters connected with POSH.

During the year under review, no complaints has been received by the Company under the POSH.

Policy for prevention of Sexual Harassment at workplace ('POSH Policy') of your Company can be viewed at the link: <https://sonacomstar.com/files/policy/posh-policy-policy-s7HMW2.pdf>

#### 43. SUSPENSION OF SECURITIES OF THE COMPANY

The securities of the Company have not been suspended from trading in any of the stock exchanges.

#### 44. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR)

A detailed Business Responsibility & Sustainability Report in terms of the provisions of Regulation 34 of the Listing Regulations is attached herewith as **Annexure-G** to the Annual Report.

#### 45. CAUTIONARY STATEMENTS

The Annual Report including those which relate to the Directors' Report, Management Discussion and Analysis Report may contain certain statements on the Company's intent expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company bears no obligations to update any such forward looking statements. Some of the factors that could affect the Company's performance could be the demand and supply for Company's product and services, changes in Government regulations, tax laws, foreign exchange volatility etc.

#### 46. ACKNOWLEDGEMENT

The Board of Directors places on record its sincere gratitude and appreciation for all the employees of the Company. Our consistent growth was made possible by their hard work, cooperation, and dedication during the year.

The Board of Directors acknowledges and places on record their sincere appreciation to all stakeholders, customers, vendors, banks, Central and State Governments, and all other business partners, for their continued co-operation and for the excellent support received from them.

The Board also wishes to place on record its appreciation to the esteemed investors for showing their confidence and faith in the management of the Company.

By order of Board of Directors  
For **SONA BLW Precision Forgings Limited**

Place: Gurugram  
Date: May 03, 2023

**Sunjay Kapur**  
(Chairperson and Non- Executive Director)

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sona BLW Precision Forgings Limited ("**Sona Comstar/ Company**") philosophy of Corporate Governance is built on a foundation of sound business ethics, fairness, and trust in dealing with all stakeholders.

Sona Comstar believes that Corporate Governance is the bedrock for fostering a state-of-the-art and future ready organisation delivering extra-ordinary and sustainable growth.

Sona Comstar is committed to implement best corporate governance practises and upholding the highest business standards in conducting business. Being a value-driven organisation, the Company keep endeavouring towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

Sona Comstar plays a pivotal role in energising and driving the organisation forward to an exciting and promising future. The values of standing for each other's success, creative zeal, scientific rigour, audacity, integrity, and customer passion combined with the commitment to sustainability and safety ensures that the employees, and thus the organisation, at all times stays focused on creating value and joy for all its stakeholders.

In dealing with external stakeholders, the Company believes in maintaining transparency with timely exchange of information. The leadership in the Company sets the tone through their actions and this ensures that the organisation remains true to its culture and values in letter and spirit. The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and disclosure made by the managements and Board of Directors. The Company has established systems and procedures to ensure that its Board of Directors are well-informed and well-equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term stakeholders value. The Company's value creation is based on equitable, inclusive, transparent and collaborative stakeholder practices. The Company promotes a safe and healthy workplace for its employees.

The Company's initiatives towards improving its Environmental, Social and Governance ("**ESG**") performance and its contribution towards Sustainable Development Goals, the Company has published its first Sustainability Report for the financial year 2021-22 in line with the GRI Standards, which is available on the website of the Company at <https://sonacomstar.com/investor/Sustainability>. This report provides the additional relevant information's to the stakeholders of the Company.

During the financial year, the Company has also received the **7th ICSI CSR Excellence Awards- certificate of recognition** from the Institute of Company Secretaries of India ("**ICSI**").

## ETHICS/GOVERNANCE POLICIES

### Code of Conduct for Board, Senior Management and Employees

The Code of Conduct ("**Code**") for Board, Senior Management and Employees encompass Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association. The Code impresses upon the Board and Senior Management to uphold the interest of the Company and its stakeholders and to endeavour to fulfil its fiduciary obligations. The Code set forth guidance and principals for the Board of Directors and Senior Management Personnel to manage the affairs of the Company in the fair and transparent manner. The Code is available on the website of the Company at <https://sonacomstar.com/policies-and-codes>

A declaration signed by the Managing Director and Group Chief Executive Officer of the Company, stating that the members of Board of Directors and Senior Management personnel have affirmed compliance with the Code of conduct for Board of Directors and Senior Management Personnel is annexed as **Annexure-H**.

Beyond the regulatory landscape, during the period under review, the Company has amended the "Code of Conducts for its Employees" and included various clauses from the prospective of Good Corporate Governance practises in the Company and renamed it as the "Code of Conduct and Business Ethics". This Code of Conduct and Business Ethics is available on the website of the Company at <https://sonacomstar.com/policies-and-codes>

The Company has also implemented a Code of Conduct for its vendors, supplier, contractors and other business partners. The Company encourages transactions with business partners who share the same values, and ethical practices. This Code of Conduct is designed to deter wrongdoings and promote, amongst others (a) honest and ethical conduct, including ethical handling of actual or potential conflicts of interest (b) full, fair, timely and accurate disclosure in reports and documents (c) compliance with applicable laws, rules and regulations (d) prompt internal reporting of the violations of the Code and (e) accountability for adherence to the Code. This Code of Conduct is available on the website of the Company at <https://sonacomstar.com/policies-and-codes>.

The Company regularly conducts training and awareness program for its employees to create awareness on the ethical issues.

### Code of Conduct for Prevention of Insider Trading

The Company do understand the menace of insider trading and is fully committed to protect the interest of its investors. The Company intensively focus on trainings, awareness sessions and update through flyers for its designated persons to prohibit the insider trading.

In terms of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended ("**PIT Regulations**"), the Company has adopted the "Code of Conduct for prevention of insider trading" ("**Code**") to regulate, monitor and report trading by designated persons and Insiders. The objective of the Code is to put a framework for prohibition of Insider Trading, to create awareness and provide guidance to the insiders, promoters, directors and designated persons, intermediaries and fiduciaries for trading in securities of the Company. The Company has also formulated a "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("**UPS**") in compliance with the PIT Regulations. The aforesaid Code are posted on the Company's website and can be accessed at <https://sonacomstar.com/policies-and-codes>

During the Financial Year 2022-23, the Company has conducted various training, awareness sessions and programs for designated persons to familiarize them with the compliances and the responsibilities required to be carried out under the PIT Regulations and the Code. Frequent communications via emails, flyers are being made to the designated persons informing them about Trading Window Closure, Do's and Dont's under the Code, flashes on regulatory sanctions on breaches under the PIT Regulations of other listed companies from selective publicly available data, to drive the awareness campaign for its designated persons about compliances and to mitigate the risks of non- compliances.

The Company also do recognize its responsibility in ensuring compliance with PIT Regulations by intermediaries and fiduciaries and take the necessary action to prohibit the insider trading.

The Continued focus on training and awareness programs has ensured better compliance with the Code and PIT Regulations.

### GOVERNANCE STRUCTURE AND DEFINED ROLES AND RESPONSIBILITIES

Sona Comstar' s governance structure comprises the Board of Directors, Committees of the Board and the management. Corporate Governance Guidelines at Sona Comstar are articulated through the Company's Code of Conduct, charters of various Committees of the Board and various other policies.

### BOARD OF DIRECTORS

The Board of Directors have the responsibility of ensuring long-term business strategy, enhancing value of all stakeholders, effective management, and monitoring the effectiveness of the Company's Corporate Governance practices. The Managing Director & Group CEO reports to the Board and is in charge of the management of the affairs of the Company, executing business strategy in consultation with the Board and achieving annual and long-term business goals.

The composition of the Board is in accordance with Regulation 17(1) of the Listing Regulations and Section 149 of the Companies Act, 2013 ("**Act**"), with an optimal mix of Executive and Non-Executive Directors.

As on March 31, 2023, the Board of the Company comprises of 8 (eight) directors, of which 4 (four) are Independent Directors (including 1 (one) woman Independent Director), 1 (one) is Executive Director, and 3 (three) are Non-Executive Directors.

The Directors of the Company are doyen of the industry with diverse skill sets and industry specific expertise. The Company has ensured that the role of the Chairperson and Managing Director of the Company are separate, and both are not related with each other, as part of its governance drive.

All directors take active part into the deliberations at the Board and Committee Meetings by providing valuable guidance and expert advice to the Management on various aspects of business, governance, etc. and play a critical role on strategic issues and add values in the decision-making process of the Board of Directors.

Profile of each Director of the Company is available at <https://sonacomstar.com/board-of-directors>. Further, none of the directors are related to each other or any of the Key Managerial Personnel of the Company and the number of Directorships/Committee memberships held by Executive and Non-Executive Independent Directors are within the permissible limits under the Listing Regulations and the Act. The profile of the Management Team of the Company is also available on the website of the Company at <https://sonacomstar.com/about-team>.

### NUMBER OF BOARD MEETINGS, ATTENDANCE OF THE DIRECTORS AT MEETINGS OF THE BOARD AND AT THE LAST ANNUAL GENERAL MEETING

During the Financial Year under review, the Board of Directors met 8 times to discuss and deliberate on various matters. The meetings were held on May 5, 2022, June 9, 2022, July 28, 2022, September 27, 2022, October 28, 2022, January 9, 2023, January 24, 2023 and March 24, 2023. The Board met quarterly and the gap intervening two meetings was within the time prescribed under the Act and Listing Regulations.

#### Composition and Attendance (in brief):

8

Directors

4

Independent  
Directors

4

3 Non- Executive  
Directors and 1  
Executive Director

8

Meetings

91%

Attendance



As on 31st March, 2023, the composition of the Board, Committee positions held by the directors as chairperson and member and directorship in other listed entities including category of directorship, attendance at the Board Meetings during the year under review and the Annual General Meeting, are given herein below:

Name of the director	Category of directorship	Number of board meeting attended (Total 8 board meeting held)	Attendance at the AGM held on 14th July, 2022	Number of Directorship		Committee Positions #		Name of the Listed Entities	
				Public	Private	Chairperson	Member	In which he/she is a Director	Category of Directorship
Mr. Sunjay Kapur (DIN: 00145529)	Promoter, Chairperson and Non Executive Director	8	Yes	4	5	-	-	Jindal Steel & Power Limited	Independent Director
Mr. Amit Dixit (DIN: 01798942)	Non- Executive Director	7	No	5	2	-	1	Mphasis Limited EPL Limited	Non-Executive Director Non-Executive Director
Mr. Ganesh Mani (DIN: 08385423)	Non- Executive Director	8	Yes	2	3	-	2	-	-
Mr. Subbu Venkata Rama Behara (B.V.R. Subbu) (DIN: 00289721)	Non- Executive Independent Director	8	Yes	3	9	2	4	KPIT Technologies Limited MTAR Technologies Limited	Non-Executive Independent Director Non-Executive Independent Director, Chairperson
Mrs. Shradha Suri (DIN: 00176902)	Non- Executive Independent Director	8	No	6	3	-	3	Asahi India Glass Limited Subros Limited Uniparts India Limited	Independent Director Chairperson and Managing Director Independent Director
Mr. Prasan Abhaykumar Firodia (DIN: 00029664)	Non- Executive Independent Director	3	Yes	2	4	1	4	Force Motors Limited	Managing Director
Mr. Jeffrey Mark Overly (DIN: 09041143)	Non- Executive Independent Director	8	Yes	1	-	-	2	-	-
Mr. Vivek Vikram Singh (DIN: 07698495)	Managing Director and Group CEO	8	Yes	1	-	-	1	-	-

#For the purpose of considering the limit of Committee membership and chairmanship of a Director, membership and chairmanship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered.

## Independent Directors

All Independent Directors played a pivotal role in maintaining a transparent working environment in the Company. They provide valuable perspective to the deliberations of the Board and contribute significantly to the decision-making process. They help the Company in improving corporate governance standards. They bring an element of objectivity to the Board processes and deliberations.

As per regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Section 149(6) of the Act and the rules framed thereunder, all Independent Directors confirmed that they meet the independence criteria as specified in the Listing Regulations and are independent of the management. The Independent Directors have stated that they are not aware of any circumstance or situation, which exists or may reasonably be anticipated, that could impair or impact their ability to discharge their duties with an objective, independent judgement and without any external influence.

The maximum tenure of Independent Directors is in compliance with the Act and the Listing Regulations. Based on the confirmations/ disclosures received from the Independent

Directors, the Board is of the opinion that the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the Management.

In terms of clause VII of schedule IV to the Act read with regulation 25(3) of Listing Regulations, a separate meeting of Independent Directors of the Company, was held during the year. All the Independent Directors of the Company complies with the criteria’s pertaining to the maximum number of directorships as per regulation 17A of Listing Regulations.

## Lead Independent Director

Mr. B.V.R Subbu, Independent Director has been appointed as the Lead Independent Director with effect from September 1, 2022. As a Lead Independent Director, Mr. Subbu has been entrusted, *inter-alia*, with the following roles and responsibilities:

- i. Lead exclusive meetings of the Independent Directors and provide feedback to the Chairperson/Board of Directors after such meetings;
- ii. Provide leadership to the Independent Directors and serve as liaison between the Chairperson of the Board and the Independent Directors;

- iii. Ensure Board effectiveness to maintain high-quality governance of the Company and the effective functioning of the Board;
- iv. Take the lead role, along with Chairperson of the Board and Nomination and Remuneration Committee, in assessing the performance evaluation of the Board and that of Individual Director;
- v. Identify critical issues for the Board to deal with and assist the Board in achieving consensus on important issues.

### Board meetings - Functioning and Procedure

<b>Calendar</b>	The probable dates of the Board meetings for the forthcoming financial year are decided and circulated to the directors in the beginning of the calendar year, in advance.
<b>Frequency</b>	The Board meets at least once a quarter to review the quarterly financial results and other items of the agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
<b>Location</b>	The mode of attending the Board meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board meetings. All the meetings during the year were held virtually.
<b>Matters</b>	All divisions / departments of the Company are advised to schedule their work plans in advance, particularly with regard to matters requiring discussions / approval / decision of the Board and / or its Committee(s). All such matters are communicated to the Company Secretary in advance so that the same can be included in the agenda for the Board / Committee meetings.
<b>Board material / agenda distributed in advance</b>	Meetings are governed by the structured agenda. The agenda for each Board meeting is circulated in advance to the Board members. The agenda items are backed by the comprehensive background information.
<b>Presentations by management</b>	The Board is given presentations covering finance, sales, performance and updates on major business segments and operations of the Company / subsidiaries global business environment including business opportunities, business strategy and the risk management practices, changes in applicable law.
<b>Access to employees</b>	The Directors are provided free access to communicate with the officers and employees of the Company. Management is encouraged to invite the Company personnel to any Board meeting at which their presence and expertise would help the Board to have a full understanding of the matters being considered.
<b>Availability of information to the Board members</b>	The information placed before the Board includes annual operating plans and budgets including operating and capital expenditure budgets, quarterly financial results of the Company both consolidated and standalone basis, financials of each of the subsidiaries and investments made by the subsidiaries, risk assessment and minimisation procedures, update on the state of the market for the business as well as on the strategy, minutes of subsidiaries, minutes of all the Board Committees, related party transactions, details of the treasury investments, details of foreign exchange exposure, update on statutory and secretarial compliance reports and reports of non-compliances, if any.
<b>Post meeting follow-up mechanism</b>	The guidelines for Board and Committee meetings facilitate an effective post meeting follow up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board / Committee meetings are promptly communicated to the concerned departments / divisions. Action taken report on the decisions of the previous meeting(s) is placed at the subsequent meetings of the Board / Committee(s) for information and review by the Board / Committee(s).

### Information placed before the Board

The Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by the management of the Company on important matters from time to time.

Pursuant to the various regulatory requirements and considering business needs, the Board is apprised on various matters, inter alia, covering the following:

- Business plans, forecast and strategic initiatives;
- Capital expenditure and updates;
- Internal financial controls;
- Details of incidence of frauds, and corrective action taken thereon;
- Performance of subsidiaries;
- Risk management system;
- Compliance with corporate governance standards;

- Minutes of meetings of subsidiaries and various statutory and non-statutory Committees of the Board;
- Compliance with code of conducts and ethical policies;
- Changes in regulatory landscape; and
- Succession planning and organisation structure.

### Meeting of Independent Directors

The Independent Directors of your Company met on March 24, 2023 before the Board Meeting and other Committee meetings and without the presence of Non-Independent Director(s). Mr. B.V.R. Subbu, the lead independent director, presided the meeting of Independent Directors.

The Meeting of Independent Directors was held in an formal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board of Directors as a whole, review the performance of the Chairperson of the Company (taking into account the views of other Executive and Non-Executive Directors), assess the quality, quantity

and timeliness of flow of information between the Company Management and the Board that is necessary for the Board of Directors to effectively and reasonably perform their duties.

## DETAILS OF EQUITY SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS AS ON MARCH 31, 2023

As on March 31, 2023, none of the Non-Executive Directors of the Company, except as stated below, was holding any equity shares or convertible instruments in the Company.

S. No.	Name of Directors	No. of Equity Shares	No. of Convertible Instruments
1.	Mrs. Shardha Suri (Independent Director)	145	NIL

## DETAILS OF EQUITY SHARES AND CONVERTIBLE INSTRUMENTS HELD BY KEY MANAGERIAL PERSONNEL OF THE COMPANY AS ON MARCH 31, 2023

S. No.	Name of Key Managerial Personnel	No. of Equity Shares	No. of Convertible Instruments
1.	Vivek Vikram Singh (Managing Director and Group Chief Executive Director)	2,20,696	NIL
2.	Rohit Nanda (Group Chief Financial Officer and Chief Risk Officer)	65,000	NIL
3.	Ajay Pratap Singh (Vice President (Legal), Company Secretary and Compliance Officer)	5,022	NIL

## FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

In compliance with Regulation 25(7) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has a structured programme for orientation and training of Directors at the time of their joining and thereafter, to enable them to understand the nature of the industry in which the Company operates in, business model of the Company, their rights and responsibilities as Independent Directors.

### The directors so appointed are from diverse background and possess special skills with regard to the industries / fields from where they come

Name of Directors	Strategic Thinking, Planning and Management	Entrepreneurial and Leadership skills	Marketing and Branding	Accounting, Legal and Financial Management expertise	Global Exposure	Automobile Industry Experience	Board Service and Governance	Regulatory Compliance and Stakeholder Management
Mr. Sunjay Kapur	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vivek Vikram Singh	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Amit Dixit	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ganesh Mani	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prasan	✓	✓	✓	✓	✓	✓	✓	✓
Abhaykumar Firodia								
Mr. Subbu Venkata Rama Behara (B.V.R. Subbu)	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Shradha Suri	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Jeffrey Mark Overly	✓	✓	✓	✓	✓	✓	✓	✓

The exhaustive induction for Independent Directors enables them to be familiarized with the Company, its history, values and purpose. The Managing Director and Group CEO also makes presentations in every quarterly meeting of the Board of Directors, in order to facilitate clear understanding of the business of the Company and the environment in which the Company operates.

In Board meetings, discussions on business strategy, operational and functional matters provide good insights on the businesses carried on by the Company to the Independent Directors. These sessions also involve interactions with Senior Management. To make these sessions more productive, all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole are provided in advance. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company. The Company also arranges for their visits to the Company's Plants to enable them to get first-hand understanding of the processes.

The details of such familiarisation programmes for Independent Directors are put up on the website of the Company and can be accessed at <https://sonacomstar.com/policies-and-codes>

## CHART/MATRIX OF SETTING OUT THE SKILLS/ EXPERIENCES/COMPETENCIES OF THE BOARD OF DIRECTORS:

In terms of requirements of the Listing Regulations, the Board has identified the following skills/expertise/ competencies of the Directors, with reference to its business and industry that are fundamental for the effective functioning of the Company, as on March 31, 2023:

S. No.	Skill Areas
1	Strategic Thinking, Planning and Management
2	Entrepreneurial and Leadership skills
3	Marketing and Branding
4	Accounting, Legal and Financial Management expertise
5	Global Exposure
6	Automobile Industry Experience
7	Board Service and Governance
8	Regulatory Compliance and Stakeholder Management



## RESIGNATION OF INDEPENDENT DIRECTORS

During the year under review, none of the Independent Directors of the Company has resigned.

## DIRECTOR AND OFFICER LIABILITY INSURANCE (D&O)

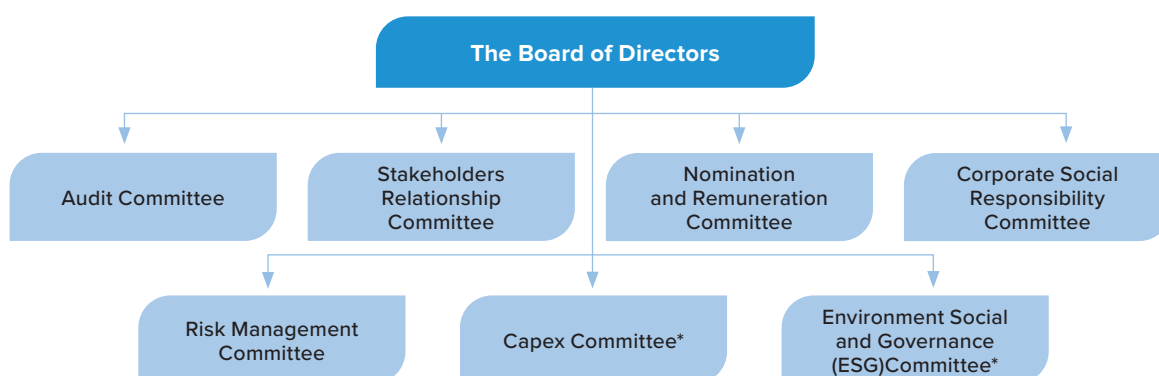
The Company has taken a Directors and Officers Liability Insurance ("D&O") for all Directors including Independent Directors and Officers, of the Company for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

## BOARD COMMITTEES

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulations.

The Board has constituted the following five statutory committee's viz. Audit Committee, Nomination and

Remuneration Committee, Corporate Social Responsibility Committee, Stakeholder Relationship Committee, Capex Committee and Risk Management Committee to carry out clearly defined roles, the Terms of Reference of these Committees of the Board is also available on the website of the Company at <https://sonacomstar.com/files/policy/terms-of-reference-of-the-committees-policy-IAA7NT.pdf>. In addition to above, the Board also has two non-statutory committees namely, Environment, Social and Governance ("ESG") Committee and Capex Committee. The ESG Committee is responsible for implementation of Environment, Social and Governance framework across all operations in India. The term of reference of the committees of the Board has been defined by the Board and their relevance is reviewed from time to time. Mr. Ajay Pratap Singh, Company Secretary of the Company acts as Secretary to these committees of the Board. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the committee meetings were sent to all the members of the committee which was noted by the respective committee and Board in their next meeting.



\*Voluntary Committee

### 1. Audit Committee

The Audit Committee comprises of four non-executive directors, three of whom, including the Chairperson of the Committee, are independent directors. The composition and role of the Audit Committee is as per the requirement of Section 177 of the Act and rules made thereunder and the Listing Regulations. The members of the Audit Committee are financially literate and have relevant experience in financial management. The Audit Committee is also governed by its charter to ensure effective compliance. The Charter is reviewed from time to time to maintain conformity with the regulatory framework.

As required under the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), the Chairperson of the Committee or, in his absence, any

other member of the Committee authorised by him on his behalf shall attend the Annual General Meeting of the Company.

#### Composition and Attendance (in brief):

75%

Independent Directors

4

Members

7

Meetings

82%

Attendance

The Composition of the Audit Committee of the Board of Directors of the Company, along with the detail of the meetings held and attended by the members of the Committee during the Financial Year 2022-23, is detailed below:

Name of Directors	Nature of Membership	Audit Committee meetings dates							Held during tenure	Attended	% of attendance
		May 5, 2022	June 9, 2022	July 28, 2022	September 27, 2022	October 28, 2022	January 24, 2023	March 24, 2023			
Mr. Subbu Venkata Rama Behara	Chairperson	✓	✓	✓	✓	✓	✓	✓	7	7	100
Mr. Prasan Abhaykumar Firodia	Member	-	✓	-	✓	-	-	-	7	2	28.57
Mr. Jeffrey Mark Overly	Member	✓	✓	✓	✓	✓	✓	✓	7	7	100
Mr. Ganesh Mani	Member	✓	✓	✓	✓	✓	✓	✓	7	7	100

Mr. Ajay Pratap Singh, Company Secretary of the Company act as Secretary of the Committee.

### Audit Integrity

The Company has appointed independent auditors to conduct statutory audit, internal audit and secretarial audit. The audit committee meets with each of the auditors separately without the presence of the Management to review and monitor the effectiveness of audit process and timely available of information's / data form the Management to perform the Audit.

### The Audit Committee has the following Terms of Reference:

The Scope and Functions of Audit Committee are in accordance with Section 177 of the Act and the Listing Regulations, as amended, from time to time, which is available on the website of the Company at <https://sonacomstar.com/files/policy/terms-of-reference-of-the-committees-policy-iAA7NT.pdf> and are set forth below:

- Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to our Board the appointment, remuneration and terms of appointment of auditors of our Company;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;

- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Modified opinion(s) in the draft audit report.
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue or rights issue or preferential issue or qualified institutions placement), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- Approval of all related party transactions and subsequent modifications (including material modifications) thereto;
- Scrutinising of inter-corporate loans and investments;
- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluating internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors of any significant findings and follow up thereon;
- Reviewing the 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 our board;

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - Reviewing the functioning of the whistle blower mechanism/ vigil mechanism to report genuine concerns or grievances;
  - Approving the appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
  - Carrying out any other function as is mentioned in the terms of reference of the audit committee and any other terms of reference as may be decided by the Board and/or specified /provided under the Act the Listing Regulation or by any other Regulatory Authority;
  - Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
  - Reviewing compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a Financial Year and verify that the systems for internal control are adequate and operating effectively;
  - Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
  - To define material modification in the Related Party Transactions;
  - To recommend amendment to the Policy on Related Party Transactions, if so required to ensure compliances with the new regulatory requirements.
- Management discussion and analysis of financial condition and results of operations;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
  - Examination of the Financial Statements and the Auditors' report thereon;
  - Statement of deviations:
    - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of SEBI Listing Regulations.
    - annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of SEBI Listing Regulations.
  - The details of Related Party Transactions entered pursuant to omnibus approval given, at least on quarterly basis;
  - Financial Statement, in particular, the investment made by unlisted subsidiaries.

## 2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("**NRC**") comprises of 6 (six) non-executive directors, of whom 4 (four) members including the Chairperson of the Committee are independent directors.

As per section 178(7) of the Act and Secretarial Standards issued by the Institute of Company Secretaries of India ("**ICSI**"), the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meeting of the Company.

The composition and role of the NRC is as per the requirement of Section 178 of the Act and rules made thereunder and the Listing Regulations.

### Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

- To investigate any activity within its terms of Reference;
- To seek information from any employee;
- To obtain outside legal and other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Reviewing Powers

The Audit Committee shall mandatorily review the following information:

### Composition and Attendance (in brief):

67%

Independent Directors

6

Members

5

Meetings

83%

Attendance



The Composition of the NRC of the Board of Directors of the Company, along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2022-23, is detailed below:

Name of Directors	Nature of Membership	Nomination and Remuneration Committee meeting dates					Held during tenure	Attended	% of attendance
		June 9, 2022	September 27, 2022	October 28, 2022	January 24, 2023	March 24, 2023			
Mr. Jeffrey Mark Overly	Chairperson	✓	✓	✓	✓	✓	5	5	100
Mr. Subbu Venkata Rama Behara	Member	✓	✓	✓	✓	✓	5	5	100
Mr. Amit Dixit	Member	✓	-	✓	✓	✓	5	4	80
Mr. Sunjay Kapur	Member	✓	✓	✓	✓	✓	5	5	100
Mr. Prasan Abhaykumar Firodia	Member	✓	✓	-	-	✓	5	3	60
Mrs. Shradha Suri	Member	✓	✓	✓	-	-	5	3	60

Mr. Ajay Pratap Singh, Company Secretary of the Company act as Secretary of the Committee.

### The NRC Committee has the following terms of reference:

The scope and functions of the NRC are in accordance with Section 178 of Act and the Listing Regulations, as amended, from time to time, which is available on the website of the Company at <https://sonacomstar.com/files/policy/terms-of-reference-of-the-committees-policy-IAA7NT.pdf> and are set forth below:

- Formulating the Criteria for determining qualifications, positive attribute and independence of a director and recommending to our Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other Employees;
- Identifying a person who qualify to become Directors or who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the board their appointment and removal and specify the manner of effective evaluation of the performance of our Board, its committees and individual directors to be carried out either by our Board, its Committees and individual directors to be carried either by our Board, by the Nomination and Remuneration Committee or by an independent external agency and reviews its implementation and compliance;
- For every appointment of a Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

- Use the services of an external agencies, if required;
- Consider candidates from a wide range of backgrounds, having due regard to diversity; and
- Consider the time commitments of the candidates.
- Formulating criteria for evaluation of performance of the Independent Directors and the Board;
- Devising a policy on Board Diversity;
- Determining whether to extend or to continue the term of appointment of Independent Director, on the basis of report of performance evaluation of Independent Directors;
- Recommend to our Board, all remuneration, in whatever form, payable to Senior Management;
- Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations, and any applicable law or by any other regulatory authority.

### Succession Planning

The Company believes that sound succession plans for the Board Members and Senior Management are very important for creating a robust future for the Company.

The NRC plays a pivotal role in identifying successors to the members of the Senior Management and invests substantial time with the Managing Director & Group CEO on succession planning. The succession plan is closely aligned with the strategy and long-term needs of the Company. The Company has adopted the Succession Planning Policy in terms of regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the Succession Planning Policy of the Company is available on the website of the Company at <https://sonacomstar.com/policies-and-codes>

### 3. Corporate Social Responsibility Committee

The Corporate Social Responsibility ("CSR") Committee comprises of 4 (four) non-executive directors, of whom 2 (two) members including the Chairperson of the Committee are independent directors. The composition and role of the Corporate Social Responsibility Committee is as per the requirement of Section 135 of the Act and rules made thereunder.

#### Composition and Attendance (in brief):

50%

Independent Directors

4

Members

4

Meetings

69%

Attendance

The composition of the Corporate Social Responsibility Committee of the Board of Directors of the Company, along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2022-23, is detailed below:

Name of Directors	Nature of Membership	CSR Committee meeting dates				Held during tenure	Attended	% of attendance
		May 3, 2022	July 28, 2022	January 24, 2023	March 7, 2023			
Mr. Prasan Abhaykumar Firodia	Chairperson	-	-	-	-	4	0	0
Mrs. Shradha Suri	Member	-	✓	✓	✓	4	3	75
Mr. Sunjay Kapur	Member	✓	✓	✓	✓	4	4	100
Mr. Ganesh Mani	Member	✓	✓	✓	✓	4	4	100

Mr. Ajay Pratap Singh, Company Secretary of the Company act as Secretary of the Committee.

#### The CSR Committee has the following terms of reference:

- Formulate and recommend to the Board the CSR Policy of the Company and any amendment thereto, from time to time, indicating the activities to be undertaken by the Company in area or subject, as specified in schedule VII of the Companies Act, 2013;
- Review and recommend the amount of expenditure to be incurred by the Company on the various CSR activities;
- Formulate and recommend the Annual CSR action plan to the Board, and recommend alteration to the approved annual CSR action plan to the Board;
- Ensure compliance of all the obligations cast upon it under the CSR policy of the Company and the annual CSR action plan approved by the Board;
- Monitor the adherence by the Company with the CSR Policy, from time to time;
- Ensure that the Company is taking appropriate measures to undertake CSR activities as mentioned in the CSR Policy;
- The CSR Committee shall have access to any internal information necessary to fulfill its oversight role;
- Perform other activities related to this Charter as requested by the Board of Directors or to address

issues related to any significant subject within its term of reference.

### 4. Stakeholders Relationship Committee

The Stakeholders Relationship Committee ("SRC") comprises of 3 (three) directors and out of them 2 (two) are non-executive and Independent Directors and one executive director, the Chairperson of the Committee is Independent Director. The Composition and role of the SRC is as per the requirement of Section 178 of the Companies Act, 2013 and rules made thereunder and the Listing Regulations.

As per section 178(7) of the Act and the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meeting of the Company.

#### Composition and Attendance (in brief):

67%

Independent Directors

3

Members

4

Meetings

67%

Attendance

The composition along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2022-23 is as below:

Name of Directors	Nature of Membership	SRC Committee meeting dates				Held during tenure	Attended	% of attendance
		May 3, 2022	July 28, 2022	October 28, 2022	January 24, 2023			
Mr. Prasan Abhaykumar Firodia	Chairperson	-	-	-	-	4	-	-
Mr. Jeffrey Mark Overly	Member	✓	✓	✓	✓	4	4	100
Mr. Vivek Vikram Singh	Member	✓	✓	✓	✓	4	4	100

Mr. Ajay Pratap Singh, Company Secretary and Compliance Officer of the Company act as Secretary of the Committee.

#### The SRC Committee has the following terms of reference:

- Consider and resolve grievances of security holders of our Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by our Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
- Review of various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrant/annual reports/statutory notices by the shareholders of our Company;

- To authorize affixation of Common seal of our Company, if any;
- Ensure proper and timely attendance and redressal of investor queries and grievances;
- Carrying out any other functions contained in the Companies Act and/or equity listing agreements (if applicable), as and when amended from time to time; and
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent.

#### Details of Shareholders'/Investors' Complaints:

During the Financial Year ended March 31, 2023, 46 complaints were received from shareholders, all of which have been attended/resolved to the satisfaction of the Shareholders. Most of these complaints related to dividend and asking for physical copy of the Annual Report of the Company. These complaints were duly resolved by the Company in co-ordination with its RTA.

As of date, there are no complaints pending regarding the share transfers pertaining to the year under review. Details relating to the number of complaints received and redressed during the Financial Year 2022-23 are as under:

No. of Investor/Shareholders complaints pending at the beginning of the Financial Year 2022-23	No. of Investor/Shareholders complaints received during the Financial Year 2022-23	No. of Investor complaints not resolved to the satisfaction of shareholders during the Financial Year 2022-23	No. of Investor complaints pending at the end of the Financial Year 2022-23
Nil	46	Nil	Nil

## 5. Risk Management Committee

The Risk Management Committee ("RMC") comprises of 3 (three) non-executive directors and 1 (one) executive director, of whom 1 (one) member including the Chairperson of the Committee is Independent Director. The Composition and role of the Risk Management Committee is as per the requirement of the Listing Regulations.

#### Composition and Attendance (in brief):

**25%**

Independent Directors

**4**

Members

**2**

Meetings

**100%**

Attendance



The composition of the Risk Management Committee of the Board of Directors of the Company, along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2022-23, is detailed below:

Name of Directors	Nature of Membership	RMC meeting dates		Held during tenure	Attended	% of attendance
		July 28, 2022	January 24, 2023			
Mr. Jeffrey Mark Overly	Chairperson	✓	✓	2	2	100
Mr. Ganesh Mani	Member	✓	✓	2	2	100
Mr. Sunjay Kapur	Member	✓	✓	2	2	100
Mr. Vivek Vikram Singh	Member	✓	✓	2	2	100

#### The Risk Management Committee has the following terms of reference:

- Formulate a detailed risk management policy which shall include:
  - i. framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined;
  - ii. measures for risk mitigation including systems and processes for internal control of identified risks;
  - iii. Business continuity plan.
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of our Company;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- Seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

- Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions.

#### 6. Environment, Social and Governance Committee

The Board of Directors of the Company has constituted an Environment, Social and Governance Committee for implementation of Environment, Social and Governance framework across all operations in India. The Environment, Social and Governance ("ESG") Committee comprises of 3 (three) non-executive directors and 1 (one) executive director, of whom 1 (one) member including the Chairperson of the Committee is Independent Director.

The Composition of the ESG Committee is detailed below:

Name of Directors	Nature of Membership
Mr. Jeffrey Mark Overly*	Chairperson
Mr. Sunjay Kapur	Member
Mr. Ganesh Mani	Member
Mr. Vivek Vikram Singh	Member

\*Mr. Jeffrey Mark Overly was appointed as member and Chairperson of the Committee w.e.f. September 17, 2022.

#### 7. Capex Committee

The Capex Committee comprises of (3) three non-executive directors. The role of the Committee is to approve new capex and shall also monitor the cash out flow granularly in an effective manner.

#### Composition and Attendance (in brief):

25%

Independent Directors

3

Members

5

Meetings

100%

Attendance

The composition of the Capex Committee, along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2022-23, is detailed below:

Name of Directors	Nature of Membership	Capex Committee meeting dates					Held during tenure	Attended	% of attendance
		May 3, 2022	July 28, 2022	October 28, 2022	January 24, 2023	March 24, 2023			
Mr. Sunjay Kapur	Chairperson	✓	✓	✓	✓	✓	5	5	100
Mr. Ganesh Mani	Member	✓	✓	✓	-	✓	5	4	80
Mr. Jeffrey mark Overly	Member	✓	✓	✓	✓	✓	5	5	100

## GENERAL BODY MEETINGS

Details of Annual General Meeting held during last three years and special resolutions passed thereunder are detailed below:

Year	Location	Date & Time	Whether any Special Resolution Passed	Special Resolutions Passed in the AGM by Shareholders	Web link for webcast/transcripts
2022	Video Conferencing/ other audio-visual means. Deemed location is the Registered Office of the Company at Sona Enclave, Village Begumpur Khatola, Sector-35, Gurugram-122004	July 14, 2022 at 12:00 noon (IST)	Yes	<ol style="list-style-type: none"> <li>To approve the payment of remuneration to Mr. Sunjay Kapur (DIN: 00145529), Chairperson and Non- Executive Director of the Company for the Financial Year 2022-23.</li> <li>To approve the remuneration of Mr. Vivek Vikram Singh (DIN: 07698495), Managing Director and Group Chief Executive Officer of the Company.</li> </ol>	<a href="https://sonacomstar.com/investor/investor-presentations">https://sonacomstar.com/investor/investor-presentations</a>
2021	Video Conferencing/ other audio-visual means. Deemed location is the Registered Office of the Company at Sona Enclave, Village Begumpur Khatola, Sector-35, Gurugram-122004	September 9, 2021 at 12:00 noon (IST)	Yes	<ol style="list-style-type: none"> <li>To approve the payment of remuneration to Mr. Sunjay Kapur (DIN: 00145529), Chairperson and Non- Executive Director of the Company for the Financial Year 2021-22.</li> <li>To approve the payment of remuneration or compensation to Non-Executive Directors (including Independent Directors) of the Company.</li> <li>To approve the payment of remuneration to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO of the Company.</li> </ol>	<a href="https://sonacomstar.com/investor/investor-presentations">https://sonacomstar.com/investor/investor-presentations</a>
2020	Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram-122004	December 31, 2020 at 11:00 a.m (IST)	Yes	<ol style="list-style-type: none"> <li>To increase borrowing powers of the board and authorisation limit to secure the borrowings under Section 180(1)(c) of the Companies, Act, 2013</li> <li>To increase the limit to create security /charge on the assets of the Company pursuant to Section 180(1) (a) of the Companies Act, 2013.</li> </ol>	-

No Special Resolution was passed through Postal Ballot during Financial Year 2022-23. Further, no Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

## PERFORMANCE EVALUATION

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and its Committees.

The Board of Directors based on the recommendation of Nomination and Remuneration Committee approved the Policy for evaluation of the performance of the Board of Directors of the Company and the policy is based on "Guidance note on Performance Evaluation" issued by the SEBI on January 5, 2017.

In accordance with the evaluation criteria specified in the policy, the Nomination and Remuneration Committee have carried out performance of individual directors and the Board have carried out the annual performance evaluation of the Board as a whole, its committees and individual directors. The Independent Directors at their separate meeting held on March 24, 2023 reviewed the performance of non-independent directors, the board as a whole and Chairperson of the Company after considering the views of executive and non-executive directors, the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation of the Board was based on criteria such as composition and structure of the Board, meetings of the Board, functions of the Board, succession planning, etc.

Evaluation of committees was based on criteria such as composition and working procedures of the committee, effectiveness of the committee, independence of the committee from the Board, contribution to the decisions of the Board etc.

Evaluation of the directors were based on criteria such as qualification and experience, knowledge and competency, attendance at the meetings etc.

The evaluation process involved a questionnaire-based approach followed by one-on-one discussions with all Board members by the Chairperson of the Nomination and Remuneration Committee and Chairperson of the Board. The Board evaluation process was completed for the Financial Year 2022-23. The summary of the evaluation was presented to the

Nomination and Remuneration Committee and the Board of Directors of the Company.

The feedback and results of the questionnaire were collated, and consolidated report was shared with the Board for improvements to its effectiveness. The overall performance evaluation exercise was completed to the satisfaction of the Board. The Board of Directors deliberated on the outcome and agreed to take necessary steps going forward.

### Policies

In accordance with Company's philosophy of adhering to the highest standards of ethical business and corporate governance and to ensure fairness, accountability, responsibility and transparency to all stakeholders, the Company, *inter-alia*, has the following policies and codes in place. All the policies have been uploaded on the website of the Company.

Name of the Policy	Website Link
Code of Conduct and Business Ethics	<a href="https://sonacomstar.com/files/policy/code-of-conduct-and-business-ethics-policy-yEZCTh.pdf">https://sonacomstar.com/files/policy/code-of-conduct-and-business-ethics-policy-yEZCTh.pdf</a>
Risk Management Policy	<a href="https://sonacomstar.com/files/policy/risk-management-policy-policy-NTCFLh.pdf">https://sonacomstar.com/files/policy/risk-management-policy-policy-NTCFLh.pdf</a>
Policy on Preservation of Documents	<a href="https://sonacomstar.com/files/policy/policy-on-prevention-of-documents-policy-tPw29X.pdf">https://sonacomstar.com/files/policy/policy-on-prevention-of-documents-policy-tPw29X.pdf</a>
Familiarisation Programme	<a href="https://sonacomstar.com/files/policy/familiarisation-programme-policy-bXLXH7.pdf">https://sonacomstar.com/files/policy/familiarisation-programme-policy-bXLXH7.pdf</a>
Policy on evaluation of performance of board of directors	<a href="https://sonacomstar.com/files/policy/policy-on-evaluation-of-performance-of-board-of-directors-policy-6WONEP.pdf">https://sonacomstar.com/files/policy/policy-on-evaluation-of-performance-of-board-of-directors-policy-6WONEP.pdf</a>
Policy on Preservation and Utilisation of Stationery, Blank Security Certificates and Warrants	<a href="https://sonacomstar.com/files/policy/policy-on-preservation-and-utilization-of-stationery-blank-security-certificates-and-warrants-policy-wi5JWH.pdf">https://sonacomstar.com/files/policy/policy-on-preservation-and-utilization-of-stationery-blank-security-certificates-and-warrants-policy-wi5JWH.pdf</a>
Code of conduct for Vendors	<a href="https://sonacomstar.com/files/policy/code-of-conduct-for-vendor-policy-ra1ALK.pdf">https://sonacomstar.com/files/policy/code-of-conduct-for-vendor-policy-ra1ALK.pdf</a>
Prevention of Sexual Harrassment Policy	<a href="https://sonacomstar.com/files/policy/policy-posh-policy-policy-s7Hmw2.pdf">https://sonacomstar.com/files/policy/policy-posh-policy-policy-s7Hmw2.pdf</a>
Anti-Bribery and Corruption Compliance Policy	<a href="https://sonacomstar.com/files/policy/anti-corruption-policy-policy-rOc91h.pdf">https://sonacomstar.com/files/policy/anti-corruption-policy-policy-rOc91h.pdf</a>
Code of Conduct for Prevention of Insider Trading	<a href="https://sonacomstar.com/files/policy/code-of-conduct-for-prevention-of-insider-trading-policy-mHAWqS.pdf">https://sonacomstar.com/files/policy/code-of-conduct-for-prevention-of-insider-trading-policy-mHAWqS.pdf</a>
Corporate Social Responsibility Policy	<a href="https://sonacomstar.com/files/policy/corporate-social-responsibility-policy-policy-K6JBXy.pdf">https://sonacomstar.com/files/policy/corporate-social-responsibility-policy-policy-K6JBXy.pdf</a>
Whistle Blower Policy	<a href="https://sonacomstar.com/files/policy/whistle-blower-policy-policy-MUwqe2.pdf">https://sonacomstar.com/files/policy/whistle-blower-policy-policy-MUwqe2.pdf</a>
Succession Planning Policy	<a href="https://sonacomstar.com/files/policy/succession-planning-policy-policy-SYOpD5.pdf">https://sonacomstar.com/files/policy/succession-planning-policy-policy-SYOpD5.pdf</a>
Policy on Related Party Transactions	<a href="https://sonacomstar.com/files/policy/policy-on-related-party-transactions-policy-UWODOU.pdf">https://sonacomstar.com/files/policy/policy-on-related-party-transactions-policy-UWODOU.pdf</a>
Policy on Board Diversity	<a href="https://sonacomstar.com/files/policy/policy-on-board-diversity-policy-sKCWRQ.pdf">https://sonacomstar.com/files/policy/policy-on-board-diversity-policy-sKCWRQ.pdf</a>
Policy for determining Material Subsidiaries	<a href="https://sonacomstar.com/files/policy/policy-for-determining-material-subsidiaries-policy-f3dEtf.pdf">https://sonacomstar.com/files/policy/policy-for-determining-material-subsidiaries-policy-f3dEtf.pdf</a>
Policy for determining Materiality	<a href="https://sonacomstar.com/files/policy/policy-for-determining-materiality-policy-0Db8qb.pdf">https://sonacomstar.com/files/policy/policy-for-determining-materiality-policy-0Db8qb.pdf</a>
Nomination and Remuneration Policy	<a href="https://sonacomstar.com/files/policy/nomination-and-remuneration-policy-policy-GXCIWS.pdf">https://sonacomstar.com/files/policy/nomination-and-remuneration-policy-policy-GXCIWS.pdf</a>
Fair Disclosure of Unpublished Price Sensitive Information	<a href="https://sonacomstar.com/files/policy/fair-disclosure-of-upsi-policy-yzFKhp.pdf">https://sonacomstar.com/files/policy/fair-disclosure-of-upsi-policy-yzFKhp.pdf</a>
Dividend Distribution Policy	<a href="https://sonacomstar.com/files/policy/dividend-distribution-policy-policy-oW38wX.pdf">https://sonacomstar.com/files/policy/dividend-distribution-policy-policy-oW38wX.pdf</a>
Code of Conduct Board and Senior Management	<a href="https://sonacomstar.com/files/policy/code-of-conduct-board-and-senior-management-policy-DISxoZ.pdf">https://sonacomstar.com/files/policy/code-of-conduct-board-and-senior-management-policy-DISxoZ.pdf</a>
Archival Policy	<a href="https://sonacomstar.com/files/policy/archival-policy-policy-d5uF7K.pdf">https://sonacomstar.com/files/policy/archival-policy-policy-d5uF7K.pdf</a>

## NOMINATION AND REMUNERATION POLICY AND REMUNERATION PAID TO DIRECTORS

The Nomination and Remuneration Committee determines and recommends to the Board, the compensation payable to the Directors, Key Managerial Personnel ("KMP") and Senior Management. Compensation of directors is approved at the shareholders meeting. Remuneration for the Executive Directors and Senior Management comprises fixed component

and variable component, including stock options, which is governed by the ESOP Scheme of Sona, as approved by the shareholders or any other plans as may be amended.

The Nomination and Remuneration Committee makes a periodic appraisal of the performance of executive directors based on appropriate performance criteria. As required under the Listing Regulations effective April 1, 2019, the Nomination



and Remuneration Committee recommend to the Board the payment of remuneration to the Senior Management. The Nomination and Remuneration Policy of the Company is

available on our website, at <https://sonacomstar.com/files/policy/nomination-and-remuneration-policy-policy-GXCIWS.pdf>

## Details of Remuneration paid to Directors and Key Managerial Personnel during the Financial Year 2022-23

### 1. Remuneration paid to Managing Director and Group Chief Executive Officer and the Key Managerial Personnel (KMP's) for the financial year ended 31st March 2023

Remuneration of the Managing Director & Group Chief Executive Officer and the KMP's are reviewed & recommended by NRC and approved by the Board of the Company.

The table below gives the remuneration paid to the Managing Director and Group Chief Executive Officer and the KMP's during the financial year ended 31st March 2023:

Name of Managing Director/ KMP's	Vivek Vikram Singh (Managing Director & Group CEO)		Rohit Nanda (Group CFO)		Ajay Pratap Singh (Vice President (Legal), Company Secretary & Compliance Officer)	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Salary (including perquisites)	20.41	21.70 <sup>^</sup>	18.93	18.82	5.76	5.43
Variable Pay	11.21	8.71	6.29	4.82	2.14	1.47
ESOP Perquisite Value	93.00 <sup>#</sup>	114.41	44.77 <sup>*</sup>	61.85	12.53 <sup>@</sup>	20.62
<b>Total</b>	<b>124.62<sup>**</sup></b>	<b>144.82</b>	<b>70.00</b>	<b>85.49</b>	<b>20.43</b>	<b>27.52</b>

<sup>^</sup> Also includes additional perquisite value of car as per the policy of the Company.

<sup>#</sup> Mr. Vivek Vikram Singh has been granted 6,62,088 Options under Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company, as approved by the shareholders in their extra ordinary general meeting held on 30th September 2020. Mr. Singh has exercised 2,20,696 Options during the year under review, the perquisite value of which is INR 93 million.

<sup>\*</sup> Mr. Rohit Nanda has been granted 3,57,900 Options under Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company. Mr. Rohit Nanda has exercised 1,19,300 Options during the year under review, the perquisite value of which is INR 44.77 million. There was no increase in his remuneration during the year under review.

<sup>@</sup> Mr. Ajay Pratap Singh has been granted 1,19,304 Options under Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company. Mr. Ajay has exercised 28,768 Options during the year under review, the perquisite value of which is INR 12.53 million. There was an increase of 5% in his remuneration during the financial year.

<sup>\*\*</sup> There was no increase in remuneration of Mr. Vivek Vikram Singh during the financial year. The variation in remuneration for the year under review, in comparison to previous year, is mainly due to change in perquisite value of ESOP. The total remuneration is within the limit approved by the shareholders in the Annual General Meeting held on 14th July 2022.

### 2. Remuneration paid to the Non-Executive Directors for the Financial Year ended on March 31, 2023

The Shareholders of the Company at the AGM held on September 9, 2021, approved payment of remuneration not exceeding 3% of the net profits of the Company, calculated in accordance with Section 198 of the Act, to be paid to Non-Executive Directors in a manner as decided by the Board of Directors, not exceeding INR 70,000,000 (Indian Rupees Seventy million) for each financial year.

The Non-Executive and Independent Directors of the Company are entitled to the sitting fees of: (a) INR 100,000 for attending each meeting of the Board and Audit Committee; (b) INR 50,000 for attending each meeting of other Committees of the Board of the Company.

Detail of the remuneration paid to the Non- Executive Directors during the Financial Year 2022-23 is as follows:

Directors	Sitting Fees	Commission*	(INR in million)
			Total
Mr. Sunjay Kapur	-	24	24.00
Mr. Prasan Abhay Kumar Firodia	0.65	-	0.65
Mr. Amit Dixit	-	-	-
Mr. Ganesh Mani	-	-	-
Mr. B.V.R. Subbu	1.75	2.25	4.00
Mrs. Shradha Suri	1.10	-	1.10
Mr. Jeffrey Mark Overly	2.3	5.9	8.20

\*Commission paid to the non-executive directors of the Company is within the overall limit approved by the Shareholders of the Company in their Annual General Meeting held on September 9, 2021.

The Company does understand that it is important to remunerate the independent directors well to get optimum benefit of their wisdom, experience and expertise for the benefit of all the stakeholders of the Company.

The commissions paid to the Non-Executive Directors is in accordance with the applicable laws and with the approval of the shareholders.

During the year under review, the Company did not grant any loans to any of its directors. There are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the sitting fees and commission paid to the Non-executive Independent Directors. Further, the criteria for making payment to non-executive Directors has been disclosed on the website of the Company at <https://sonacomstar.com/policies-and-codes>

Further, no notice period and severance fee are payable to directors of the Company as on March 31, 2023. The

Company has not granted any stock option to its non-executive directors.

In accordance with the provisions of Regulation 26(6) of the Listing Regulations, the Key Managerial Personnel, Director(s), Promoter(s) and Senior Management personnel have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company, save and except as stated in clause 14 of the Director's Report.

From the good Corporate Governance and industry practices, the Board of Directors on the recommendation of the Nomination and Remuneration Committee in its meeting held on 3rd May, 2023 has revised the Commission payable to the Independent Directors of Company with effect from 1st April, 2023, which is within the limit of remuneration approved by the shareholders in the 25th Annual General Meeting of the Company held on 9th September, 2021:

Name of the Director	Designation	Existing Commission (inclusive of sitting fees) paid annually	Proposed amount of Commission (excluding of sitting fees) paid annually
Mr. B.V.R Subbu	Non-Executive Independent Director	INR 4,000,000	INR 5,500,000
Mr. Prasan Abhaykumar Firodia	Non-Executive Independent Director	-	INR 5,500,000
Mr. Jeffrey Mark Overly	Non-Executive Independent Director	USD 100,000	USD 100,000
Mrs. Shradha Suri	Non-Executive Independent Director	-	INR 5,500,000

Further, the Board of Directors on the recommendation of the Nomination and Remuneration Committee in its meeting held on 3rd May, 2023 has revised the sitting fees to: a) INR 25,000 for attending each meeting of the Board; (b) INR 10,000 for attending each meeting of other Committees of the Board of the Company, for Independent Directors of the Company with effect from 1st April, 2023.

## ROLE OF COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings and to carry out such other functions as may be prescribed

in different Acts, Rules and Regulations. He interfaces between the management and regulatory authorities for governance matters.

## CEO & CFO CERTIFICATION

The Managing Director & Group CEO and the Group Chief Financial Officer ('CFO') of the Company are required to provide a compliance certificate to the Board of Directors in terms of Regulation 17(8) of Listing Regulations, copy of which was placed before the Board of Directors in their meeting held on May 3, 2023 and is annexed as **Annexure-I** of this Report.

## MEANS OF COMMUNICATION

The Company recognizes the importance of communication with Shareholders and promptly discloses information on material corporate developments and other events as required under the Listing Regulations. Full and timely disclosure of information regarding the Company's financial position and performance is an important part of our Company's corporate governance framework.

<b>Publication of Financials Results</b>	<p>Quarterly, half-yearly and annual financial results are published in 'Business Standard' in English language (all editions) and in Hindi language (Delhi edition).</p> <p>Further, the Company as a good corporate governance practice sends out the financial results of every quarter to its shareholders, whose email-ids are registered with their Depository Participant/ Registrar and Share Transfer Agent ("<b>RTA</b>") of the Company.</p>
<b>Website</b>	<p>The Company's website <a href="http://www.sonacomstar.com">www.sonacomstar.com</a> contains a dedicated segment called '<b>Investors</b>' where all information needed by members is available. Further, as per the requirement of National Stock Exchange of India Limited and BSE Limited, the Company has a separate sub tab under Investor i.e. "<b>Disclosure under Regulations 46 of Listing Regulations</b>", where the Company disclose information required under Regulations 46 of the Listing Regulations.</p> <p>The website, <i>inter-alia</i>, also displays information regarding schedule of analyst or institutional investor meet, presentation made to media/ analysts/ institutional investors, transcript &amp; recording of earnings calls, press releases, investors FAQ, shareholder's satisfaction survey, Sustainability Report, CSR details, stock information, shareholding patterns, quarterly corporate governance reports, details of unclaimed dividend, etc.</p>
<b>News Releases</b>	<p>All official news releases are sent to stock exchanges as well as displayed on the Company's website at <a href="https://sonacomstar.com/investor/newspaper-notice">https://sonacomstar.com/investor/newspaper-notice</a></p>
<b>BSE Listing Centre &amp; NEAPS (NSE Electronic Application Processing System)</b>	<p>All disclosures and communications to BSE Limited ("<b>BSE</b>") and National Stock Exchange of India Limited ("<b>NSE</b>") are filed electronically through BSE Listing Centre and NEAPS (including Digital Portal of NSE).</p>
<b>Annual Report and AGM Notices</b>	<p>In our endeavour to protect the environment, the Company sent the Annual Report and AGM notices for the year 2021- 22 through e-mails to those members who had registered their e-mail ids with either their depository participant ("<b>DP</b>") or the Registrar &amp; Transfer Agent ("<b>RTA</b>") or the Company. This helped the Company in saving a significant cost towards printing and dispatch of Annual report and AGM Notice.</p>
<b>Exclusive e-mail id's for investors</b>	<p>Following e-mail ids have been exclusively dedicated for the investors' queries: <a href="mailto:investor@sonacomstar.com">investor@sonacomstar.com</a> and <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a></p>
<b>FAQs for the Shareholders</b>	<p>The Investor Relations page of the Company's website provides Frequently Asked Questions on various topics related to transfers, transmissions and transposition of shares, dematerialisation/ rematerialisation, KYC updation, nomination, change of address, loss of share certificates. In addition, various downloadable forms required to be executed by the Shareholders have also been provided on the website of the Company viz. <a href="https://sonacomstar.com/investor-relations">https://sonacomstar.com/investor-relations</a></p>
<b>Shareholders Satisfaction Survey</b>	<p>The Company have voluntarily placed shareholders survey page on their website to facilitate the engagement of Shareholders and is an endeavour to improve shareholders services which can be assessed at <a href="https://sonacomstar.com/shareholders-survey">https://sonacomstar.com/shareholders-survey</a>, shareholders can submit their feedback. The Company's Officials based on the feedback received from the shareholders, contact them and try to resolve all their queries in the best possible way.</p>
<b>Reminder emails</b>	<p>Reminders are, <i>inter-alia</i>, sent to shareholders for registering their PAN, KYC &amp; nomination details and unclaimed dividend thereto.</p>
<b>Analysts Presentation</b>	<p>The presentations on performance of the Company are placed on the Company's website at <a href="https://sonacomstar.com/investor/investor-presentations">https://sonacomstar.com/investor/investor-presentations</a> for the benefit of the institutional investors, analysts and other shareholders immediately after the conclusion of investors call for the financial results.</p> <p>The Company also conducts calls/meetings with investors immediately after declaration of financial results to brief them on the performance of the Company.</p> <p>The Company also uploaded on its website transcript and audio recordings of the analyst meet on a regular basis.</p>

## GENERAL SHAREHODLER'S INFORMATION

<b>1. Date, time and venue of the Annual General Meeting</b>	Wednesday, July 19, 2023 at 12:00 Noon (IST) through video conferencing (VC) / other audio-visual means (OAVM).
<b>2. Financial Year</b>	Financial Year of the Company is from April 1, 2022 to March 31, 2023.
<b>3. Dividend payment</b>	<p>The Board of Directors in its meeting held on January 24, 2023 has declared an interim dividend of INR 1.28 per equity share of the Company having face value of INR 10 each to those shareholders whose names appear in the register of members / beneficial owners on February 6, 2023. The dividend was paid on February 20, 2023 directly to the bank accounts of members wherever the particulars were available and the Demand Draft were dispatched to those shareholders, whose bank details were not available with the Company or their depository.</p> <p>The Board of Directors at their meeting held on May 3, 2023 has recommended payment of INR 1.53 per Equity Share of the Company having face value of INR 10 each as final dividend for the Financial Year ended 31<sup>st</sup> March, 2023 to the shareholders of the Company. The final dividend will be paid to those shareholders whose names appear in the register of members / beneficial owners on Friday, June 30, 2023. The payment of final dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.</p>
<b>4. Listing of Equity Shares at Stock Exchanges and Payment of Listing Fees</b>	<p>The Equity Shares of the Company are listed on the following exchanges w.e.f. June 24, 2021:</p> <ol style="list-style-type: none"> <li>1. BSE Limited (BSE) Floor 25, P. J. Towers, Dalal Street, Mumbai – 400 001; and</li> <li>2. National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051</li> </ol> <p>The Company has paid the Annual listing fees to both above mentioned Stock Exchanges for FY 2023-24.</p>
<b>5. Stock Code/Symbol</b>	<p>BSE Scrip Code: <b>543300</b></p> <p>NSE Symbol: <b>SONACOMS</b></p> <p>ISIN: <b>INE073K01018</b></p>

### 6. Market price data- high, low during each month in last Financial Year

The Equity Shares of the Company have been listed on the BSE Limited and National Stock Exchanges of India Limited and below table provide the monthly high and low prices of the Company's equity shares on BSE and NSE for the Financial Year 2022-23:

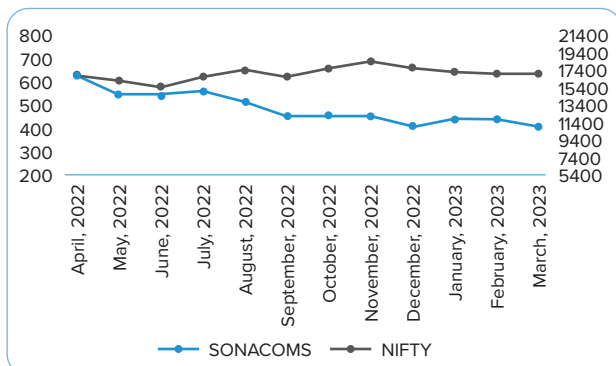
Month	BSE		NSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
April, 2022	688.00	610.50	688.00	610.90
May, 2022	640.15	519.95	639.80	519.05
June, 2022	608.70	537.10	608.20	536.50
July, 2022	586.20	546.05	586.80	545.90
August, 2022	607.65	505.00	607.00	507.20
September, 2022	548.25	455.35	548.40	455.25
October, 2022	496.95	453.05	497.05	453.00
November, 2022	485.95	426.45	485.90	426.30
December, 2022	483.35	397.35	483.55	398.05
January, 2023	464.45	407.30	464.85	407.10
February, 2023	477.85	440.75	477.90	438.00
March, 2023	466.50	401.10	466.55	401.10



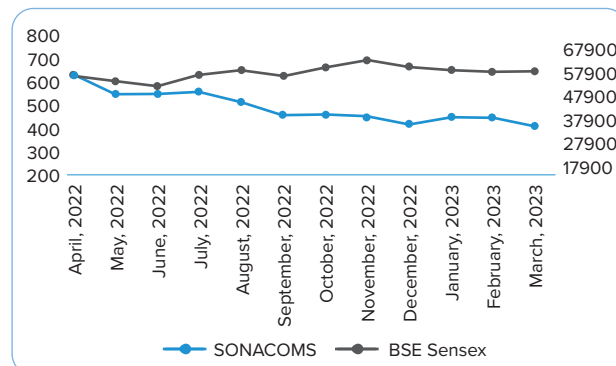
## 7. Stock performance in comparison to broad-based indices

The chart below shows the comparison of the Company's monthly share price movement vis-à-vis the movement of the NSE Nifty and BSE Sensex for the Financial Year ended March 31, 2023 (based on the month end closing):

### SONACOMS and NIFTY



### SONACOMS and SENSEX



## 8. In Case the Securities of the Company are Suspended from Trading, the Reasons Thereof

Not Applicable

## 9. Registrar & Share Transfer Agent

### KFin Technologies Limited

Selenium, Tower-B, Plot No. 31 & 32,  
Financial District, Nanakramguda, Serilingampally  
Mandal, Hyderabad – 500 032  
Tel: 040-2342 0818, 6716 2222  
Fax: 040-2342 0814, 2300 1153  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

## 10. Share Transfer System

As mandated by SEBI, securities of listed companies can only be transferred in dematerialized form. The shares can be transferred by shareholders only through their Depository Participant.

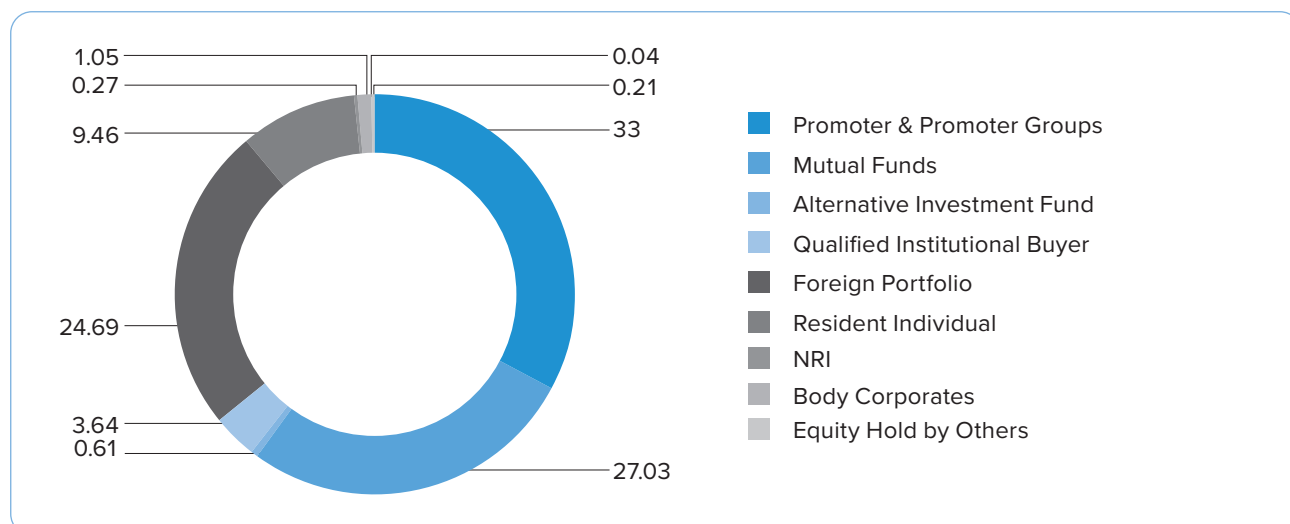
## 11. Category of shareholding as on March 31, 2023

S. No.	Shareholders' Category	No. of Shareholders	Total Shares	% Equity
1.	Promoter & Promoter Groups	6	19,32,10,655	33.00
2.	Mutual Funds	20	15,82,37,608	27.03
3.	Alternative Investment Fund	16	35,89,097	0.61
4.	Qualified Institutional Buyer	12	2,12,84,509	3.64
5.	Foreign Portfolio Investors	201	14,45,64,746	24.69
6.	Resident Individual	4,70,955	5,53,61,646	9.46
7.	NRI	4,099	15,87,145	0.27
8.	Body Corporates	1,428	61,61,528	1.05
9.	HUF	5,716	12,02,284	0.21
10.	Others	64	2,05,364	0.04
	<b>Total</b>	<b>4,82,517</b>	<b>58,54,04,582</b>	<b>100</b>

The Stakeholders Relationship Committee meets every quarter to, *inter-alia*, consider and attend to Shareholders' grievances and took note of the compliance report of RTA etc.

Pursuant to Regulation 40 of Listing Regulations, no requests for effecting transfer of securities have been processed unless the securities are held in the dematerialised form with the depository with effect from April 1, 2019. However, this restriction shall not be applicable to request received for effecting transmission or transposition of physical shares. Further, SEBI vide its Circular dated January 25, 2022, has mandated that securities shall be issued only in dematerialized mode while processing duplicate/unclaimed suspense/ renewal /exchange / endorsement /sub-division/ consolidation/ transmission/transposition service requests received from physical securities holders.

## Shareholders Category



## 12. Shareholders holding more than 1% of the shares as on 31st March, 2023

The details of shareholders (other than promoters and promoter group) holding more than 1% of the equity share of the Company as on March 31, 2023 are as follows:

S. No.	Name of the shareholder(s)	No. of shares	% (percentage of holding)
1.	Axis mutual fund trustee limited	3,68,16,647	6.29
2.	SBI Mutual Fund	3,48,44,885	5.95
3.	Mirae Mutual Fund	3,36,85,443	5.75
4.	Government of Singapore	3,13,42,849	5.35
5.	Aditya Birla sun life trustee private limited	1,27,33,715	2.18
6.	Canara Robeco mutual fund	85,08,581	1.45
7.	ICICI prudential life insurance company limited	76,28,794	1.30
8.	Fidelity funds - sustainable asia equity fund	75,89,644	1.30
9.	BNP Paribas arbitrage	73,91,194	1.26
10.	Monetary authority of Singapore	73,02,053	1.25
11.	Sundaram mutual fund	71,61,087	1.22
12.	HDFC mutual fund	66,18,609	1.13
13.	Societe Generale	60,85,533	1.04
<b>Total</b>		<b>20,77,09,034</b>	<b>35.47</b>

### 13. Dematerialisation of Shares and Liquidity

As on 31st March, 2023, all the equity share of the Company is in Demat form except for two equity shares which are in physical form. The promoter and promoter group of the Company hold all equity shares in dematerialised form.

The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and the Company's equity shares are frequently traded on both the stock exchanges.

#### Lock in details of the equity share capital of the Company as on 31st March, 2023 are as follows:

S. No.	Name of Shareholder(s)	Category	No. of equity shares	Lock-in Release Date
1.	Aureus Investment Private Limited	Promoter	11,66,57,968	21.06.2024
<b>Total</b>			<b>11,66,57,968</b>	

### 14. Outstanding GDRs/ADRs/warrants or any convertible instruments conversion date and likely impact on equity

Not Applicable

to hedge certain of our foreign currency exchange risks relating to our business.

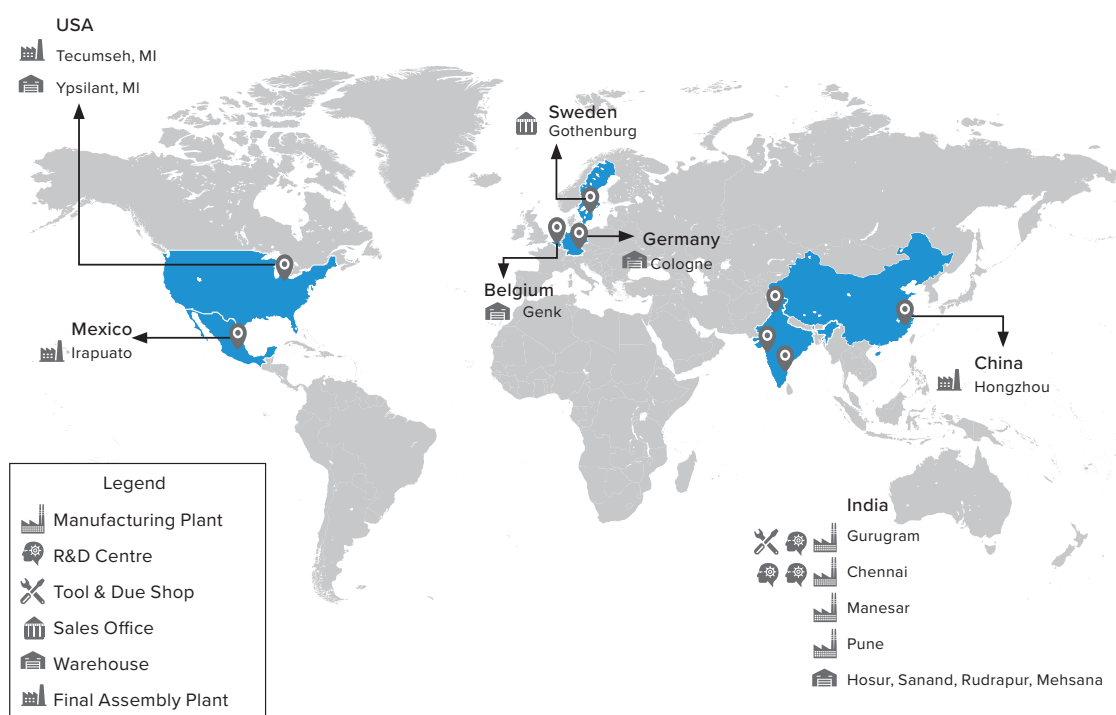
### 15. Commodity price risk or foreign exchange risk and hedging activities

Your Company operate internationally and a large portion of the business is transacted mainly in US\$. Consequently we are exposed to foreign exchange risk through our sales and services in the USA, Europe, China and other countries across the world, and purchases from overseas suppliers in various foreign currencies. The Company employ financial instruments, primarily forward contracts

### 16. Plant Locations

Your Company along with its subsidiaries has nine manufacturing and assembly plants across India, China, Mexico and USA, of which six are located in India.

Your Company's manufacturing facilities (manufacturing and assembly plant) are located at Gurugram, Manesar, Pune, Chennai, Hangzhou, Mexico, Tecumseh. The following map shows the locations of our manufacturing and assembly plants, R&D centers, warehouses, tool and die shop and sales office as at 31st March 2023.



### Detailed address of each of the Plant of the Company and its subsidiaries are as follows;

#### Gurugram Plants

##### Unit I, II and III

Sona Enclave, Village Begumpur Khatola Sector 35, P.O. - 90 Gurugram (Haryana) - 122 004, INDIA +91 124 476 8200 +91 124 410 4639

#### Manesar Plant

Plot No -13, Sector 2, IMT Manesar Gurugram (Haryana) – 122 051, INDIA

#### Pune Plant

A-78/2, MIDC, Chakan Industrial Phase- 2, Wasuli, Pune – 410 501, INDIA

#### Chennai Plant

Keelakaranai Village, Malrosapuram Post Maraimalai Nagar, Chengalpattu – 603 204 Tamilnadu, INDIA +91 44 7147 3700 +91 44 7147 3737

#### USA

Comstar Automotive LLC USA  
900 Industrial Drive, Tecumseh, MI – 49286, USA

#### Mexico

Comstar Automotive Technologies Mexicana, S.DE R.L. DE C.V.

Logistica Integral del Bajío Bodega 1 and 3 of Irapuato No. 204, corner with Salamanca Fraccionamiento Ciudad Industrial C.P. 36541, Irapuato, Guanajuato, MEXICO

#### China

Comstar Automotive (Hangzhou) Co., Ltd.  
No: 557-1, Gaotang Road,  
Guali Xiaoshan, Hangzhou  
PRC, 311243 CHINA

### 17. Address for correspondence

Shareholders may correspond with the Registrar and Transfer Agent at:

#### Kfin Technologies Limited

Selenium, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032

Tel: 040-2342 0818, 6716 2222

Fax: 040-2342 0814, 2300 1153

E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Website: [www.kfintech.com](http://www.kfintech.com)

Toll Free No.: 1800 3454 001

Your Company has also designated [investor@sonacomstar.com](mailto:investor@sonacomstar.com) as an exclusive email ID for Investors for the purpose of registering complaints and the same has been displayed on the Company's website.

For all investor related matters, the Company Secretary & Compliance Officer can also be contacted at:

Sona Enclave Village, Begumpur Khatola, Sector 35, Gurugram, Haryana – 122004, India

Telephone: +91 0124 476 8200.

Contact Person: Ajay Pratap Singh, Vice President (Legal), Company Secretary and Compliance Officer

E-mail: [Investor@sonacomstar.com](mailto:Investor@sonacomstar.com)

Further, the Institutional Investor(s) can contact to Mr. Amit Mishra, Head Investor Relations of the Company for any grievances at;

Mr. Amit Mishra

Sona BLW Precision Forgings Limited

Sona Enclave Village, Begumpur Khatola, Sector 35, Gurugram, Haryana – 122004, India

E-mail: [amit.mishra@sonacomstar.com](mailto:amit.mishra@sonacomstar.com)

Telephone: +91 0124 476 8200

Your Company can also be visited at its website:

[www.sonacomstar.com](http://www.sonacomstar.com)

### 18. List of all credit ratings obtained by the Company along with any revisions thereto, for all debt instruments of the Company or any fixed deposit programme or any scheme or proposal of the Company involving mobilisation of funds, whether in India or abroad

During the Financial Year 2022-23, the Company does not have any debt instruments or any Fixed Deposit Programme or any scheme or the proposal of the Company involving mobilisation of funds in India or abroad. The credit rating of the Company can be accessed at <https://sonacomstar.com/investor/credit-rating>

#### Other Disclosures

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

#### Related Party Transaction

During the year under review, all related party transactions entered into by the Company, were approved by the Audit Committee and were in the ordinary course of business and at arm's length basis. Prior omnibus approval is obtained for the recurring transactions with the related parties and the unforeseen related party transactions which would be in the ordinary course of business and on an arm's length basis.

The Company did not enter into any material related party transactions. The details of the related party transactions are set out in the notes to financial statements forming part of this Annual Report. Further, the related party



transactions undertaken by the Company were in compliance with the provisions set out in the Act read with the Rules issued thereunder and relevant provisions of the Listing Regulations.

The Audit Committee reviews at least on a quarterly basis, the details of related party transactions, entered into by the Company pursuant to the omnibus approval granted. The Audit Committee, during the Financial Year 2022-23, has approved related party transactions along with granting omnibus approval in line with the Policy on related party transactions and the applicable provisions of the Act read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force).

During the year, no materially significant transaction was entered into by the Company with its related parties that may have a potential conflict with the interests of the Company.

The policy on dealing with related party transactions is disclosed on the Company's website at <https://sonacomstar.com/policies-and-codes>

### **Separate Post of Chairperson and CEO**

Your Company has separate post of Chairperson and CEO. Mr. Sunjay Kapur is the Chairperson and Non- Executive Director of the Company, Mr. Vivek Vikram Singh is the Managing Director and Group CEO of the Company.

### **Details of Non-Compliance**

No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital market, during the last three years.

Your Company has complied with all the requirements of regulatory authorities.

### **Vigil Mechanism/Whistle Blower Policy**

Your Company has in place Vigil Mechanism/ Whistle Blower Policy. During the year, no personnel has been denied access to the Audit Committee.

The Whistle Blower Policy of the Company is available on the website of the Company and can be access at <https://sonacomstar.com/policies-and-codes>

The details about the vigil mechanism form part of the Board's Report.

### **Policy on Board Diversity**

The Nomination and Remuneration Committee has framed a policy for Board Diversity which lays down the criteria for appointment of Directors on the Board of your Company and guides organisation's approach to Board Diversity.

Your Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, race and gender, which will ensure that the Company retains its competitive advantage. The Company further believes that a diverse Board will contribute towards driving business results, make corporate governance more effective, enhance quality and responsible decision-making capability, ensure sustainable development and enhance the reputation of the Company.

The Board of Directors is responsible for review of the policy from time to time. The policy on Board Diversity has been placed on the Company's website at <https://sonacomstar.com/files/policy/policy-on-board-diversity-policy-sKCWRQ.pdf>

### **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

All the mandatory requirements have been duly complied with and certain discretionary disclosure requirements were undertaken.

### **Material Subsidiaries**

The Company does not have any material subsidiary company in terms of Regulation 16 of the Listing Regulations. The synopsis of the minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company on quarterly basis. The Audit Committee reviews the financial statements including investments by the unlisted subsidiaries of the Company.

The management periodically brings to the notice of the Audit Committee and the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiaries, if any.

The policy for determining material subsidiaries is available on the Company's website at <https://sonacomstar.com/policies-and-codes>

### **Disclosure of Commodity Price Risk and Commodity Hedging Activities**

Major commodities used in the manufacturing processes of the company include steel, copper and aluminium. Most of our customer contracts have a benchmark price pass through arrangement for steel and steel alloys in case of differential gears and differential assemblies and copper in case of starter motors. Aluminium price pass through is also available in some of the customer contracts. For the remaining contracts of starter motors, the company has exposure to fluctuation in prices of steel and aluminium for which the company does not undertake any hedging contracts.

## Details of Subsidiaries of the Listed Entity

The details of Subsidiaries of the Company are given below:

S. No.	Name of the Subsidiaries	Place of Incorporation	Date of Incorporation	Statutory Auditors
1	Comstar Automotive Technologies Services Private Limited	India	12.11.2012	Walker Chandiook & Co LLP
2	Sona Comstar eDrive Private Limited	India	12.11.2020	Walker Chandiook & Co LLP
3	Comstar Automotive USA LLC	Unites States of America	09.10.2012	Moss, Krusick and Associates LLC
4	Comstar Automotive Hongkong Limited	Hong Kong	21.05.2015	Grant Thornton Hong Kong Limited
5	Comestel Automotive Technologies Mexicana Ltd	Hong Kong	09.10.2017	Grant Thornton Hong Kong Limited
6	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	17.01.2017	Salles Sainz-Grant Thornton, S.C
7	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V;	Mexico	17.01.2017	Salles Sainz-Grant Thornton, S.C
8	Comstar Automotive (Hangzhou) Co. Ltd	China	27.08.2015	Grant Thornton Zhitong Certified Public Accountant LLP
9	Comstar Hong Kong Mexico No. 1, LLC (dormant)	USA	01.12.2016	NA (Dormant Status)

## Details of Utilisation of Funds of Preferential Allotment/QIP

The Company has not raised funds through Preferential Allotment/QIP during the year under review.

## Certificate from Company Secretary in Practice regarding Non-Debarment and Non-Disqualification of Directors

A certificate from M/s. PI & Associates, Company Secretaries certifying that none of the Directors on the Board of the Company have been debarred or disqualified

from being appointed or continuing as Directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority, is attached as **Annexure-J** to this report.

## Acceptance of Recommendation of Board Committees

During the Financial Year 2022-23, there was no recommendation of any committee of the Board of the Company which is mandatorily required and not accepted by the Board of the Company.

## Fees paid to Statutory Auditors

The details of fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which statutory auditors are part of, are given below:

S. No.	Name of the Entities	Relationship with the Company	Details of Services	Amount (INR in million)
1	Sona BLW Precision Forgings Limited	Company	Statutory Audit & Certification fees	11.97
2	Comstar Automotive Technologies Services Private Limited	Subsidiary	Statutory Audit & compliance services Fees	0.35
3	Sona Comstar eDrive Private Limited	Subsidiary	Statutory Audit & certification Fees	0.05
4	Comstar Automotive USA LLC	Subsidiary	Audit Fee, Inventory Observation & Income tax returns Fees	1.05
5	Comstar Automotive Hongkong Limited	Subsidiary	Statutory Audit	0.04
6	Comestel Automotive Technologies Mexicana	Subsidiary	Statutory Audit	0.66
7	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Subsidiary	Statutory Audit	0.74
8	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V;	Subsidiary	Statutory Audit	0.78
9	Comstar Automotive (Hangzhou) Co. Ltd	Subsidiary	Statutory Audit	1.46
	<b>Total</b>			<b>17.10</b>

### **Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013**

The Company has in place a policy on Prevention of Sexual Harassment at the Workplace. For further details in this regard, please refer to the Board's Report forming part of this annual report.

### **Details of Complaints received and redressed during the Financial Year 2022-23**

- a. number of complaints received during the Financial Year: **None**
- b. number of complaints disposed of during the Financial Year: **None**
- c. number of complaints pending as on end of the Financial Year: **None**

### **Disclosure of 'Loans and advances by the Company and its subsidiaries to the firms/companies in which directors are interested by name and amount**

During the Financial Year 2022-23, there was no loans/advances provided by the Company and its subsidiaries to the firms/companies in which directors of the Company or its subsidiaries are interested.

### **Non-compliance of any requirement of corporate governance report with reasons thereof;**

All the requirements of Corporate Governance Report of sub paragraphs (2) to (10) Para C of Schedule V of Listing Regulations have been duly complied with.

### **Adoption of discretionary requirements as specified in part E of schedule II have been adopted**

The Company has complied with the requirement of para A of part E of Schedule II to Listing Regulations and Mr. Sunjay Kapur, Chairperson and Non-Executive Director of the Company is holding the position of the Chairperson.

### **Compliance certificate from M/s PI & Associates, practicing company secretaries regarding compliance of conditions of corporate governance is annexed as Annexure-K**

### **Disclosures with respect to demat suspense account/ unclaimed suspense account**

As on March 31, 2023, no equity share of the Company was in the **demat suspense account/ unclaimed suspense account** of the Company.

### **Details of Unclaimed Dividend**

The Company has sent the physical reminder letters to all those shareholders, who have not claimed their interim/ final dividend till November 30, 2022, at their registered address with the Company/Depository Participants on December 22, 2022.

Further, the Company as a good corporate governance practice has sending the financial results of every quarter to the shareholders of the Company, whose email id are registered with the Company/Depository Participants (**DPs**) and also informed them to update their contact and bank details with their DPs, for timely receipt of dividend amount and communications from the Company. The detail of Unclaimed Dividend is available on the website of the Company at: <https://sonacomstar.com/unclaimed-dividend>

### **Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by Institute of Chartered Accountants of India. The significant accounting policies, which are consistently applied, have been set out in the Notes to the Accounts. Business risk evaluation and management is an ongoing process within the organisation. The Company has adequate systems of internal control to ensure reliability of financial and operational information and compliance with all statutory /regulatory compliances.

## Annexure - B1

## Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### 1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director and Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in the financial year 2022-23:

S. No.	Name of the Directors and KMPs	Designation	Remuneration (INR in million)	Ratio of Remuneration of Directors to the Median Remuneration of employees	% increase of remuneration in financial year 2022-23-
1.	Sunjay Kapur	Chairperson and Non-Executive Nominee Director	24	27.91	-
2.	Amit Dixit	Non-Executive Nominee Director	-	-	-
3.	Ganesh Mani	Non-Executive Nominee Director	-	-	-
4.	Prasan Abhaykumar Firodia	Independent Director	0.65	0.76	-
5.	B.V.R Subbu	Independent Director	4.00#	4.65	-
6.	Shradha Suri	Independent Director	1.10	1.28	-
7.	Jeffrey Mark Overly	Independent Director	8.20#	9.53	-
8.	Vivek Vikram Singh	Managing Director and Group Chief Executive Officer	124.62*	144.91	Nil
9.	Mr. Rohit Nanda	Group CFO & Chief Risk Officer	70.00^	81.40	Nil
10.	Mr. Ajay Pratap Singh	Vice President (Legal), Company Secretary and Compliance Officer	20.43@	23.76	5%

~While calculating the percentage increase in remuneration, the perquisites value of ESOPs is not considered.

# Includes sitting fees and commission for the Financial Year 2022-23.

\*Includes perquisite value of INR 93 million on account of exercise of 220,696 Options during the year under review under the Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company.

^Includes perquisite value of INR 44.77 million on account of exercise of 1,19,300 Options during the year under review under the Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company.

@Includes perquisite value of INR 12.53 million on account of exercise of 28,768 Options during the year under review under the Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company.

### 2. The percentage increase in the median remuneration of employees in the Financial year 2022-23:

Median remuneration of previous year 2021-22 (INR in million)	Median remuneration of current year 2022-23 (INR in million)	% increase#
0.82	0.86	4.88%

# While calculating the percentage increase in remuneration, the perquisites value of ESOPs is not considered.



**3. The number of permanent employees on the roll of the Company as on March 31, 2023:**

1315 employees

**4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

S. No.	Particulars	Average % increase*
1.	Increase in salary of Key Managerial Personnel	1.67%
2.	Increase in salary of employee (other than Managerial Personnel)	11.82%

\*Includes only increase in the Salary

The average annual increase in the salaries of employees is based on Key Performance Indicators (**KPI's**) set at the beginning of the year and the variable pay is based on the KPI's achieved and performance rating given during the year.

Variable pay is calculated on a combination of individual performance based on defined KPI's and Company's performance.

**5. Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

By order of Board of Directors  
For **SONA BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairperson and Non-Executive Director  
DIN:00145529

Place: Gurugram  
Date: 3rd May, 2023

## Annexure - B2

## Information pursuant to Section 197(12) read with Rule 5(2) &amp; (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended 31st March, 2023.

## I. Details of the Employees Employed for Full Year:

S. No.	Name	Designation	Remuneration* Received (INR in million)	Nature of Employment (Contractual or otherwise)	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held by the employee before joining the Company	Percentage Of equity shares held by the employee in the Company
1.	Mr. Vivek Vikram Singh	Managing Director & Group Chief Executive Officer	124.62	Permanent	Bachelor's degree in technology (computer science and engineering) from HBTI, Kanpur and a post graduate diploma in Management from the Indian Institute of Management, Ahmedabad	17	44	1 <sup>st</sup> July, 2016	JTEKT India Ltd.	0.038%
2.	Mr. Vikram Verma Vadapalli	Chief Executive Officer	88.96	Permanent	Bachelor's degree of technology in Mechanical Engineering- Karnataka Regional Engineering College, Surathkal	41	63	1 <sup>st</sup> April, 2007	JTEKT India Ltd.	0.041%
3	Mr. Sat Mohan Gupta	Chief Executive Officer	87.30	Permanent	M.com and member of CMA	39	61	10 <sup>th</sup> November, 1997	Daewoo Motor India Ltd	0.036%
4.	Mr. Rohit Nanda	Group Chief Financial Officer & Group Chief Risk Officer	70.00	Permanent	B.Com and Chartered Accountant	27	50	11 <sup>th</sup> April, 2019	Usha Martin Ltd.	0.011%
5.	Mr. Kiran Manohar Deshmukh	Group Chief Technology Officer	26.85	Permanent	Bachelor's degree of technology in metallurgical engineering from the Indian Institute of Technology, Bombay	47	69	1 <sup>st</sup> July, 2019	SKAP Forging Private Limited	0.005%
6.	Mr. Ranganathan Balaji	Chief Operating Officer	25.82	Permanent	B Tech & Post Graduate Diploma in International Business from IIFT.	34	54	1 <sup>st</sup> April, 2017	JTEKT India Ltd.	0.008%
7.	Mr. Ajay Pratap Singh	Vice President (Legal), Company Secretary & Compliance Officer	20.43	Permanent	LLB from University of Delhi, Company Secretary and Certificate in Competition Law from IICA, New Delhi	22	48	24 <sup>th</sup> February, 2020	Hindustan Construction Company Limited, Mumbai	0.001%
8.	Mr. Praveen Chakrapani Rao	Senior Vice-President- R & D Management	19.33	Permanent	BE and MS	31	53	8 <sup>th</sup> February, 1998	TACO VISTEON	0.004%
9.	Mr. Vaithyanathan M	Senior Vice President- Operations	15.6	Permanent	B.TECH, MBA, PGDMM	32	56	20 <sup>th</sup> November, 2007	LUCAS TVS LTD	0.002%
10.	Mr. Muruganandam R	Vice President-R & D Management	14.55	Permanent	BE (ECE), MS (Electro. & Ctrls)	34	56	9 <sup>th</sup> July, 1999	LTM LTD CHENNAI (L&T -MCNEIL LTD)	0.004%

\*Includes perquisite value on account of exercise of Options under the Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company.

Notes: No employee is a relative of any Director of the Company. There is no employee employed for the part of the year within the prescribed threshold.

By order of Board of Directors  
For **SONA BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairperson and Non-Executive Director  
DIN: 00145529

Place: Gurugram  
Date: May 03, 2023

## PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.

### **Details of contracts or arrangements or transactions not at arm's length basis**

There were no contracts or arrangements, or transactions entered into during the year ended 31st March 2023, which were not at arm's length basis.

### **Details of material contracts or arrangement or transactions at arm's length basis**

There were no material contracts or arrangements, or transactions entered into during the year ended 31st March 2023.

For and on behalf of the Board of Directors

Place: Gurugram  
Date: May 3, 2023

**Sunjay Kapur**  
(Chairperson and Non-Executive Director)

## FORM NO. MR - 3

## DRAFT SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

To,

**The Members,****SONA BLW Precision Forgings Limited  
L27300HR1995PLC083037**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sona BLW Precision Forgings Limited (Hereinafter called "the Company")**. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon for the financial year ended on March 31st, 2023 ("**Audit Period**"). The Company is engaged in the business of manufacturing of automobile parts, components, assemblies and accessories. The Company is listed on National Stock Exchange of India Limited and BSE Limited

**Limitation of the Auditors**

- (i) Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the Audit Period, complied with the statutory provisions listed hereunder; and
- (ii) Based on the management representation, confirmation and explanation wherever required by us, the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

**Auditors Responsibility**

- (i) Our responsibility is to express the opinion on the compliance with the applicable laws and maintenance of records based on audit. We conducted our audit in accordance with the Guidance Note on Secretarial Audit ("**Guidance Note**") and Auditing Standards issued by the Institute of Company Secretaries of India ("**ICSI**"). The Guidance Note and Auditing Standards require that we comply with statutory and regulatory requirements and also that we plan and perform the audit so as to obtain reasonable assurance about compliance with applicable laws and maintenance of records.
- (ii) Due to the inherent limitations of an audit including internal, financial and operating controls, there is an

unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

- (iii) Our audit involves performing procedures to obtain audit evidence about the adequacy of compliance mechanism exist in the Company to assess any material weakness and testing and evaluating the design and operating effectiveness of compliance mechanism based upon the assessed risk. The procedures selected depend upon the auditor's judgement, including assessment of the risk of material non-compliance whether due to error or fraud.
- (iv) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Board processes and compliance mechanism.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period, according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not Applicable during the year under review**)



- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable during the year under review)**
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable during the year under review)**
- h. The Securities and Exchange Board of India (Buy - back of Securities) Regulations, 2018; **(Not Applicable during the year under review)**
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and
- j. The Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018.

It is further reported that with respect to the compliance of other applicable laws, we have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances under general laws (including Labour Laws, Tax Laws, etc.) and as informed to us, there are no laws which are specifically applicable to the Company.

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

- (i) Secretarial Standards issued by the ICSI wherein the Company is generally complying with the standards; and
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) and Listing Regulations

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

**We further report that:**

- (i) The Board of Directors of the Company was duly constituted with proper balance of Executive Director(s), Non-Executive Directors and Independent Directors during the Audit Period. There were no changes that took

place in the composition of the Board of Directors during the Audit Period.

- (ii) Further, the composition of all statutory committee(s) was also in compliance with the Act and applicable Rules and Regulations.
- (iii) Adequate notice was given to all directors to schedule the Board Meetings, Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except where meeting(s) was held on shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (iv) The majority of decisions were carried through and there were no instances where any director expressed any dissenting views.

**We further report that** in our opinion, the Company has, in all material respects, adequate systems and processes commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

**We further report that** except in the normal course of business there was a following event occurred in the Company having major bearing on the Company's affairs during the audit period.

- a. The Board of Directors in its meeting held on January 09, 2023 had approved the acquisition of 54% stake in Novellic d.o.o. Beograd – Zvezdara, a Serbia based Company which is a self-sustaining provider of mmWave radar sensors, perception solutions, and full-stack embedded systems.

For **PI & Associates,**  
Company Secretaries

**Nitesh Latwal**  
Partner

ACS No.: 32109  
CP No.: 16276

Place: New Delhi  
Date: May 03, 2023

Peer Review No.: 1498/2021  
UDIN: A032109E000272461

**Disclaimer**

This report is to be read with our letter of even date which is annexed as "**Annexure A**" and forms an integral part of this report.

**Annexure-A**

To,  
**The Members,  
SONA BLW Precision Forgings Limited**

Our Secretarial Audit Report of even date is to be read along with this letter:

- (i) Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
- (ii) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on sampling basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (iii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (iv) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
- (v) The compliance of the provisions of corporate and other sector specific laws as applicable on the Company, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on sampling basis.
- (vi) The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **PI & Associates,**  
Company Secretaries

**Nitesh Latwal**  
Partner  
ACS No.: 32109  
CP No.: 16276

Peer Review No.: 1498/2021  
UDIN: A032109E000272461

Place: New Delhi  
Date: May 03, 2023

## Annual Report on CSR activities to be included in the Board's Report for Financial Year 2022-23

[Pursuant to Section 135 of the Companies Act, 2013 ("Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

### 1 A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

Sona BLW Precision Forgings Limited (**Company/Sona Comstar**) continues to be driven by the purpose of doing business that not only generates prosperity but also amplifies the welfare of the society. The Company is committed to the overall welfare and development of society including, but not limited to, education, women empowerment, environmental sustainability, disaster management, health care and sanitation. The Company has adopted appropriate business processes and strategies to achieve the above objectives. Your Company's CSR efforts during the financial year under review, focuses on health (Including COVID-19 relief activities), education, promoting technology and innovation and benefiting armed forces veterans and their dependents etc.

The Corporate Social Responsibility Policy (**Policy**) of the Company, as approved by the Board of Directors, is available on the Company's website at <https://sonacomstar.com/files/policy/corporate-social-responsibility-policy-policy-K6JBXy.pdf>

The objective of the Policy is to lay down the general framework of action for Sona Comstar to fulfil its Corporate Social Responsibility and in particular to specify the activities and programmes to be undertaken and also specify the modalities of execution, implementation and monitoring process of such Programmes.

The CSR projects includes activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule VII thereto.

Your Company's CSR interventions consist of six pillars that aim to strengthen and reinforce the nation and the society: **(I) Sona Comstar-Samridh Bharat; (II) Sona Comstar-Swasth Bharat; (III) Sona Comstar-Surakshit Bharat; (IV) Sona Comstar-Saksham Bharat; (V) Sona Comstar-Swachh Bharat Program; and (VI) Sona Comstar-Stree Shakti Bharat Program.** The Company shall focus on the following activities under each of these pillars:

#### (I) Sona Comstar-Samridh Bharat Program

Sona Comstar-Samridh Bharat Program shall focus on creating an enduring prosperity through environmental sustainability, ecological balance, and conservation of natural resources. The program will include the measures like:

- supporting projects that promote innovations, incubations in mobility solutions aimed at reducing dependence on fossil fuels;
- collaborating and contributing to programmes launched by universities and institutions of eminence to promote innovation driven startups in technology;
- supporting projects and research programs to combat air pollution through a collaborative, constructive and solution-oriented approach including the menace of stubble burning.

#### (II) Sona Comstar-Swasth Bharat Program

Sona Comstar- Swasth Bharat Program shall focus on health care and nutrition through measures like:

- health outreach program for the socially and economically backward people, school children and communities;
- supporting health awareness programmes, camps and events;
- supporting in development of infrastructure in health care centers, hospital and dispensaries;
- supporting to specific projects/programmes dedicated to women & child health care and nutrition;
- co-ordinating and supporting the agencies in management of disaster, epidemic, pandemics including relief, rehabilitation and reconstruction and developmental activities.

#### (III) Sona Comstar-Surakshit Bharat Program

Sona Comstar -Surakshit Bharat Program shall focus through measures like:

- measures for the benefit of armed forces veterans, war widows and their dependents;
- supporting organisations working for families of martyrs, war widows, disabled soldiers and their children and dependents of the armed forces.

#### (IV) Sona Comstar-Saksham Bharat Program

Sona Comstar-Saksham Bharat program shall focus on through measures like:

- providing employability and promotion of skill development Programmes for the rural youth in numerous modules;

- supporting livestock development and agriculture development program for farmers;
  - empowering woman through self-help groups and promotion of livelihood and employment opportunities.
  - training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
  - promoting education, employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement;
  - partnering with government education departments, institutions and organisation for promoting education and development of model schools, development of infrastructures like hostels, classrooms, e-learning techniques etc.;
  - supporting scholarship program to help the meritorious, under privileged children to opt for better schools and higher studies;
  - distribution of books etc. for imparting education/ knowledge;
  - supporting in setting up of old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- supporting organisations working for conserving nature, wilderness preservation and combating degradation of the environment;
  - promoting sanitation including clean drinking water facilities to the schools set up by the Government and local bodies;
  - supporting environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga).

#### (VI) Sona Comstar-Stree Shakti Bharat Program

Stree Shakti Bharat program shall focus on women empowerment through measures like:

- promoting education, employment which enhances vocational skills especially for women;
- promote gender equality, setting up of homes and hostels for women and orphans;
- empowering women through self help groups and promotion of livelihood and employment opportunities;
- any other measures taken to empower women.

(VII) All other areas/activities as may be prescribed Schedule VII of the Act or the Rules, as amended, from time to time.

#### (V) Sona Comstar-Swachh Bharat Program

Swachh Bharat Program shall focus on environmental sustainability, conservation of natural resources and ecological balance through measures like:

## 2. COMPOSITION OF CSR COMMITTEE

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Prasan Abhaykumar Firodia	Chairperson, Independent Director	4	-
2.	Sunjay Kapur	Member, Non-Executive Nominee Director	4	4
3.	Shradha Suri	Member, Independent Director	4	3
4.	Ganesh Mani	Member, Non-Executive Nominee Director	4	4

## 3. WEB-LINK(S) WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY

Composition of CSR committee	The composition of the CSR committee is available on our website, at <a href="https://sonacomstar.com/board-committees">https://sonacomstar.com/board-committees</a>
CSR Policy	The Committee, with the approval of the Board, has adopted the CSR Policy as required under Section 135 of the Companies Act, 2013. The CSR Policy of the Company is available on our website, at <a href="https://sonacomstar.com/files/policy/corporate-social-responsibility-policy-policy-K6JBXy.pdf">https://sonacomstar.com/files/policy/corporate-social-responsibility-policy-policy-K6JBXy.pdf</a>
CSR projects approved by the Board	The Board, based on the recommendation of the CSR committee, at its meeting held on May 3, 2023, has approved the annual action plan / projects for Financial Year 2023-24, the details of which are available on our website, at <a href="https://sonacomstar.com/investor/corporate-social-responsibilities">https://sonacomstar.com/investor/corporate-social-responsibilities</a>



#### 4. EXECUTIVE SUMMARY ALONG WITH WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8, IF APPLICABLE:

Your Company has voluntarily engaged a third party independent agency M/s In Govern Research Services Private Limited and Bluesky Sustainable Business LLP to carry out Impact Assessment for the following five CSR projects completed in the Financial Year 2022-23:

- Sona-Comstar – IIT-Delhi Innovation in Mobility Program-“Incubators FY 2023”.
- Construction/renovation and maintenance of basic infrastructure in Govt. Higher Secondary School.
- Sona Comstar scholarship to scholars of Ashoka University.
- Contribution to Centre for Innovation Incubation and Entrepreneurship Building (CIIE Initiatives, IIM-A).
- Renovation of classrooms, installation of Solar Plant, Digital Smart Classes, renovation of water cooler rooms, and installation of Water Purifier in Govt. School in Gurugram.

As per MCA General Circular No. 14/2021 dated August 25, 2021, on FAQs on CSR, it is clarified that web-link to access the complete impact assessment reports and providing executive summary of the impact assessment reports in the annual report on CSR, shall be considered

as sufficient compliance of Rule 8(3)(b) of the Companies (CSR Policy) Rules, 2014.

Accordingly, the Impact Assessment Reports of the CSR Projects carried out, for the Financial year 2022-23, is attached as **Annexure-L** and can be accessed at <https://sonacomstar.com/files/documents/csr-impact-assessment-report-fy2022-23-document-LrurBI.pdf>

#### 5. (a) Average net profit of the Company as per section 135(5) of Companies Act, 2013

Average net profit of the Company for last three financial years is INR 2,108,646,967

#### (b) Two percent of average net profit of the Company as per section 135(5) of Companies Act, 2013

Two percent of average net profit of the Company is INR 42,172,940.

#### (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.

Nil

#### (d) Amount required to be set off for the financial year, if any

Nil

#### (e) Total CSR obligation for the financial year (5b+5d)

INR 42,172,940.

#### 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): INR 27,817,295

##### i. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration.	*Amount allocated for the project (in INR)	Amount spent in the current financial Year (in INR)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						CSR Name	Registration number
1.	Sona-Comstar – IIT-Delhi Innovation in Mobility Program-“Incubators FY 2023”	(ix)	No	Delhi	South Delhi	3 years	8,000,000	-	8,000,000	Yes	-	-
2.	Construction/ renovation and maintenance of basic infrastructure in Govt. Higher Secondary School	(ii)	Yes	Tamil Nadu	Chunampet	2 years	10,770,000	7,218,297	3,551,703	Yes	-	-
3.	Contribution to Centre for Innovation Incubation and Entrepreneurship Building (CIIE Initiatives, IIM-A)	(ii)	No	Gujarat	Ahemdabad	4 years	11,000,000	11,000,000	-	Yes	-	-
<b>Total</b>							<b>29,770,000</b>	<b>18,218,297</b>	<b>11,551,703</b>			

## ii. Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project.		Amount spent for the project (in INR)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Sona Comstar scholarship to scholars of Ashoka University	(ii)	No	Haryana	Sonipat	7,759,000	Yes	-	-
2.	Renovation of classrooms, installation of Solar Plant, Digital Smart Classes, renovation of water cooler rooms, and installation of Water Purifier in Govt. School in Gurugram	(ii)	Yes	Haryana	Narsingpur	1,739,998	Yes	-	-
3.	Distribution of National Flags- Har Ghar Tiranga	(ii)	Yes	Haryana	Narsingpur	100,000	Yes	-	-
<b>TOTAL</b>						<b>9,598,998</b>			

(b) Amount spent in Administrative Overheads: INR 2,108,647

(c) Amount spent on Impact Assessment, if applicable: INR 708,000

(d) Total amount spent for the Financial Year (6a+6b+6c): INR 30,633,942

(e) CSR amount spent or unspent for the Financial Year:

Total amount spent for the Financial Year (in INR)	Amount Unspent (in INR)				
	Total amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
*30,633,942	11,551,703	24 April, 2023	NA	NA	NA

\* The amount spent includes the administrative expenses and the amount spent towards conduct of impact assessment.

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

S. No.	Particular	Amount (in INR)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per section 135(5) (calculated for 3 preceding Financial Years i.e. FY 2019-20, FY 2020-21 and FY 2021-22)	42,172,940
(ii)	Total amount spent for the Financial Year 2022-23	30,633,942
(iii)	Excess amount spent for the financial year 2022-23 [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

## 7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

1	2	3	4	5	6		7	8
Sl. Preceding No. Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in INR)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in INR)	Amount spent in the Financial Year (in INR)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5), if any		Date of transfer	Amount remaining to be spent in succeeding Financial Years. (in INR)	Deficiency, if any
				Amount (in INR)				
1. FY-1-2020-21	*15,000,000	1,520,000	1,520,000	NA		NA	-	
2. FY-2-2021-22	15,000,000	15,000,000	10,950,000	NA		NA	4,050,000	

\* Out of the total unspent CSR amount for the financial year 2020-2021, INR 10.00 million was transferred by Comstar Automotive Technologies Private Limited, an erstwhile wholly owned subsidiary of the Company which was merged with the Company w.e.f January 28, 2021 and INR 5 million was transferred by the Company to their respective Unspent CSR Account on April 17, 2021.

## 8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:

No

**If Yes, enter the number of Capital assets created/ acquired:** Not applicable

## 9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5)

During the Financial Year 2022-23, the Company has spent INR 30,633,942 on various projects. The unspent balance of INR 11,551,703/- towards an ongoing project namely; IIT-Delhi-Innovation in Mobility Program and the government school project at Chennai, was transferred to the Unspent CSR Account and will be spent in accordance with the provisions of the applicable law.

**Prasan Abhaykumar Firodia**  
(Chairperson of CSR Committee)

**Vivek Vikram Singh**  
(Managing Director & Group CEO)

Date: May 3, 2023  
Place: Gurugram

**The information pertaining to conservation of energy, technology absorption, Foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014**

**A- CONSERVATION OF ENERGY**

**(i) Steps taken or impact on conservation of energy**

Energy conservation initiatives by implementing energy efficient technologies continues to be the top focus in the Company's operations. The Company believes that its actions around energy bring direct benefit greatly to the climate and to the Company's bottom line as well.

During the year, the Company was able to achieve energy saving through various operations initiatives as under:

1. Improvement in energy efficiency in the forging, heat treatment, and machining processes by optimizing cycle times.
2. Improvement of capacity utilisation and reduction in thermal losses from varnish ovens.
3. Installation of automatic power factor controller (APFC) panels, energy efficient hydraulic power packs.
4. Installation of motion sensors for lighting, timer-based operation of plant roof lights, exhaust fans and air conditioning.
5. Variable frequency drive (VFD) installation for air compressor.
6. Energy consumption reduction by replacement of florescent lights with LED lights and old motors, air driers and air conditioners with more energy efficient ones.

**(ii) Steps taken by the Company for utilising alternate sources of energy**

The Company conducted the energy audit in November 2021 and identified new energy conservation activities and use of alternate source of energy (Solar Power). We added 465 kWp additional solar power capacity by installing roof top solar panels and increased our total solar power capacity

from 1.5 MW to almost 2 MW. We are planning to increase the use of green energy further in the coming years.

**(iii) The capital investment on energy conservation equipments**

During the financial year 2022-23, the Company invested on the following energy saving initiatives:

1. Replacement of Fluorescent light into LED – INR 0.67 million;
2. Replacement of old air conditioners with more energy efficient air conditioners – INR 0.65 million;
3. Replacement of old air driers with more energy efficient ones – INR 0.54 million;
4. Installation of VFD for air compressor – INR 0.37 million;
5. Installation of energy efficient IE3 motors – 0.14 million;
6. Improvement in wall insulation of Cumbica oven for thermal loss reduction – 0.12 million;

**B- TECHNOLOGY ABSORPTION**

**1. Efforts in brief towards Technology Absorption, Adoption and Innovation**

1. Company has complete know-how of design, manufacturing and validation of bevel gears, differential assembly and its aggregates for the Electric & non-electric vehicle requirements.
2. Developed in-house capabilities for the driveline products;
  - a. Die Design
  - b. Die Manufacturing
  - c. Gear Design
  - d. Gear Manufacturing
  - e. Differential Assembly design & manufacturing
  - f. Laser welding
  - g. Gear Skiving



3. Developed various functional specialists within the R&D team to enable, develop and absorb the latest motor and motor controller technologies in the EV space:

- a. Functional Safety Specialist
- b. ASPICE Specialist
- c. Software Architect
- d. System Engineering Specialist
- e. Motor Control Specialist
- f. Patent Specialist

4. Setup of EMC compliance test facilities which helps to qualify the Controllers internally.

5. Implemented the design processes to strengthen the concept development and validation of new technology and products such as Integrated Motor and Controller.

**2. Benefits derived as a result of above efforts e.g. Product Improvement, Cost Reduction, and Import Substitution etc.**

- a. Cost reduction and reduction in “Time to Market”.
- b. Complete indigenisation of tooling resulting in superior products compared to competition.
- c. Development of inhouse capabilities in latest technologies for Hardware, Software, Motor, Validation, Systems Engineering, Functional Safety (A/B), Cybersecurity (L1), etc.
- d. Implementation of robust design processes to launch products which are safe, robust and technologically relevant such as IS26262 (A/B).

e. Ability to co-develop with OEMs and continually improve products to meet changing market needs.

**3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)**

The Company has not imported technology during the last three years and therefore details including the details of technology imported, the year of import, whether the technology been fully absorbed and if not fully absorbed, areas where absorption has not taken place, and the reasons thereof are not applicable.

**4. The expenditure incurred on Research and Development**

S. No.	Particulars	Amount (INR in Million)
1.	Revenue expenditure	283
2.	Capital expenditure	448
	<b>Total</b>	<b>731</b>

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

S. No.	Particulars	Amount (INR in Million)
1.	Foreign exchange outgo during the financial year	2,885.36
2.	Foreign exchange earnings during the financial year	11,976.65

By order of Board of Directors  
For **SONA BLW Precision Forgings Limited**

**Sunjay Kapur**

Place: Gurugram  
Date: May 03, 2023

Chairperson and Non-Executive Director  
DIN:00145529

## Business Responsibility and Sustainability Report (BRSR)

### SECTION A: GENERAL DISCLOSURES

#### Details of the listed entity:

S. No. Question	Response
1. Corporate Identity Number (CIN) of the Entity	L27300HR1995PLC083037
2. Name of the Listed Entity	Sona BLW Precision Forgings Limited ("Sona Comstar")
3. Year of Incorporation	1995
4. Registered Office Address	Sona Enclave, Village Begumpur Khatola, Sector 35 Gurgaon, Haryana 122004.
5. Corporate Address	Sona Enclave, Village Begumpur Khatola, Sector 35 Gurgaon, Haryana 122004.
6. E-mail	<a href="mailto:investor@sonacomstar.com">investor@sonacomstar.com</a>
7. Telephone	+91-1244768200
8. Website	<a href="http://sonacomstar.com">http://sonacomstar.com</a>
9. Financial Year for which report is being done	1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023
10. Name of the Stock Exchange(s) where shares are listed	1. BSE Limited ( <b>BSE</b> ) 2. National Stock Exchange of India Limited ( <b>NSE</b> )
11. Paid-up Capital (INR)	INR 5,85,41,55,820 divided into 58,54,15,582 equity shares of INR 10/- each
12. Name and contact details (telephone, email) of the person who may be contacted in case of queries on the BRSR report	Mr. Ajay Pratap Singh Company Secretary Telephone: +91 124 476 8200 Email id: <a href="mailto:investor@sonacomstar.com">investor@sonacomstar.com</a>
13. Reporting Boundary (Standalone or Consolidated basis)	Consolidated

#### Products and/or Services:

#### 14. Details of business activities (accounting for 90% of the entity's turnover):

S. No. Description of Main Activity	Description of Business Activity	%Turnover of the entity
1. Manufacturing	Motor vehicles, trailers, semi-trailers, and other transport vehicles	96%

#### 15. Product/ Services sold by the entity (accounting for 90% of the entity's turnover):

S. No. Product/ Service	NIC Code	% of total turnover contributed
1. Differential gears	29301	31%
2. Differential assembly	29301	22%
3. Motor & Motor sub-assemblies	29304	38%
4. Others	29301	9%

#### Operations:

#### 16. Number of locations where plants and/or operations/ offices of the entity are situated:

Location	Number of Plants	Number of Offices	Total
National	6	2	8
International	3	1	4

#### 17. Markets Served by the Entity:

##### a. Number of Locations:

Location	Number
National (No. of States)	Pan-India
International (No. of Countries)	North America, Europe, Asia (excluding India)

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

The contribution of exports to total turnover of the entity is 56%.

c. A Brief on types of customers?

Sona Comstar is predominantly in B2B business, and our products are critical for the automotive OEMs and Tier-1 suppliers globally across India, North America, Europe, and Asia. Our products are used for application across different vehicle segments such as conventional and electric passenger vehicles, commercial vehicles, off highway vehicles and electric two and three wheelers. We earn about 75% of our revenue from direct supplies to global OEMs.

**Employees:**

**18. Details as at the end of Financial Year 2022-23:**

a. Employees and Workers

S. No.Particulars	Employees (including differently abled)				
	Total (A)	Male		Female	
		Number (B)	Percentage (B/A)	Number (B)	Percentage (B/A)
1. Permanent Employees	1,043	991	95%	52	5%
2. Other than Permanent Employees	0	0	0%	0	0%
<b>3. Total Employees (1+2)</b>	<b>1,043</b>	<b>991</b>	<b>95%</b>	<b>52</b>	<b>5%</b>

S. No.Particulars	Workers (including differently abled)				
	Total (A)	Male		Female	
		Number (B)	Percentage (B/A)	Number (B)	Percentage (B/A)
4. Permanent Workers	332	299	90%	33	10%
5. Other than Permanent Workers	2,689	2,669	99%	20	1%
<b>6. Total Workers (4+5)</b>	<b>3,021</b>	<b>2,968</b>	<b>98%</b>	<b>53</b>	<b>2%</b>

b. Differently abled Employees and Workers

S. No.Particulars	Differently Abled Employees				
	Total (A)	Male		Female	
		Number (B)	Percentage (B/A)	Number (B)	Percentage (B/A)
1. Permanent Employees	2	2	100%	0	0%
2. Other than Permanent Employees	0	0	0%	0	0%
<b>3. Total Employees (1+2)</b>	<b>2</b>	<b>2</b>	<b>100%</b>	<b>0</b>	<b>0%</b>
4. Permanent Workers	0	0	0%	0	0%
5. Other than Permanent Workers	1	1	100%	0	0%
<b>6. Total Workers (4+5)</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

**19. Participation/ Inclusion/ Representation of Women**

	Total (A)	Number of Female (B)	Percentage (B/A)
Board of Directors	8	1	13%
Key Management Personnel	3	0	0%

**20. Turnover rate for permanent employees and workers:**

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	17%	13%	16%	11%	17%	11%	7%	10%	7%
Permanent Workers	4%	29%	7%	6%	12%	7%	4%	5%	4%

**Holding, Subsidiary and Associate Companies (including joint ventures):**

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

S. No.	Name of the holding/ subsidiary/ associate company/ joint venture (A)	Indicate whether holding/ subsidiary/ associate company/ joint venture	% of shares held by listed entity*	Does the entity indicated at Column A, participate in the Business Responsibility initiatives of the entity (Yes/ No)
1	Comstar Automotive Technology Services Private Limited	Subsidiary	100%	Yes
2	Comstar Automotive USA LLC.	Subsidiary	100%	Yes
3	Comstar Automotive Hongkong Limited	Subsidiary	100%	Yes

S. No.	Name of the holding/ subsidiary/ associate company/ joint venture (A)	Indicate whether holding/ subsidiary/ associate company/ joint venture	% of shares held by listed entity*	Does the entity indicated at Column A, participate in the Business Responsibility initiatives of the entity (Yes/ No)
4	Comestel Automotive Technologies Mexicana Limited	Subsidiary	100%	Yes
5	Comstar Automotive (Hangzhou) Co. Ltd	Subsidiary	100%	Yes
6	Comstar Hong Kong Mexico No1 LLC	Subsidiary	100%	Yes
7	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Subsidiary	100%	Yes
8	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Subsidiary	100%	Yes
9	Sona Comstar eDrive Private Limited	Subsidiary	100%	Yes

\*Including shares held by subsidiaries of the listed entity.

## CSR Details:

### 22. CSR Details

(i). Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/No)	Yes
(ii). Turnover (in INR.)	26,755.95 million
(iii). Net Worth (in INR.)	22,164.77 million

## Transparency and Disclosures Compliances:

### 23. Complaints/ Grievances on any of the Principles (1-9) under the National Guidelines on Responsible Business Conduct:

Stakeholder Group	Grievance Redressal Mechanism in place (Y/N) (Provide web-link of policy)	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
		Number of complaints filed	Number of complaints pending at close of year	Remarks	Number of complaints filed	Number of complaints pending at close of year	Remarks
Shareholders and Investors	Yes, <a href="http://sonacomstar.com/policies-and-codes">http://sonacomstar.com/policies-and-codes</a> The Company has separate e-mail id i.e., <a href="mailto:investor@sonacomstar.com">investor@sonacomstar.com</a> for shareholders for sending their queries and grievances.	46	-	All complaints were related to non-receipt of dividend or annual report of the Company. All were resolved by the Company and its RTA within time. Status of all the complaints received and resolved can be found on a quarter-on-quarter basis on the website of BSE and NSE.  For BSE: <a href="https://www.bseindia.com/stock-share-price/sona-blw-precision-forgings-ltd/sonacoms/543300/">https://www.bseindia.com/stock-share-price/sona-blw-precision-forgings-ltd/sonacoms/543300/</a>  For NSE: <a href="https://www.nseindia.com/get-quotes/equity?symbol=SONACOMS">https://www.nseindia.com/get-quotes/equity?symbol=SONACOMS</a>	656	-	All complaints of the Company were resolved by the Company and its RTA within time. Status of all the complaints received and resolved can be found on a quarter-on-quarter basis on the website of BSE and NSE.  For BSE: <a href="https://www.bseindia.com/stock-share-price/sona-blw-precision-forgings-ltd/sonacoms/543300/">https://www.bseindia.com/stock-share-price/sona-blw-precision-forgings-ltd/sonacoms/543300/</a>  For NSE: <a href="https://www.nseindia.com/get-quotes/equity?symbol=SONACOMS">https://www.nseindia.com/get-quotes/equity?symbol=SONACOMS</a>
Employees and Workers	Yes, the Company has a separate email id i.e. <a href="mailto:speakup.sbpl@sonacomstar.com">speakup.sbpl@sonacomstar.com</a> for reporting any grievance and complaints for its workers in the policy, which is available at <a href="https://sonacomstar.com/policies-and-codes">https://sonacomstar.com/policies-and-codes</a> Further, Complaint of Sexual Harassment can be made can also be submitted in soft copy at <a href="mailto:posh-driveline@sonacomstar.com">posh-driveline@sonacomstar.com</a> for driveline business and at <a href="mailto:posh-motor@sonacomstar.com">posh-motor@sonacomstar.com</a> for motor business, as per the POSH policy of the Company available on the website of the Company.	-	-	-	-	-	-
Customers	Yes, the Company has a separate email id i.e. <a href="mailto:speakup.sbpl@sonacomstar.com">speakup.sbpl@sonacomstar.com</a> for reporting any grievance and complaints and the policy is available on the website of the Company at <a href="https://sonacomstar.com/policies-and-codes">https://sonacomstar.com/policies-and-codes</a>	-	-	-	-	-	-



Stakeholder Group	Grievance Redressal Mechanism in place (Y/N) (Provide web-link of policy)	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
		Number of complaints filed	Number of complaints pending at close of year	Remarks	Number of complaints filed	Number of complaints pending at close of year	Remarks
Value Chain partners	Yes, the Company has a separate email id i.e <a href="mailto:speakup.sbpl@sonacomstar.com">speakup.sbpl@sonacomstar.com</a> for reporting any grievance and complaints and the policy is available on the website of the Company at <a href="https://sonacomstar.com/policies-and-codes">https://sonacomstar.com/policies-and-codes</a>	-	-	-	-	-	-
Communities	Yes, the Company has a separate email id i.e <a href="mailto:speakup.sbpl@sonacomstar.com">speakup.sbpl@sonacomstar.com</a> for reporting any grievance and complaints and the policy is available on the website of the Company at <a href="https://sonacomstar.com/policies-and-codes">https://sonacomstar.com/policies-and-codes</a>	-	-	-	-	-	-

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

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

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
1.	Ethics, Accountability, and Transparency	Risk and Opportunity	Adherence to the highest standards of transparency and business ethics results in corporate governance excellence. Our governance mechanism is positioned to promoting transparency in the system, adhering to compliances, and ensuring accountability. The mechanism strives to create a value system to achieve business excellence and increase stakeholder confidence.	To strengthen the value system, the Company has implemented ethical policies and framework to inculcate a culture of compliance and governance. With regular communication, training and awareness sessions of the employees, extended workforce, and suppliers, the company drives ethical behavior. These policies are available on company's website for the benefit of all the stakeholders.	Unethical behavior, non-compliance, and violation of any form may bring punitive and reputational repercussions, beside loss of investors' confidence and brand erosion.
2.	Safe and Healthy Working Conditions	Risk and Opportunity	By identifying health and safe working condition as a risk and opportunity, the Company prioritizes the well-being of their employees, complies with legal norms, maintains operational efficiency & continuity, protects brand reputation, and manages costs effectively. These factors, contribute to the overall sustainability and long-term success of the company. Our priority is to ensure a safe working environment for all our employees and workers with primary focus on safety management system, mitigation of associated hazards, regular training and mock drills, periodic risk assessment, and continual improvement in OHS management system.	A strong security system is in place to fulfill the Zero Harm vision. These processes are well designed, rely on real-time data, and are centered on the shared-responsibility principle.  At Sona Comstar, we have set high standards of occupational safety at all our premises. Regular assessment of health and safety practices and working conditions for all our plants and offices to identify gaps, if any and develop corrective action plans.  Our senior management, along with key facility workers, are responsible for implementing adequate safety policies, procedures, and measures from a corporate governance standpoint.	Incidents may cause disruption, impact employee morale, and business reputation leading to negative financial implications.

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
3.	Product Safety and Quality	Risk and Opportunity	<p>Our aim is to strive for quality excellence and our core values – ‘Vitality, Frugality, and Agility’ reflect our approach in developing products that create positive customer experience.</p> <p>On one hand, Opportunities outweigh the Risks such as competitive advantage, foster customer satisfaction and customer loyalty, strong brand equity &amp; image and drive business success. While, on the other hand, product quality and safety pose threats in the form of potential harm to consumers, non-compliance with regulatory &amp; statutory norms and negative impacts on brand reputation and revenue.</p>	<p>Our product responsibility extends beyond manufacturing and sales, contributing to cleaner and safer mobility. The key guiding principle of our approach is to minimize the impact on health and the environment while maximizing safety, economic and social impact.</p> <p>Our manufacturing facilities are IATF 16949 certified which stands for continual improvement, emphasizing defect prevention, and reduction of variation and waste in the supply chain and assembly process.</p>	<p>Defective or unsafe products may account for product recalls. Product recalls can also impact consumers' quality perception, which can result in reputational harm.</p> <p>Product recall may increase cost due to product replacements, field service and the creation of product fixes, apart from the litigation cost.</p>
4.	Material Sourcing	Opportunity	<p>In an auto-component business, identifying material sourcing as a risk and/or opportunity, proactively allows in addressing supply chain vulnerabilities, strengthening value chain resilience, improving competitiveness, effectively managing costs, fostering innovation, and driving quality and long-term sustainability in business operations.</p> <p>Sona Comstar selects the best materials suitable for respective end application thereby optimizing the amount of material utilized in operations. Furthermore, we have adopted circular economy by using recycled input material and returnable packaging wherever possible.</p>	-	Responsible material sourcing could result in higher levels of consumer satisfaction, sustainability and an increase in market competitiveness.
5.	Solutions for low carbon mobility	Opportunity	<p>Sona Comstar believes that electrified mobility is necessary to reduce the GHG emissions arising from automobiles and for a greener planet. It has therefore embarked on a journey to increase its revenue from battery electric vehicles (BEV) and focused its R&amp;D efforts towards developing drive motors, controllers, and transmission solutions for different types of electric vehicles.</p>		As of 31 <sup>st</sup> March 2023, we derived 26% of our sales from BEV. We have won 42 EV programs across 26 unique customers. We will increasingly derive higher percentage of our revenue from EVs and target to achieve 45% of our revenue from EV targeted products by 2026.
6.	Energy Management	Opportunity	<p>Our energy policy is primarily focused on improving energy efficiency in our operations, execution of innovative projects to optimize energy demand, and the proactive use of renewable energy.</p>		Energy saving initiatives and enhanced use of renewable energy would result in sustainability and reduce the company's specific energy consumption thereby leading to financial savings.

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
7.	Emissions Management	Risk and Opportunity	One of the most important solutions to climate change is reducing greenhouse gas emissions, which is why it is so important in executing our commitments for carbon management & greenhouse gas mitigation.	We intend to increase the proportion of renewable electricity in our total energy consumption for the reduction of GHG emissions and saving energy by using electricity generated from the solar plant. We have also taken targets for reduction in specific energy consumption to improve energy intensity in our operations.	There may potentially be negative financial implications and reputational damage in case of failure to meet the commitment towards GHG reduction.
8.	Waste Management	Risk and Opportunity	Organisations are legally bound for the safe management of both hazardous and non-hazardous wastes. Waste management is very critical aspect for our industry. Our Management Policy on Environment directs us to implement effective and efficient waste management practices with an aim to recycle and reduce the waste generated while transforming resources into valuable products.	We have implemented initiatives throughout the year, such as recycling of waste die lube recovered from manufacturing operations. During the year through a combination of Membrane Bio-Reactor (MBR) and RO treatment processes the Company implemented a project to reduce hazardous waste disposal by 75% and to recycle 12,000 liters of water per day.	Improper management of waste may lead to environmental pollution/contamination, regulatory fines and notices, adverse impacts on health, and community protest that will negatively impact the brand's reputation.
9.	Respect for Individuals	Risk and Opportunity	Sona Comstar is ensuring 100% employees are trained on aspects of "respect towards Individuals". We are committed to providing our workers and officers with equal opportunities in terms of recognition, advancement, and career path, regardless of their origin or views, and do not tolerate any form of discrimination or harassment. Any violation in human rights may lead to regulatory, legal, and legislative challenges besides making the company not a preferred employer of choice.	Our induction programmes are structured in a manner which highlights awareness of human rights for new employees and refresher training. Sona Comstar complies with all the required labor laws and is OHSAS 18001 certified. We also provide training to our employees at the time of induction about the code of conduct which covers human rights issues such as child labor, gender diversity, workplace discrimination. We also get background verification conducted through a third party for all the new employees. The Company strives to uphold the basic principles of human rights in all its operations. This is in alignment with its codes and policies. We also provide a vigil mechanism for our employees to report genuine concerns for any unfair and unjust incident under the ambit of law. We have also been certified as a Great Place to Work.	Potential to negatively impact the brand image, inability to retain good talent etc.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management Processes</b>									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the policies, if available	<a href="https://sonacomstar.com/policies-and-codes">https://sonacomstar.com/policies-and-codes</a>								
2. Whether the entity has translated the policy into procedures? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	IATF 16949, ISO 14001, ISO 45001, ISO 50001, TPM, ENMS, ASES, VQE								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	Refer to Sustainability Report FY 2021- 22 for ESG Goals and Targets <a href="https://sonacomstar.com/files/documents/sustainability-report-fy-2021-22-document-GXLCYm.pdf">https://sonacomstar.com/files/documents/sustainability-report-fy-2021-22-document-GXLCYm.pdf</a>								
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.									
<b>Governance, leadership, and oversight</b>									
7. Statement by the director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)  The statement of director responsibility for business responsibility report and ESG related challenges, targets and achievement are provided in the Chairman's messagen and Managing Director's message forming part of the Annual Report of the Company.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)	DIN: 07698495 Name: Mr. Vivek Vikram Singh Designation: Managing Director & Group CEO Telephone No.: +91-124-4768200 Email-id: <a href="mailto:investor@sonacomstar.com">investor@sonacomstar.com</a>								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If "Yes", provide details	Yes,  The Board of Directors have constituted ESG Committee for implementation of Environment, Social and Governance framework across its operations.								

### 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any Other- please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Performance against above policies and follow up action	Yes, the performance against policies and procedures are reviewed periodically by Departmental Heads and Committees									Quarterly and annually							
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all applicable statutory and regulatory requirements. On a quarterly and annual basis, the company discloses its financial and non-financial performance in line with the mandatory requirements.																	

### 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If "Yes", provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The Policies on Quality, Safety, Health, and Environment are subject to internal and external audits as part of the certification process and ongoing periodic assessments.



**12. If Answer to Question (1) Above is “NO”, i.e., not all Principles are covered by a Policy, reasons to be stated:**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any Other Reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA: Not Applicable

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

**Entity demonstrates their performance in integrating the Principles and Core Elements with key processes and decisions.**

**Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable**

**Essential Indicators**

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

Segment	Total number of training and awareness programs held	Topics/ Principles covered under training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	3	<b>Training held on various topics:</b> <ul style="list-style-type: none"> <li>Awareness on Competition Law compliance and Insider Trading</li> <li>Awareness on Ethical compliances</li> <li>Compliances with Trade Control Laws, Anti-Money Laundering and Anti-Bribery</li> <li>Code of Conduct</li> <li>POSH Training</li> </ul>	62.5%
Key Managerial Personnel	3	<b>Training held on various topics:</b> <ul style="list-style-type: none"> <li>Awareness on Competition Law compliance and Insider Trading</li> <li>Awareness on Ethical compliances</li> <li>Compliances with Trade Control Laws, Anti-Money Laundering and Anti-Bribery</li> <li>Code of Conduct</li> <li>POSH Training</li> <li>Fair Work Practices Training</li> <li>Cyber Security</li> </ul>	100%
Employees other than BoD and KMPs	302	<b>Training held for various topics including:</b> <ul style="list-style-type: none"> <li>Code of Conduct and Business Ethics</li> <li>Insider Trading, Competition Law</li> <li>POSH Training</li> <li>Fair Work Practices Training</li> <li>Compliance with Trade Control Laws, Anti-Money Laundering, and Anti-Bribery</li> <li>Business Ethics and Sustainability,</li> <li>Responsible Sourcing of Materials</li> <li>Child Labour and Non-Discrimination</li> <li>Cyber Security</li> <li>Problem Solving, DOE, VDA 6.3, MSA, COPQ, Tool Design Basic, VSME, Advance Excel, and 7QC Tools etc.</li> </ul>	91%

Segment	Total number of training and awareness programs held	Topics/ Principles covered under training and its impact	% of persons in respective category covered by the awareness programmes
Workers	425	<b>Training held for various topics including:</b> <ul style="list-style-type: none"> <li>• Code of Conduct and Business Ethics</li> <li>• POSH Training</li> <li>• Fair Work Practices Training</li> <li>• Anti-Money Laundering, and Anti-Bribery</li> <li>• Insider Trading</li> <li>• Business Ethics and Sustainability,</li> <li>• Responsible Sourcing of Materials</li> <li>• Child Labour and Non-Discrimination,</li> <li>• Fire Fighting</li> <li>• 7QC Tools, Effective Supervisor, Robotic Fundamental, Heat Treatment Process, and EHS Training</li> </ul>	90%

**2. Details of fines/ penalties/ punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/ KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:**

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website)

	Monetary				
	NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions	Amount (in INR.)	Brief of Case	Has an appeal been preferred? (yes/ No)
Penalty/ Fine					
Settlement			Nil		
Compounding Fee					
Non-Monetary					
Imprisonment			Nil		
Punishment					

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

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Nil

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

Yes, the Company has an 'Anti-Corruption Compliance Policy', which is applicable to all directors, officers, employees, agents, representatives, and other associated persons of the Company. The Company does not tolerate bribery, kickbacks, or corruption of any kind, directly or through third parties. The policy is available on company's website at: <https://sonacomstar.com/files/policy/anti-corruption-policy-policy-rOc91h.pdf>

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

	Current Financial Year 2022- 23	Previous Financial Year 2021- 22
Directors	0	0
Key Managerial Personnel (KMPs)	0	0
Employees	0	0
Workers	0	0

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

	Current Financial Year 2022- 23		Previous Financial Year 2021- 22	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

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

During the financial year 2022- 23, there was no case of non-compliance.

**Leadership Indicators**

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

Total number of awareness programmes held	Topics/ Principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
22	IATF/ VSME/ CONTROL PLAN/ OEE/ CSR / QMS/ Environment/ APQP/ PPAP/ FMEA/ Capacity Analysis/ Problem Solving Analysis/ 8D/ PSW/ IMDS	82%

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

Sona Comstar has approved policies and code of conduct for its Board, and it has procedures in place to avoid/ manage conflict of interests such as Code of Conduct for Directors and Senior Managements, Policy on Related Party Transactions, Policy for determining Material Subsidiaries, Code on Fair Disclosure of Unpublished Price Sensitive Information, Code of Conduct for prevention of insider trading, Policy for determining Materiality, and Whistle Blower Policy. The Company undertakes training and awareness sessions on ethical business practices, including sessions to avoid or manage the instances of conflict of interests in an appropriate manner.

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

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

	Current Financial Year 2022- 23	Previous Financial Year 2021- 22	Details of improvements in environmental and social impacts
R&D	91%	93%	Development of new technologies and products for development of drivetrain and powertrain products for electric vehicles and testing equipment.
Capex	73%	85%	Setting up of manufacturing capacity for various products meant for use in EV drivetrain and powertrain. It also includes R&D capex for development of such products

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

**b. If “Yes”, what percentage of inputs were sourced sustainability?**

Yes, Sona Comstar has a Green Procurement Guideline with a dedicated Environment Declaration. The Company’s supplier selection, assessment and evaluation process includes elements of sustainability. This also includes initial supplier survey, continuous risk assessments and periodic audits. As a result of this, 100% of our suppliers are assessed on sustainability parameters at the time of onboarding through the supplier selection process. As part of the green procurement guideline, elements of sustainability are also incorporated in our standard purchase contracts and our suppliers are expected to adhere to these.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life for:**

- Plastics (including packaging)
- E-waste
- Hazardous waste
- Other waste

The products manufactured by Sona Comstar are integrated into automobiles produced by their customers, making it impractical to separate or reclaim them individually. Therefore, the question does not apply to products.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No).**

- If "Yes", whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Board?
- If "Not", provide steps taken to address the same.

Not Applicable.

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective/ Assessment (LCA) for any of its products (for manufacturing industries) or for its services (for service industry)? If "Yes", provide details in the following format:**

NIC Code	Name of product/ service	% of Total Turnover contributed	Boundary for which the Life cycle perspective/ assessment was conducted	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No) If "Yes", provide web-link
In FY 2022-23, the company has not conducted any life cycle assessment of its product.					

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

Name of Product/ Service	Description of the risk/ concern	Action Taken
Not Applicable.		

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

Indicate input material	Recycled or re-used input material to total material	
	Current Financial Year 2022-23	Previous Financial Year 2021-22
Steel and Casting	29%	27.7%

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

	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	The Company does not reclaim products and packaging material at end of life.					
E-Waste						
Hazardous Waste						
Other Waste						

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

Indicate Product Category	Reclaimed products and their packaging materials as % total products sold in respective category
Not Applicable.	



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

#### Essential Indicators

##### 1. a. Details of measures for the well-being of Employees:

Category	Total (A)	Health Insurance		Accident Insurance <sup>#</sup>		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	991	991	100%	988	99.7%	-	-	14	1%	-	-
Female	52	52	100%	48	92%	52	100%	-	-	23	44%
<b>Total</b>	<b>1,043</b>	<b>1,043</b>	<b>100%</b>	<b>1,036</b>	<b>99%</b>	<b>52</b>	<b>100%</b>	<b>14</b>	<b>1%</b>	<b>23</b>	<b>44%</b>
<b>Other than Permanent Employees</b>											
Male											
Female											
<b>Total</b>											

Not Applicable

##### 1. b. Details of measures for the well-being of Workers:

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	299	289	97%	289	97%	-	-	255	85%	-	-
Female	33	12	36%	12	36%	33	100%	-	-	8	24%
<b>Total</b>	<b>332</b>	<b>301</b>	<b>91%</b>	<b>301</b>	<b>91%</b>	<b>33</b>	<b>100%</b>	<b>255</b>	<b>85%</b>	<b>8</b>	<b>24%</b>
<b>Other than Permanent Employees</b>											
Male	2,669	2,660	99.7%	2,660	99.7%	-	-	-	-	-	-
Female	20	19	95%	19	95%	19	95%	-	-	5	25%
<b>Total</b>	<b>2,689</b>	<b>2,679</b>	<b>99.6%</b>	<b>2,679</b>	<b>99.6%</b>	<b>19</b>	<b>95%</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>25%</b>

##### 2. Details of retirement benefits, for Current FY 2022-23 and Previous FY 2021-22

Benefits	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)
PF	100%	100%	Yes	100.0%	100.0%	Yes
Gratuity	100%	100%	Yes	100.0%	100.0%	Yes
ESI	100%	100%	Yes	100.0%	100.0%	Yes
NPS (Others)	10%	0%	Yes	9%	0%	Yes
Superannuation (Others)	1%	0%	Yes	0.8%	0%	Yes
Social Security Benefit (Others)*	100%	100%	Yes	100%	100%	Yes

\*Mexico Location

##### 3. Accessibility of Workplaces

Are the premises/ offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

If "Not", then whether any steps are being taken by the entity in this regard.

All the policies related to the development, employment, and growth are equally applicable to the PWD as applied to the general employees. The infrastructure is designed to handle the safety of the PWD in the event of exigency. The other infrastructural accessibility e.g., sitting place, canteen, washroom, transport facility for safe travel to the office, and emergency exit are provided in the organisation, keeping in mind the special needs.

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

Sona Comstar's Code of Conduct and Business Ethics for its employees clearly specifies: "the company provides equal opportunities to all its employees, irrespective of their race, caste, religion, gender, sex, sexual orientation, marital status, colour, age, nationality, disability, etc. The Code of Conduct and Business Ethics for employees is available at <https://sonacomstar.com/policies-and-codes>

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

Gender	Permanent Employees		Permanent Workers	
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male*	NA	NA	100%	100%
Female	100%	Nil	NA	NA
Total	100%	Nil	100%	100%

\*Chennai male worker

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

Permanent Workers	At Sona Comstar, various platforms are available with employees and workers to register their complaint such as HR Help Desk, Grievance Redressal Register and e-mail id for reporting POSH related complaints and strong whistle blower mechanism in place to effectively address complaints/ issues raised.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

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

Category	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of Association(s) or Unions (B)	Percentage (%) (B/A)	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of Association(s) or Unions (B)	Percentage (%) (B/A)
<b>Total Permanent Employees</b>	<b>1,043</b>	<b>0</b>	<b>0%</b>	<b>965</b>	<b>0</b>	<b>0%</b>
- Male	991	0	0%	927	0	0%
- Female	52	0	0%	38	0	0%
<b>Total Permanent Workers</b>	<b>332</b>	<b>164</b>	<b>49%</b>	<b>346</b>	<b>168</b>	<b>49%</b>
- Male	299	143	48%	302	142	47%
- Female	33	21	64%	44	26	59%

8. (a). Details of training given to employees and workers on "Health and Safety Measures"

Category	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
	Employees					
Male	991	670	68%	927	803	87%
Female	52	35	67%	38	30	79%
<b>Total</b>	<b>1,043</b>	<b>705</b>	<b>68%</b>	<b>965</b>	<b>833</b>	<b>86%</b>
	Workers					
Male	2,968	2,349	79%	2,529	2,057	81%
Female	53	49	92%	61	16	26%
<b>Total</b>	<b>3,021</b>	<b>2,398</b>	<b>79%</b>	<b>2,590</b>	<b>2,073</b>	<b>80%</b>

**(b). Details of training given to employees and workers on “Skill Upgradation”**

Category	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Male	991	965	97%	927	881	95%
Female	52	43	83%	38	29	76%
<b>Total</b>	<b>1,043</b>	<b>1,008</b>	<b>97%</b>	<b>965</b>	<b>910</b>	<b>94%</b>
Workers						
Male	2,968	2,588	87%	2,529	2,183	86%
Female	53	49	92%	61	53	87%
<b>Total</b>	<b>3,021</b>	<b>2,637</b>	<b>87%</b>	<b>2,590</b>	<b>2,236</b>	<b>86%</b>

**9. Details of Performance and Career Development reviews of employees and workers:**

Category	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Male	991	991	100%	927	927	100%
Female	52	52	100%	38	38	100%
<b>Total</b>	<b>1,043</b>	<b>1,043</b>	<b>100%</b>	<b>965</b>	<b>965</b>	<b>100%</b>
Workers						
Male	299	299	100%	302	302	100%
Female	33	33	100%	44	44	100%
<b>Total</b>	<b>332</b>	<b>332</b>	<b>100%</b>	<b>346</b>	<b>346</b>	<b>100%</b>

Note: Performance and career development reviews are conducted only for permanent employees and permanent workers.

**10. Health and Safety Management System:**

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No) If “Yes”, then coverage of the system.	Sona Comstar is compliant with ISO 45001: Occupational Health and Safety (OH&S) management system and 100% of the facilities are covered it.
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis of the entity?	<p>Sona Comstar has implemented Hazard Identification and Risk Assessment (HIRA) system for identifying workplace hazards, undertaking risk assessment, implementing necessary controls as per the level of risk, and eliminating or minimizing the identified risks.</p> <p>Routine Assessment are done, and opportunities are identified through HIRA System for all the machines and equipment’s as per Sona Comstar Safety Procedures. Whereas the quick assessment is taken before the commencement of Non routine activity and ensured by Work permit system, implementing necessary controls as per the level of risk, and eliminating or minimizing the identified risks.</p> <p>The Company identifies all the potential work-related incidents through the hazard identification process and conducts likelihood assessment to estimate the frequency or probability of occurrence. Risk reduction measures are implemented to prevent incidents (reduce likelihood of occurrence) or to control incidents (limit the extent and duration of a hazardous event) and to mitigate the adverse effects or consequence. In addition to this Sona Comstar has also prepared an Emergency Preparedness Plan, Mock Drill Record Evaluation Checklist, Aspect Register and COVID-19 - Standard Operating Procedure Manual to minimize work-related hazards.</p>
c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Yes/No)	<p>Yes, various mechanisms have been implemented to report work-related hazards as per ISO 45001: a) Safety Patrol, b) Risk assessment, and c) Near miss report.</p> <p>To mitigate work-related hazards, the company conducts emergency mock drills and safety drills as well as engages in capacity building and awareness sessions to equip its employees and workers with safety protocols and risk management steps.</p>
d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)	Yes, Sona Comstar ensures overall health and wellbeing of its employees and workers. We have tied-up with multi-speciality hospitals, taken health insurance, term insurance, accident insurance, regular health check-up, and COVID-19 vaccination camps for our employees and their families. We provide ‘Svastha “Health and Wellness Initiatives” and Health Camps including yoga sessions and workshops on mental well-being are provided periodically to all employees.

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

Safety Incidents/ Number	Category	Current Financial Year 2022- 23	Previous Financial Year 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.38	0
	Workers	0.32	0.17
Total recordable work-related injuries	Employees	1	0
	Workers	2	2
Number of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

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

Sona Comstar has adopted a Management Policy on Quality, Environment, Occupational Health, and Safety which depicts its commitment to prevent injury or any health hazard for all its stakeholders. The company has taken safety measures to address any injury/accident at the workplace. When performing work on specified machines, LOTO (Lockout Tagout) procedures have been reinforced for all maintenance staff to avoid unforeseen events and increase the workforce productivity. An action plan is prepared w.r.t any accident occurred on worksite and measures to avoid future similar accident. Training and awareness sessions are also conducted such as fire safety, Code beamer tool training, NC handling, Chemical safety, Road safety, Core & shaft operation, DOJO 8 Steps training covering, 5S, 5 Senses relevance while working on shopfloor, Specific Process Operations Module on Forging, Heat Treatment, Quality Inspection, Packaging, Trolley Movement, etc.

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

	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Filed	Pending Resolution at end of year	Remark	Filed	Pending Resolution at end of year	Remark
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health and Safety	Nil	Nil	-	Nil	Nil	-

14. **Assessment for the Year (2022-23):**

	% of plants and offices that were assessed (by entity or statutory authorities or third party)
Health and Safety Practices	100%
Working Conditions	100%

Note: 100% plants certified with health and Safety Management System as per ISO Standards, by TUV RHEINLAND

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

The company typically determines the root cause of the incident, and an internal investigation is carried out to determine the underlying safety hazard or failures that contributed to it. Post, the investigation, corrective action is undertaken such as improving safety protocols, equipment maintenance and tools, training programs, and continuously updating safety measures. Some examples are, safety goggles mandated in other areas like R&D and Labs, Reverse camera fixed in forklifts, and flashlight fixed in identified blind spot/ convex mirror provided.

**Leadership Indicators**

1. **Does the entity extend any life insurance or compensatory package in the event of death of (A). Employees; and (B). Workers (Yes/No). Provide detail.**

Yes, the Company provides medical, accidental and term life insurance to its employee and workers. Further, the Company benefits like provident fund, gratuity, superannuation, and employees' deposit linked insurance, as applicable, are settled on a priority basis in the event of death.

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

Sona Comstar ensures that all its onsite value chain partners comply with the required physical operation statutory requirements and all offsite value chain partners also the Comply with Company's code of conduct.



3. Provide the number of employees/ workers having suffered high consequence work-related injury/ ill-health/ fatalities (as reported in Qs. 11 of Essential Indicators above), who have been/ are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total Number of affected employees/ workers		No. of employees/ workers that are rehabilitated or whose family member have been placed in suitable employment	
	FY 2022- 23	FY 2021- 22	FY 2022- 23	FY 2021- 22
Employees	0	0	0	0
Workers	0	0	0	0

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

At Sona Comstar, retention program is available, subject to the criticality of role, business need, and continuity of the employment. Case to case basis, few senior employees have been retained as consultants post their retirement from the company. In addition, capacity building and training session for skill upgradation are provided to all employees, irrespective of their tenure in the company.

5. Details on assessment of value chain partners (FY 2022-23):

	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety Practices	100%
Working Conditions	100%

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

Sona Comstar has a code of conduct for its vendors which specifies that they must be compliant with health and safety practices and working conditions as mandated by Sona Comstar.

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

##### Essential Indicators

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

Stakeholder engagement at Sona Comstar is an exercise through which we establish and maintain honest connection with our stakeholders and convey our strategy to them. We believe that stakeholder dialogue is a valuable tool to understand our stakeholder's expectations as well as to convey them about company's social and environment performance and risks. We have identified and mapped our internal and external stakeholders, including disadvantaged, vulnerable, and marginalized stakeholder groups who are influenced or influence company's decisions. To discuss current and potential risks, opportunities, and growth objectives with our identified primary stakeholders, we use flexible and diverse engagement approaches and techniques.

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

Stakeholder Group	Identified as Vulnerable or Marginalized Group (Yes/ No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Board of Directors (BOD)	No	Emails, Meetings, Board Decks, Annual Reports, and Quarterly Reports	At least once every quarter	Role and responsibility of Board of Directors defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Therefore, the Board and its committees meet from time to time to discuss and approve the statutory requirements.
Investors and Shareholders	No	Conferences, Annual Report, Notices, E-mail, Investor Meetings, General Meetings, Corporate Announcements, Newspaper Advertisements, Press Release, Investor Presentation, Quarterly & Annual Results, Earnings Calls, Company's and Stock Exchange's website.	Quarterly and annually	Share the key developments, business performance, financial results, and the company's strategy, with the investors and shareholders. Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's website: <a href="https://www.sonacomstar.com/">https://www.sonacomstar.com/</a> contains a dedicated functional segment 'INVESTOR RELATIONS' where all the information meant for the shareholders is available, including information on Directors, Financial statements, Annual reports, Codes and Policies, etc. Shareholders/ Investors can write directly to the Investors' Relations department.

Stakeholder Group	Identified as Vulnerable or Marginalized Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Employees and Workers	No	Training & Workshop, Website, Email, Meetings, and Conferences	Continuous	Engagement with Employees and Workers is a continuous process and is essential for developing and executing company's strategy and business plans. Through various training programs, welfare measures etc., the company endeavors to increase the employees' engagement and competency at work as well as promotes better work-life balance for them.
Customers	No	Personal visits, Mass media, digital communications, E-mails, Plant visits and social media.	Continuous	Customer stewardship in terms of transparency, informed choices, Customer centric design and innovation.
Communities	Yes	CSR activities, Meetings and briefings, Impact assessment surveys, Official communication channels, including emails, advertisements, Publications, Websites, and social media.	Continuous	Implementing community initiatives and improve the surroundings, facilities, and standard of living for the communities.
Suppliers and Dealers	No	Supplier & vendor meets, Workshops & trainings, Policies, IT-enabled information sharing tools and recognition platforms, Dialogue on the industry initiatives, and training course.	Continuous	Training, quality improvement, capacity building measures, safety related training as per new clauses under ISO 14000. Suppliers meet to discuss vision and mission, business plan, supplier awards.
Government and Regulators	No	Official communication channels, Regulatory audits/ inspections, Environmental compliance, Policy intervention, good governance, and Statutory Corporate Filings.	Need Based	Report and compliances on Legal and Regulatory Requirements

### Leadership Indicators

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

At Sona Comstar, there are various committees that are formed by the Board to effectively monitor protection of various stakeholders' interest. Stakeholder engagement and consultation on an ongoing basis is carried out by the management team and various departments working with them. The management team is entrusted with the responsibility of sharing, progress on various KPIs and key developments & exceptions pertaining to various projects/work streams flowing from various stakeholder interests, with the Board/relevant sub-committees of the Board.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topic? (Yes/No)**

If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. The Company conducted its materiality assessment exercise by incorporating the feedback of both internal and external stakeholders for identifying the key material topics for the company. For instance, energy management is one such identified issue. With respect to this, the plants already received ISO 14001 certification and the energy demand per unit produced, are being optimized through different processes such as ensuring batch time optimisation. These initiatives were in line with the Energy Management Policy which incorporates stakeholder view and feedback.

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

Sona Comstar through its Corporate Social Responsibility (CSR) initiatives engages with the local communities of Gurgaon, Haryana and Chennai, Tamil Nadu to improve the basic infrastructure facilities in the Government Schools to improve the standard of education and increase participation of students especially girl child. The company engages with stakeholder groups based on their needs and provide support to them, whatever extent possible and feasible through its community development initiatives and social development programs.

## Principle 5: Businesses should respect and promote human rights

### Essential Indicators

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

Category	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
<b>Employees</b>						
Permanent	1,043	1,020	98%	965	897	93%
Other than permanent	0	0	0%	0	0	0%
<b>Total Employees</b>	<b>1,043</b>	<b>1,020</b>	<b>98%</b>	<b>965</b>	<b>897</b>	<b>93%</b>
<b>Workers</b>						
Permanent	332	281	85%	346	294	85%
Other than permanent	2,689	2,631	98%	2,244	2,083	93%
<b>Total Workers</b>	<b>3,021</b>	<b>2,912</b>	<b>96%</b>	<b>2,590</b>	<b>2,377</b>	<b>92%</b>

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

Category	Current Financial Year 2022- 23					Previous Financial Year 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	<b>1,043</b>	<b>0</b>	<b>0%</b>	<b>1,043</b>	<b>100%</b>	<b>965</b>	<b>0</b>	<b>0%</b>	<b>965</b>	<b>100%</b>
- Male	991	0	0%	991	100%	927	0	0%	927	100%
- Female	52	0	0%	52	100%	38	0	0%	38	100%
<b>Other than Permanent</b>	-	-	-	-	-	-	-	-	-	-
- Male	-	-	-	-	-	-	-	-	-	-
- Female	-	-	-	-	-	-	-	-	-	-
<b>Workers</b>										
<b>Permanent</b>	<b>332</b>	<b>0</b>	<b>0%</b>	<b>332</b>	<b>100%</b>	<b>346</b>	<b>0</b>	<b>0%</b>	<b>346</b>	<b>100%</b>
- Male	299	0	0%	299	100%	302	0	0%	302	100%
- Female	33	0	0%	33	100%	44	0	0%	44	100%
<b>Other than Permanent</b>	<b>2,689</b>	<b>548</b>	<b>20%</b>	<b>2,141</b>	<b>80%</b>	<b>2,244</b>	<b>397</b>	<b>18%</b>	<b>1,847</b>	<b>82%</b>
- Male	2,669	545	20%	2,124	80%	2,227	393	18%	1,834	82%
- Female	20	3	15%	17	85%	17	4	24%	13	76%

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

	Male		Female	
	Number	Median salary/ wage of respective category (INR in million)*	Number	Median salary/ wage of respective category (INR in million)*
Board of Directors (BoD)	7	4.00	1	1.10
Key Managerial Personnel	3	25.52	0	0
Employees other than BoD and KMP (Permanent)	988	0.85	52	0.99
Workers (Permanent)	299	0.86	33	0.47

\*Doesn't include ESOP perquisite value

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

Yes, Sona Comstar has set a policy on Privacy and "Fair Work Practice Guidelines" and the concerns around this is reported at [speakup.sbpl@soncomstars.com](mailto:speakup.sbpl@soncomstars.com). In FY 2022- 23, there was no case nor any concern reported on human rights related issues.

Nodal Officers:

- Ms. Arunima Mohanty, Senior GM- HR (**Driveline Business**)
- Mr. Ramesh V, Senior GM- HR (**Motor Business**)

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

Sona Comstar's Code of Conduct and Business Ethics strongly deters wrongdoings and promote equal opportunities for all at workplace. The Code ensures there is no discrimination or harassment in the workplace and appropriate grievance mechanism is in place. In addition to this, the company has policies such as:

- POSH Policy
- Code of Conduct and Business Ethics for Employees
- Fair Work Practice Guidelines & Memorandum of Understanding
- Privacy Policy
- Code of Conduct for Vendors
- Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees
- Policy to Promote Diversity on the Board of Directors

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

	Current Financial Year 2022- 23			Previous Financial Year 2021- 22		
	Filed during the year	Pending resolution at end of year	Remark	Filed during the year	Pending resolution at end of year	Remark
Sexual Harassment	Nil	Nil	-	Nil	Nil	-
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/ Involuntary Labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other human rights related issues	Nil	Nil	-	Nil	Nil	-

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

Sona Comstar has a "Prevention of Sexual Harassment at Workplace (POSH) Policy" in place. The Company has constituted Internal Committee (IC) for each location in India under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Under the POSH Policy, IC has an obligation to ensure that a person who lodges a complaint in good faith and without malice is protected and will not allow a person raising a concern to be victimized for doing so. Unfortunately, despite the best precautions, the complainant would be victimized, the IC will treat this as a serious offense and take disciplinary action against the perpetrator. The Company is committed to handle matters regarding sexual harassment with sensitivity and confidentiality will be maintained throughout the redressal process.

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

Yes. Sona Comstar has a code of conduct for its vendors which includes aspects of human rights pertaining to their operations and conduct of business, and all vendors need to comply with the code as part of the agreement/contract.

**9. Assessment for the FY 2022-23:**

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced/ Involuntary Labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

\* The above assessment done by the Company internally and as part of OEM's audit from time to time.

**10. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Qs. 9, above.**

Risks, if any, arising from such assessments are duly taken care of, by committees comprising of both internal and external stakeholders.



## Leadership Indicators

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

The Company strives to uphold the basic principles of human rights in all its operations. This is in alignment with its codes and policies. The company regularly sensitizes its employees on the Code of Conduct, human rights, and freedom to form associations through various training and awareness programs. The Company is also updating many of its customers on these compliances as part of contractual framework with them. During the reporting period, no business processes have been modified or introduced for addressing human rights grievances/complaints.

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

Sona Comstar complies with all the required labor laws and is OHSAS 18001 certified. It provides training to its employees at the time of induction about the code of conduct which covers human rights issues such as child labor, gender diversity, workplace discrimination, etc. Background verification is conducted by a third party for all its employees.

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

All the policies related to the development, employment, and growth are equally applicable to the PWD as applied to the general employees. The infrastructure is designed to handle the safety of the PWD in the event of exigency. The other infrastructural accessibility e.g., sitting place, canteen, washroom, transport facility for safe travel to the office, and emergency exit are provided in the organisation, keeping in mind the special needs.

### 4. Details on assessment of Value Chain Partners for the FY 2022-23:

	% of value chain partners (by value of business done with such partners) that were assessed:
Child Labour	100%
Forced/ Involuntary Labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

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

No significant risk or concern was identified.

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

### Essential Indicators

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

Parameter	(in Mega Joules - MJ)	
	Current Financial Year 2022- 23 (MJ)	Previous Financial Year 2021-22 (MJ)
Total Energy Consumption (A)	238,600,286	180,985,501
Total Fuel Consumption (B)	3,399,125	2,937,388
Energy consumption through Other Sources (C)	6,930,309	5,127,011
Total Energy Consumption (A+B+C)	248,929,720	189,049,900
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.009	0.009

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

#### 2. Does the entity have any sites/ facilities identified as designated consumers (DCs) under the Performance, Achieve, and Trade (PAT) Scheme of the Government of India? (Yes/No)

If "Yes", disclose whether targets set under the PAT Scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable.

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

Parameter	Current Financial Year 2022- 23	Previous Financial Year 2021-22
Water withdrawal by source (in kilo-litres)		
(i). Surface Water	0	0
(ii). Groundwater	9,061	0
(iii). Third Party Water	116,629	101,564
(iv). Seawater/ Desalinated water	0	0
(v). Others (Overseas plant water consumption)	447	501
<b>Total Volume of water withdrawal (in KL) (i + ii + iii + iv + v)</b>	<b>126,137</b>	<b>102,065</b>
<b>Total volume of water consumption (in KL)</b>	<b>126,137</b>	<b>102,065</b>
<b>Water intensity per rupee of turnover (water consumed/ turnover)</b>	<b>0.0000047</b>	<b>0.0000048</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge (ZLD)? If "Yes", provide details of its coverage and implementation.

Yes. Sona Comstar has a Zero Liquid Discharge (ZLD) mechanism at its Gurgaon site having an operational capacity of treating 50 KLD (Kilo Liter per day) of wastewater for reusing within the premise. MBR and Conditioning unit with High Recovery RO Membrane based Recycling System is installed in the ZLD plant to treat High TDS water. At Chennai site, Effluent Treatment Plant (ETP) is available and waste coolant from shop floor machines and floor cleaning water are the inlet of ETP and the treated wastewater from ETP is feed to Evaporator for evaporation purposes.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format: Gurgaon (average of all 3 Gurgaon Plants):

Parameter	Please specify unit	Current Financial Year 2022- 23*	Previous Financial Year 2021- 22
NOx	Mg/Nm3	122	159.9
SOx	Mg/Nm3	3	25.08
Particulate Matter (PM)	Mg/Nm3	32	34.28
Persistent organic pollutant (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutant (HAP)			
Others- please specify			
		Not Applicable	

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

\*The Company has installed Retro Fitted Emission Control device on Digit set.

The above details of other plants is available on the website of the Company at <https://sonacomstar.com/investor/Sustainability>

6. Please provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Please specify unit	Current Financial Year 2022- 23	Previous Financial Year 2021- 22
<b>Total Scope 1 Emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	4,430	3,436
<b>Total Scope 2 Emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	45,152	40,391
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	Metric tonnes per rupee	0.0000019	0.0000021

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

7. Does the entity have any project related to reducing Greenhouse gas emissions?

If “Yes”, then provide details.

Sona Comstar acknowledges its commitment towards reducing environmental footprint, especially reducing GHG emissions and the company has taken several initiatives on clean technology, energy efficiency, renewable energy, and sustainability development such as generation of electricity through renewable resources and Installation of Solar capacity across plants & facilities. Total solar capacity increased from 1505.8 kWp in 2021-22 to 1975 kWp in 2022-23.

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

Parameter	Current Financial Year 2022- 23	Previous Financial Year 2021-22
Total Waste Generated (in metric tonnes)		
Plastic Waste (A)	131	79
E-Waste (B)	11	3
Bio-medical Waste (C)	1	1
Construction and Demolition Waste (C&D) (D)	0	0
Battery Waste (E)	6	17
Radioactive Waste (F)	0	0
Other Hazardous Waste generated (G) (Please specify, if any)	276	200
Other Non-Hazardous Waste generated (H) (Please specify, if any)	16,062	13,423
<b>Total Waste Generated (A+B+C+D+E+F+G+H)</b>	<b>16,487</b>	<b>13,723</b>
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
<b>Category Waste Name:</b>		
(i). Recycled	16,212	13,456
(ii). Re-used	19	47
(iii). Other recovery operations	0	0
<b>Total</b>	<b>16,231</b>	<b>13,503</b>
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
<b>Category Waste Name:</b>		
(i). Incineration	55	196
(ii). Landfilling	58	45
(iii). Other disposal operations	0	6
<b>Total</b>	<b>113</b>	<b>247</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency.

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

The Company recycles its Hazardous & Non-Hazardous waste product through authorized recyclers. Further, all relevant plant locations have Wastewater Treatment Plant (**WWTP**) which is a combination of Effluent treatment plant (**ETP**) and Sewage treatment plant (**STP**).

During the year through a combination of Membrane Bio-Reactor (MBR) and RO treatment processes the Company implemented a project to reduce hazardous waste disposal by 75% and to recycle 12,000 liters of water per day.

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

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with? (Yes/No) If "No", the reasons thereof and corrective action taken, if any.
None of Sona Comstar facilities are in or around ecologically sensitive zone.			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year 2022- 23

Name and brief of the project	EIA Notification No.	Date	Whether conducted by independent agency (Yes/ No)	Results communicated in public domain (Yes/No)	Relevant Web-link
During FY 2022- 23, based on the applicable laws, there was no requirement to undertake Environmental impact assessments of projects (EIA)					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Yes/ No).

If "Not", provide details of all such non-compliances, in the following format:

S. No.	Specify the law/ regulation/ guidelines which is not compliant	Provide details of the non-compliance	Any fines/ penalties/ action taken by regulatory agencies such as pollution control board or by courts	Corrective action taken, if any
Sona Comstar adheres to all applicable environmental laws and regulations and no case of non-compliance was registered during the reporting period.				

#### Leadership Indicators

1. Provide break up of the total energy consumed (in Joules or multiples) from Renewable Energy and Non-Renewable sources, in the following format:

Parameter	(in Mega Joules- MJ)	
	Current Financial Year 2022- 23 (MJ)	Previous Financial Year 2021- 22 (MJ)
From Renewable Sources		
Total electricity consumption (A)	6,930,310	5,127,011
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>6,930,310</b>	<b>5,127,011</b>
From Non-Renewable Sources		
Total electricity consumption (D)	238,600,286	180,985,501
Total fuel consumption (E)	3,399,125	2,937,388
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>241,999,411</b>	<b>183,922,889</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.



2. Provide the following details related to water discharge:

Response: At Sona Comstar all facilities are Zero Liquid Discharge (ZLD), therefore this question is not applicable.

Parameter	Current Financial Year 2022- 23	Previous Financial Year 2021- 22
Water discharge by destination and level of treatment (in kilo-litres)		
<b>(i). To Surface Water</b>		
- No treatment		
- With treatment- please specify level of treatment		
<b>(ii). To Ground Water</b>		
- No treatment		
- With treatment- please specify level of treatment		
<b>(iii). To Seawater</b>		
- No treatment		
- With treatment- please specify level of treatment		Not Applicable
<b>(iv). Sent to Third Parties</b>		
- No treatment		
- With treatment- please specify level of treatment		
<b>(v). Others</b>		
- No treatment		
- With treatment- please specify level of treatment		
<b>Total water discharged (in kilo-litres)</b>		
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.		

3. Water withdrawal, consumption and discharge in areas of 'Water Stress' (in kilo litres):

For each facility/ plant located in areas of water stress, provide the following information:

- i. Name of area
- ii. Nature of operations
- iii. Water withdrawal, consumption, and discharge in the following format:

Response: None of Sona Comstar facility are in 'Water Stress' zone as per Water Assessment Report 2022 of Central Groundwater Board (CGWB), Government of India.

Parameter	Current Financial Year 2022- 23	Previous Financial Year 2021- 22
Water withdrawal by source (in kilo litres)		
<b>(i). Surface Water</b>		
<b>(ii). Ground Water</b>		
<b>(iii). Third Party Water</b>		
<b>(iv). Seawater/ Desalinated Water</b>		
<b>(v). Others</b>		
<b>Total volume of water withdrawal (in KL)</b>		
<b>Total volume of water consumption (in KL)</b>		
<b>Water intensity per rupee of turnover (water consumed/ turnover)</b>		
<b>Water intensity (optional)- the relevant metric may be selected by the entity</b>		
Water discharge by destination and level of treatment (in Kilo litres)		
<b>(i). To Surface Water</b>		
- No treatment		
- With treatment- please specify level of treatment		
<b>(ii). To Ground Water</b>		
- No treatment		
- With treatment- please specify level of treatment		Not Applicable
<b>(iii). Sent to Third Party Water</b>		
- No treatment		
- With treatment- please specify level of treatment		

Parameter	Current Financial Year 2022- 23	Previous Financial Year 2021- 22
<b>(iv). Into Seawater</b>		
- No treatment		
- With treatment- please specify level of treatment		
<b>(v). Others</b>		Not Applicable
- No treatment		
- With treatment- please specify level of treatment		

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

**4. Please provide details of total Scope 3 emissions and its intensity, in the following format:**

**Response:** The Company is currently not measuring Scope 3 emissions.

Parameter	Please specify unit	Current Financial Year 2022- 23	Previous Financial Year 2021- 22
<b>Total Scope 3 Emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent		
<b>Total Scope 3 emissions</b> per rupee of turnover			
<b>Total Scope 3 emission intensity</b> (optional)- the relevant metric may be selected by the entity			

The Company is currently not measuring Scope 3 emissions

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

**5. With respect to the ecologically sensitive areas reported in Qs. 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.**

Not Applicable, as none of the company's facility is in ecologically sensitive areas.

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

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the Initiative
1	Solar Plant	During the year, the Company add 469.2 KWp and the total capacity increased to 1,975 KWp capacity	Reduction in GHG emissions
2	ZLD Plant	50 KLD capacity	Capacity Reduction in freshwater intake
3	Replacement of Fluorescent light into LED lights of 110 numbers	-	47,798 KWh savings/year
4	Installation of VFD for 1,000 cfm air compressor	-	52,500 KWh savings/year
5	Installation of Energy efficient IE3 motors	-	9,763 kWh Savings/year
6	Setting up of Solar plant proposed	950 KWp in Pune and 1,000 KWp in Manesar plant	Reduction in GHG emissions

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

Sona Comstar has an emergency procedure integrated into its management system for dealing with emergency situations, minimizing hazards to environment and human health. A list of potential emergency situations has been identified and the roles and responsibilities of all concerned personnel are also defined to handle the emergencies effectively. The safety officer is responsible for mock drills which are conducted at 6 months intervals whereas safety drills are conducted at 2 months intervals or as per plan to evaluate emergency preparedness. Training and awareness sessions are conducted for the employees and emergency handling teams to prepare them for actual emergency situations.

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

There were no areas/materials in the value chain of the entity which have been identified as having significant adverse impact on the environment.

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

Nil

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

### Essential Indicators

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

Six (6)

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

S. No.	Name the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National)
1.	Confederation of Indian Industries (CII)	National
2.	Automotive Component Manufacturers Association (ACMA)	National
3.	Association of Indian Forging Industry (AIFI)	National
4.	Gurgaon Chamber of Commerce and Industries (GCCCI)	State
5.	Employers Federation of Southern India (EFSI)	State
6.	Indo American Chamber of Commerce	National

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

Name of authority	Brief of the Case	Corrective action taken
There are no instances of anti-competitive behavior undertaken by the Company and therefore there are no corrective actions taken or underway on any issues related to anti-competitive conduct, by the regulatory authorities against the Company.		

### Leadership Indicators

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

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes/No)	Frequency of Review by Board	Web Link, if available
Nil					

## Principle 8: Businesses should promote inclusive growth and equitable development

### Essential Indicators

1. *Details of Social Impact Assessments (SIA) projects undertaken by the entity based on applicable laws, in the current financial year 2022- 23:*

Name and brief detail of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No)	Relevant web-link
Not Applicable					

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

S. No.	Name of the project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	%of PAFs covered by R&R	Amounts paid to PAFs in the FY (in INR.)
Not Applicable						

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

Sona Comstar's Corporate Social Responsibility (CSR) program is designed to support and provide for social and community development, which *inter-alia*, focuses on the needs and aspirations of the communities in and around the plants of the company. In case there is a concern or grievance, the same can be logged with the security desk of the company or with the CSR team representative and adequate action will be taken, as deemed appropriate by the admin department and CSR team of the company.

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

	Current Financial Year 2022- 23	Previous Financial Year 2021-22
Directly sourced from MSMEs/ Small producers	44%	46%
Sourced directly from within the district and neighboring districts	70%	77%

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

Details of negative social impact identified	Corrective action taken
	Not Applicable

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

S. No.	State	Aspirational District	Amount Spent (in INR.)
			Not Applicable

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

No

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

Not applicable

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

Not applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year 2022- 23), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit Shared (Yes/ No)	Basis of calculating benefit share
				Not Applicable

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

Name of authority	Brief of Case	Corrective action taken
		Not Applicable

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefited from CSR Projects	% beneficiaries from vulnerable & marginalized groups
1.	Contribution to Centre for Innovation Incubation and Entrepreneurship (CIIE Initiatives-IIMA- for the purpose of supporting and fostering entrepreneurship in India by providing ecosystem support and venture capital to early-stage enterprises		Community at large
2.	Contribution to Foundation for Innovation and Technology Transfer (FITT): for conducting research in technology to promote innovations and incubations aimed at promoting sustainable development, that may have potential for commercialisation in the automotive industry.		Community at large
3.	Sona Comstar Scholarship- Ashoka University: Scholarship shall be provided to eligible Women Scholars pursuing Computer Science or mathematics as their major/minor at Ashoka University situated at Sonapat. 14 deserving and meritorious women students from economically weak backgrounds, per year.	14 students	100%
4.	Renovation of classrooms, installation of Digital Smart Classes and renovation of water cooler room and installation of water purifier in Government School of Gurgaon, Haryana.	925 students	100%
5.	Construction/renovation and maintenance of basic infrastructure in 7 Government Schools in Tamil Nadu.	4,958 students	100%
6.	Distribution of National Flags- Har Ghar Tiranga Initiative	2,500 flags were distributed by the Company.	

## Principle 9: Business should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

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

Sona Comstar is predominantly a B2B company and sells its products predominantly to large OEMs. Sona Comstar ensures on time delivery in full to all its customers based upon the schedules shared by them. In case of any complaints, customers can raise the complaint with the Company's representative or send their complaints in mail to the company for addressing the grievance/ concern.

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

	As percentage to total turnover
Environmental and social parameters relevant to the product	Nil
Safe and responsible usage	Nil
Recycling and/or safe disposal	Nil

Note: Our products carry appropriate and adequate information as per customer requirements.

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

	Current Financial Year 2022- 23			Remarks	Previous Financial Year 2021-22			Remarks
	Received	Pending at end of year			Received	Pending at end of year		
Data Privacy	Nil	Nil	-	-	Nil	Nil	-	-
Advertising	Nil	Nil	-	-	Nil	Nil	-	-
Cyber-security	Nil	Nil	-	-	Nil	Nil	-	-
Delivery of essential services	Nil	Nil	-	-	Nil	Nil	-	-
Restrictive Trade Practices	Nil	Nil	-	-	Nil	Nil	-	-
Customer Complaints	Nil	Nil	-	-	Nil	Nil	-	-

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

	Number	Reasons for recall
Voluntary Recalls	Nil	Not Applicable
Forced Recalls	Nil	Not Applicable

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No).**

If available, provide a web-link of the policy.

Sona Comstar has established information security policy to protect itself against the cyber security and data privacy risks and ensure appropriate procedures to mitigate these risks in a timely manner. The approach is based on the International Standard ISO/IEC 27001 INFORMATION SECURITY MANAGEMENT. Sona Comstar has implemented a framework in the third party risk Management for all its vendors to comply with the IT security procedures as per Sona Comstar guidelines which is also part of their Non-Disclosure Agreement (NDA).

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

None



**Leadership Indicators**

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

All information is accessible on the company's website: <https://sonacomstar.com/> SONA LinkedIn page also offers information and regular updates about the products and services.

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

Sona Comstar is a B2B company and sells its products to larger OEMs predominantly. Sona Comstar while entering the business with its customers makes a declaration that they are REACH or IMDS compliant. They also perform business validation compliance as part of product development. This gives assurance to the customers about the product composition and safety. Further, for safe shipping of products, dimension and weight of packaging are mutually signed off by Sona Comstar and customer as per the global standards.

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

Not applicable

4. a. **Does the entity display product information on the product over and above what is mandated as per the local laws? (Yes/ No/ Not Applicable).**

If "Yes", provide details in brief.

- b. **Did your entity carry out any survey with regard to customer satisfaction relating to the major products/ services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/ No).**

a. Sona Comstar complies with all applicable regulations with respect to product information disclosure.

b. The company regularly carries out customer satisfaction survey to gauge the feedback of the customers on their products and services as well as read the ever-changing market trends and customer needs and aspirations. The FY 2022 survey clearly demonstrates satisfied customer base and brand loyalty towards our company, which is a result of company's continues innovation, customer-at first, and high-quality standards approach.

5. **Provide the following information relating to data breaches:**

- (a). **Number of instances of data breaches along-with impact:**

Nil

- (b). **Percentage of data breaches involving personally identifiable information of customers.**

Nil

**DECLARATION**

[Regulation 34(3), read with Schedule V (Part D) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

I, Vivek Vikram Singh, Managing Director & Group CEO of the Company, hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2022-23.

For **SONA BLW Precision Forgings Limited**

Date: 3rd May, 2023  
Place: Gurugram

**Vivek Vikram Singh**  
Managing Director & Group CEO  
DIN: - 07698495

**COMPLIANCE CERTIFICATE**

[REGULATION 17(8) READ WITH PART B OF SCHEDULE II OF THE SEBI  
(LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATION, 2015]

To,  
The Board of Directors,  
**SONA BLW Precision Forgings Limited**  
Sona Enclave Village  
Begumpur Khatola, Sector 35, Gurugram  
Haryana- 122004

In compliance with Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, we hereby certify that:

1. We have reviewed the Financial Statements and the Cash Flow Statement of Sona BLW Precision Forgings Limited for the Financial Year ended March 31, 2023 and to the best of our knowledge and belief, we state that:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - a. significant changes, if any, in the internal control over financial reporting during the year;
  - b. significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours Sincerely,

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and Group Chief Executive Officer  
DIN: 07698495

Date: 3rd May, 2023  
Place: Gurugram

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS OF SONA BLW PRECISION FORGINGS LIMITED FOR THE FINANCIAL YEAR ENDING MARCH 31, 2023

[Pursuant to Regulation 34(3) and Sub-para (10)(i) of clause (C) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
**SONA BLW Precision Forgings Limited**  
Sona Enclave, Village Begumpur Khatola,  
Sector 35, Gurugram Haryana - 122004

- We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sona BLW Precision Forgings Limited ("the Company") having CIN: L27300HR1995PLC083037 and having registered office at Sona Enclave Village Begumpur Khatola, Sector 35, Gurugram Haryana - 122004, produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In our opinion and to the best of our information and according to the verification (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and the respective Directors, we hereby certify that none of the Directors on the Board of Directors of the Company as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	DIN	Name of Director	Date of appointment in current term
1.	00029664	Mr. Prasan Abhaykumar Firodia	27/01/2021
2.	00145529	Mr. Sunjay Kapur	05/07/2019
3.	00176902	Mrs. Shradha Suri	05/08/2020
4.	00289721	Mr. Subbu Venkata Rama Behara	05/07/2019
5.	01798942	Mr. Amit Dixit	05/07/2019
6.	07698495	Mr. Vivek Vikram Singh	05/07/2022
7.	08385423	Mr. Ganesh Mani	05/07/2019
8.	09041143	Mr. Jeffrey Mark Overly	12/02/2021

- Ensuring the eligibility for the appointment / continuity of every Director on the Board of Directors is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **PI & Associates,**  
Company Secretaries

**Nitesh Latwal**

Partner

ACS No.: A32109

CP No.: 16276

Peer Review No.: 1498/2021

UDIN: A032109E000272470

Date: May 03, 2023  
Place: New Delhi

## Annexure - K

**CERTIFICATE ON CORPORATE GOVERNANCE OF SONA BLW PRECISION  
FORGINGS LIMITED FOR FINANCIAL YEAR ENDED MARCH 31, 2023**

[Pursuant to Regulation 34(3) and clause (E) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members

**SONA BLW Precision Forgings Limited**

Sona Enclave Village Begumpur Khatola,  
Sector 35, Gurugram Haryana - 122004

1. We have examined the compliance of the conditions of Corporate Governance by Sona BLW Precision Forgings Limited ("**the Company**"), for the financial year ended on March 31, 2023, as stipulated under Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation 2 of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**").
2. The compliance with the conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, and the declarations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the financial year ended on March 31, 2023.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **PI & Associates**,  
Company Secretaries

Sd/-

**Nitesh Latwal**

Partner

ACS No.: A32109

CP No.: 16276

Peer Review No.: 1498/2021

UDIN: A032109E000272492

Date: May 03, 2023

Place: New Delhi



## CSR Impact Assessment

FY2022-23

### SECTION 1: EXECUTIVE SUMMARY

This is a report on the Independent CSR Impact Assessment Report of the CSR activities undertaken by Sona Comstar in FY2022-23.

The CSR Impact Assessment exercise is based on the guidelines provided in:

1. The Companies Act 2013 Schedule VII, Sec 135
2. Bureau of Indian Standards (BIS) IS/ISO 26000:2010 Guidance on Social Responsibility
3. UN Sustainable Development Goals

Sona Comstar CSR interventions consist of six pillars aimed at strengthening and reinforcing the nation and society. The company has a well-defined and robust governance structure to oversee the implementation of the CSR policy outlined by the Board of Directors and monitor CSR projects as per the requirements of Section 135 of The Companies Act-2013.

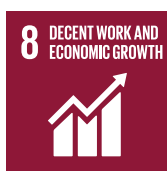
#### Sona Comstar CSR projects for FY2022-23 are assessed under 2 thematic areas.

Thematic Area	Schedule 7 list	Name of Beneficiary
<p><b>Sona Comstar-Samridh Bharat:</b></p> <p>This Program focuses on creating an enduring prosperity through environmental sustainability, ecological balance, and conservation of natural resources. <b>Support projects to promote innovations, incubations and collaborate and contribute to programs launched by universities and institutions of eminence to promote innovation driven startups in technology</b></p>	<p>(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and</p>	<p>I. Sona -Comstar IIT Delhi Innovation in Mobility Program Foundation for Innovation and Technology Transfer (<b>FITT</b>)</p> <p>II. Centre for Innovation Incubation and Entrepreneurship (<b>CIIE Initiatives-IIMA</b>)</p>
<p><b>Sona Comstar-Saksham Bharat:</b></p> <p>This Program shall focus on measures like providing employability and promotion of skill development programs for the rural youth in numerous modules; empowering woman through self-help groups and promotion of livelihood and employment opportunities; promoting education, employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement; promote gender equality, empowering women, setting up homes and hostels for women and orphans etc.</p>	<p>(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;</p>	<p>III. <b>Govt. School in Tamil Nadu</b> Construction/ renovation and maintenance of basic infrastructure</p> <p>IV. <b>Govt. School in Gurgaon</b> Renovation of classrooms, Installation of Digital Smart Classes and renovation of water cooler room and installation of water purifier</p> <p>V. <b>Sona Comstar Scholarship Ashoka University</b></p>

#### The CSR projects also contributes to the following UN Sustainable Development Goals:



Goal 1: End poverty in all its forms everywhere



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Goal 13: Take urgent action to combat climate change and its impacts

### Impact and Relevance of Programs Sona Comstar-Samridh Bharat

- Creating a nation of job-creators and not just job-seekers is important for sustainable growth. And central to this, is the need for extensive collaboration between corporate industry, academia, and governments at the village, district, state and central levels.
- By contributing to incubators in central universities, Sona Comstar is investing in the future of the nation by supporting the development of new ideas, technologies, and businesses.
- The Sona Comstar Samridh Bharat initiative has supported five startups working in the mobility space. The Project has generated lots of interest in the EV space, leading to more collaboration and partnerships contributing to more success in the mobility startup space.
- The projects' efficiency & effectiveness is moderate, with some scope of improvement in improving the time lines required for implementation. Covid-related delays have resulted in some lags in implementation of the projects.

### Impact and Relevance of Programs Sona Comstar-Saksham Bharat

- The Sona Comstar school projects are highly relevant. The provision of water, sanitation ( toilet blocks ) and hygiene facilities in schools by Sona Comstar secures a healthy school environment and protects children from illness and exclusion. It is a first step towards a healthy physical learning environment, benefiting both learning and health.
- When schools have appropriate, gender-separated facilities, an obstacle to attendance is removed. Girls are particularly vulnerable to dropping out of school, partly because many are reluctant to continue their education when toilets and washing facilities are not private, not safe, or simply not available.
- The projects' efficiency & effectiveness is high, with the spending on the requirements well planned and documented. The project activities are well researched and focused on maximizing impact.
- **4958 students** across seven schools in Tamil Nadu have been provided with segregated toilets for boys & girls, cleaning supplies, support staff for maintenance of toilets and renovation of school facilities
- **925 school children & 32 teachers** in Govt School Gurgaon have been provided clean drinking water and digital learning aids in their schools.
- **14 girl scholars** studying STEM education in Ashoka University have been provided scholarship securing their education for the next 3 years.

### Best Practices

- All the five projects supported by Sona Comstar in FY2022-23 are ongoing- i.e they are operational for 1+3 years as per The Companies Act 2013. This long term investment demonstrates a commitment for investing in deep lasting social & environmental change.
- Sona Comstar leadership's mentoring of startups was very appreciated by the startups. It gave the startups insight on

the skills required for commercialisation and success of innovative ideas.

- Focussing on Water & Sanitation in schools – especially middle schools is strategic and well thought out. Only when the children stabilise in the middle school will they pursue further studies. This is especially true for girl students
- Incentivising girl students with scholarship to take up STEM education in Ashoka University contributes to gender support for STEM education.

### Recommendations

- Good planning in selecting CSR programs and beneficiaries is evidenced in the Sona Comstar CSR projects. With progressive increase in the CSR funds in the coming years it is recommended to institutionalise the process of selecting implementing partners and beneficiaries by developing robust SOPs related to the CSR Functions. Spread out investments and funding on a Quarterly basis. Also, engage with stakeholders on a quarterly basis.
- While the school programs are very impactful, efficient and effective – it is recommended that the objectives of these initiatives be aligned with National programs. E.g. the school programs can be aligned to Swachh Bharat : Swachh Vidyalaya and the impact metrics of the project can be aligned to contribute to national development indicators.
- Delays in implementing CSR programs is to be expected in social development themes- due to the inherent risk of working in ambiguous and complex environment. It is recommended to implement quarterly reporting calendars to ensure that the delays are arrested and resolved efficiently.

### Rating of CSR project

Based on the proprietary scoring algorithm, Bluesky has assessed the Sona CSR program with a Platinum category of performance of CSR Activity

The Platinum Category of the CSR Project performance demonstrates.

- Sustainability Commitment,
- Leadership Visionary on Social Responsibility,
- Stakeholder Partnership and Multi – organisational Alliances

In conclusion, Sona Comstar's CSR interventions and projects have a significant impact on society and the environment, and their contribution aligns with the Companies Act 2013, Schedule VII, Sec 135, and the UN Sustainable Development Goals. The overall purpose of the CSR Impact Assessment is for Sona Comstar to assess the benefits of its CSR efforts, strive to maximize the impact of its CSR programs, and identify areas for further engagement with the community.

### Signed by

InGovern and BlueSky

Date : 26th April 2023

## SECTION 2: BACKGROUND

CSR Impact Assessment is a process which is individual to the company and depends on factors such as the size of the company and its maturity in addressing the expectations of the community it operates in.

The purpose of the CSR Impact Assessment Report is for Sona Comstar to assess the impact of the activities of their CSR efforts, strive to maximize the impact of their CSR efforts and to identify areas for improvement and further engagement with the community.

### About Sona Comstar

Sona Comstar is a leading global manufacturer of automotive powertrain systems and components. With over three decades of experience in the industry, Sona Comstar has established itself as a trusted and reliable partner for some of the world's leading automakers.

The company offers a wide range of products and services, including electric and hybrid powertrain solutions, transmission components, and precision forging and machining services. Their products are designed to meet the evolving needs of the automotive industry, which is rapidly transitioning towards electrification and sustainability.

Sona Comstar operates from multiple state-of-the-art manufacturing facilities located in India, Mexico, and the United States, with a combined production capacity of over 8 million units per year. The company's commitment to quality and innovation is reflected in its certifications, including ISO 9001, ISO 14001, and IATF 16949.

In addition to its core business of automotive powertrain systems, Sona Comstar is also involved in the development of next-generation technologies such as autonomous driving and connected vehicles. The company has a dedicated team of engineers and researchers who are working on cutting-edge solutions that will shape the future of mobility.

### Sona Comstar CSR Policy

Sona Comstar's CSR interventions consist of Six pillars aimed to strengthen and reinforce the nation and the society:

- (I) Sona Comstar-Samridh Bharat
- (II) Sona Comstar-Swasth Bharat
- (III) Sona Comstar-Surakshit Bharat
- (IV) Sona Comstar-Saksham Bharat
- (V) Sona Comstar-Swachh Bharat
- (VI) Sona Comstar-Stree Shakti Bharat

In addition, all other areas/activities as may be prescribed under Schedule VII of the Act or the Rules, as amended from time to time.

Sona Comstar has a well-defined and robust governance structure to oversee the implementation of the CSR Policy and monitoring of CSR projects as per the requirements of Section 135 of The Companies Act-2013

<https://sonaComstar.com/files/documents/corporate-social-responsibility-policy-document-pOSeld.pdf>

The 5 programs assessed for FY 22-23 contribute to the following 2 thematic pillars.

### Theme 1: Sona Comstar-Samridh Bharat

This Project focuses on creating an enduring prosperity through environmental sustainability, ecological balance, and conservation of natural resources. Support projects to promote innovations, incubations and collaborate and contribute to programs launched by universities and institutions of eminence to promote innovation driven startups in technology.

### Theme 2: Sona Comstar-Saksham Bharat

This Project shall focus on measures like providing employability and promotion of skill development programs for the rural youth in numerous modules; empowering woman through self-help groups and promotion of livelihood and employment opportunities; promoting education, employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement; promote gender equality, empowering women, setting up homes and hostels for women and orphans etc.

### Sona Comstar CSR Programs for Impact Assessment FY2022-23

The five programs considered for the CSR Impact Assessment exercise are:

- I. Sona -Comstar IIT Delhi Innovation in Mobility Project by the Foundation for Innovation and Technology Transfer (FITT) at Indian Institute of Technology, Delhi
- II. Centre for Innovation Incubation and Entrepreneurship at the Indian Institute of Management, Ahmedabad (CIIE Initiatives-IIMA)
- III. Government School in Tamil Nadu Construction/renovation and maintenance of basic infrastructure
- IV. Government School in Gurgaon Renovation of classrooms, Installation of Digital Smart Classes and renovation of water cooler room and installation of water purifier
- V. Sona Comstar Scholarships at the Ashoka University

### Scope of CSR Impact Assessment Exercise

- To assess the CSR Project for the relevance, impact, sustainability, efficiency, and effectiveness.
- To assess the CSR Projects performance as per the pre-defined targets defined in the MoU signed with Implementing Agency
- To assess if the objectives of the projects have been met.

### Sampling for Stakeholder Feedback & Engagement

1. 10 Key Informant interviews
2. 8 Focus Group Discussions

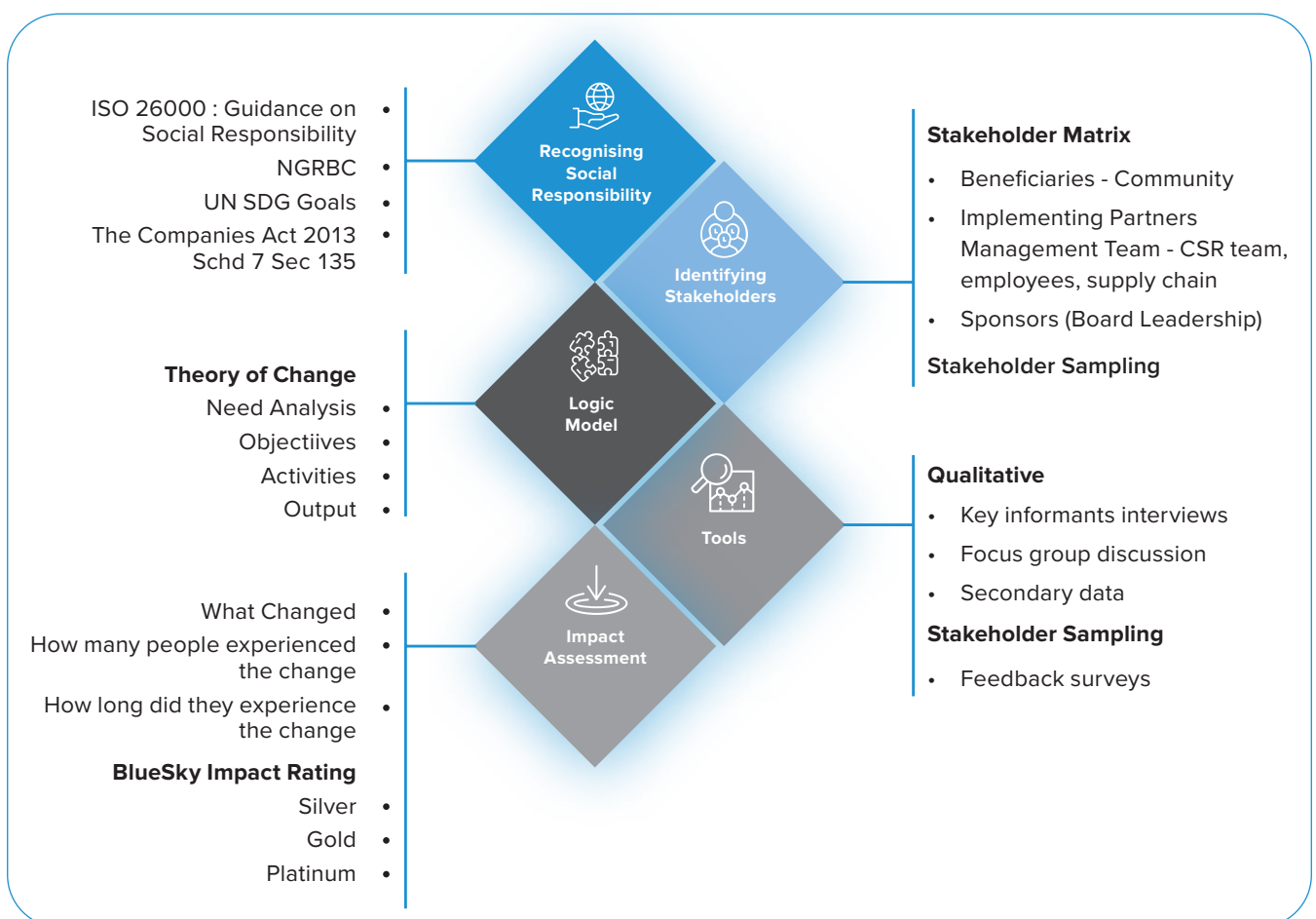
### Rating of CSR Programs

Based on the proprietary scoring algorithm, BlueSky has assessed the Sona CSR Project with a Platinum category of performance of CSR Activity. The Platinum Category of the CSR Project performance demonstrates:

- Sustainability Commitment
- Leadership Visionary on Social Responsibility
- Stakeholder Partnerships and Multi-organisational Alliances

## SECTION 2. IMPACT ASSESSMENT METHODOLOGY

### BlueSky Accredited Quality Process



The analysis and findings of this report is based on the following process:

- Desk review of the existing data of the project being implemented. - Planning & Implementation of the program, its monitoring processes of recognizing social responsibility (why the project), identifying key stakeholders and beneficiaries (who of the project)
- Stakeholder feedback from key stakeholders of the project – Beneficiaries of Implementing partners, Representatives of Implementing partners, CSR Team etc. Qualitative feedback and Quantitative metrics have been collected through

interactions and feedback from the key stakeholders and beneficiaries of the program.

- Documentary evidence on the activities, outputs and outcomes is as provided by the client.

The data so collected is triangulated to arrive at the impact of the CSR program.

### Social Impact Definition

**Outputs:** are the Project activities we do or accomplish that help achieve outcomes.

**Outcomes:** are the short-term results, the delta difference brought about because of those activities for individuals, families, groups, or communities.

**Impact:** is the long-term results of the same outputs. examines the significance of the intervention and its higher-level results, meaning how much it mattered to those involved.

**Relevance:** The extent to which the Project Objectives and design respond to beneficiaries. The relevance is context specific to the geography or culture in which the intervention is being implemented.

**Effectiveness:** The extent to which an intervention is achieving or has achieved its objectives. This includes whether an intervention has attained its planned results, the process by which this was done, which factors were decisive in this process and whether there were any unintended effects.

**Efficiency:** The extent to which the project activities deliver, or is likely to deliver, results in an economic and timely way.

**Sustainability:** The extent to which the net benefits of the intervention continue or are likely to continue.

### InGovern Research Services

InGovern is a pioneer in corporate governance advisory and shareholder activism in India. Since 2010, InGovern has advised investors and Indian companies on governance matters, including on enhancing shareholder value through better corporate governance (CG) practices. The vision and goal of InGovern is to advice and develop “purpose-led” Indian companies.

### BlueSky Sustainable Business LLP

BlueSky is an Accredited Inspection Body for social service projects as per ISO/IEC 17020:2012, which specifies requirements for the competence of bodies performing inspection and for the impartiality and consistency of their inspection activities.

BlueSky is accredited by NABCB -National Accreditation Board for Certification Bodies, Quality Council of India to conduct assessments of social projects. The BlueSky impact assessment inspection methodology and the consequent Impact assessment report & certificate conforms to the guidance available in:

- The Companies Act 2013 Schd VII, Sec 135 and its amendments
- Bureau of Indian Standards (BIS) IS/ISO 26000:2010 Guidance on Social Responsibility
- UN Sustainable Development goals

## SECTION 3: KEY FINDINGS

### Theme 1: Samridh Bharat

#### Project 1: Sona Comstar IIT Delhi Innovation in Mobility Project

Foundation for Innovation and Technology Transfer (FITT), a society registered under the Societies Registration Act 1860, has its office at Hauz Khas, New Delhi and operates the Technology Business Incubation Unit (TBIU) on IIT Delhi campus. TBIU has been instrumental in converting novel technological concepts and ideas into commercially viable opportunities. The IIT Delhi incubator Project is inclusive and open to people outside of the IIT system.

Project Duration : Ongoing Project of 4 years duration: FY2020-21 to FY2023-24

In FY2022-23, FITT has initiated the process of identifying the startups to support. They have received 28 applications and are in the process of identifying the beneficiary startups for FY2022-23.

FITT’s performance in identifying startups in the previous years is tabled below:

	Year	Eligible Candidates	Initial Shortlisting	Final Selected
1 <sup>st</sup> year of application	FY2020-21	23	5	2
2 <sup>nd</sup> year	FY2021-22	18	7	2
3 <sup>rd</sup> year	FY2022-23	28	Work in progress	Work in progress

### CSR Project Objectives

- To provide requisite physical infrastructure to incubators
- Funding support to take ideas to proof of concept/ product prototyping and IP stage to 2 startups per year
- Mentoring support from IIT Delhi faculty and experts
- Mentoring support from Sona Comstar Leadership
- Create opportunities whereby Incubator(s) can engage with venture capitalists and industry to take innovations into commercialisation.

### Activities provided to startups under the Program:

- **Financial support up to INR 80 Lakhs** is provided as a grant in aid in 3 or 4 tranches as per the progress made under predetermined milestones decided based on the project's objectives.
- **The incubation, mentorship and networking opportunities are offered for approximately 6 months** even after the completion of this incubation period.



## Details of selected startups in FY2020-21

### 1. Quanteon Powertrain Private Limited

Project Title	Axial Flux Motor Powered E-Axle “Sudarshan Chakra”
Product Details	The project aims to develop an E-Axle powered by Axial flux motor. The developed solution will be designed to be compact in length and uses an ingenious arrangement for siting. The initial study and simulations developed by the start-up proves that the E-axle will be more efficient than the existing solutions and generate much higher torque in the deployable speed range.
Expected Outcomes	With the support grant provided under SCIDIP, the final expected outcomes of the projects are: <ol style="list-style-type: none"> <li>Proof of concept a unique efficient E-Axle design</li> <li>Establishing a new line of product design for EVs</li> </ol>

### 2. inGO Electric Private Limited

Project Title	Variator coupled drive train with Magnet-free motor for high performance 2w EV
Product Details	The project targets development of an Indigenous high performance, and cost-effective electric conversion kit for Two Wheelers. The developed drivetrain for scooters will be an enabler for retro fitment of ICE scooters & also targets to supply to other OEMs for new scooters.
Expected Outcomes	With the support grant provided under SCIDIP, the final expected outcomes of the projects are: <ol style="list-style-type: none"> <li>Drivetrain Development and Functional Testing with redesigned CVT clutch</li> <li>Performance Validation by retrofitment</li> <li>Certifications for the developed kit</li> </ol>

## Details of selected startups in FY2021-22

### 1. Creatara Mobility

Project Title	Modular Vehicle Platform and Motor and rear suspension mounting system
Product Details	It is proprietary mounting system that enables fixed distance between the output shaft of mid mounted motor and the rear wheel axis. Battery pack design & battery pack mounting system: Proprietary removable battery pack design that is multi-functional with in-depth ergonomic considerations. The battery pack is designed to dock and un-dock easily and minimal effort to carry for charging from the nearest power outlet.

### 2. P3C Technologies:

Project Title	Perovskite solar cell
Product Details	Perovskite solar cell is a solution-processed thin film solar cell that can directly deposit on various substrates like glass, metal and plastic. Therefore, the PSC has potential to make whole car self-powered. Since it is a solution processed technology, it can be deposited on every metallic and plastic part of car. Again, if we talk about the numbers, PSC can generate 500W in 2 meter <sup>2</sup> in 1 hour span. We have already been depositing 2 layers present in PSC using our indigenous technology.
Expected Outcomes	Objectives achieved till date: <ol style="list-style-type: none"> <li>Electron transport layer on glass and metal</li> <li>Perovskite layer on glass and metal</li> <li>ETL/Perovskite layer on metal of dimension 166cm<sup>2</sup></li> <li>Transparent conductive oxide in glass</li> <li>Electron transport layer on glass</li> <li>TCO/ETL/Perovskite layer on glass substrates of dimension 100 cm<sup>2</sup></li> </ol>

#### Quote from FITT Spokesperson

- The biggest challenge the startups face is the speed of commercialisation. When Sona Comstar leadership, who are experienced in running profitable companies, mentor the startups, it gives good insight in commercialisation of the startup ideas.
- All startups do not succeed and hence financial and other support from donors like Sona Comstar is critical for the startup eco system to thrive.

#### Quote from Founder of startup

- With the guidance available to us in the Sona Comstar IIT Delhi Innovation in Mobility Project, Our product has developed to become very attractive to investors as it has impact on environment and society. There is a huge interest in our startup by businesses as it reduces carbon emission.
- The mentoring provided by FITT was extremely important but if it is extended a little longer it will be very useful. Being a startup – some ideas take a little longer to stabilise.

#### Project 2 : Centre for Innovation Incubation and Entrepreneurship at the IIMA

Set up at IIM Ahmedabad as a Centre of Excellence with support from the Government of India's Department of Science and Technology and Government of Gujarat, CIIE is the epicentre of The Innovation Continuum. It was established in in 2002 as an

entrepreneurship centre at IIM Ahmedabad. In 2007-08, CIIE launched and incorporated the technology business incubator. Over the years it diversified into entrepreneurship research and publications, accelerators, venture funds, learning tools and innovation partnerships.

Project Duration : Ongoing Project of 4 years duration: FY2021-22 to FY2025-26

**CSR Project Objectives**

- Sourcing and generation of venture activities
- Incubation of early-stage ventures
- Access to capital sources

**Activities provided to startups under the program:**

- **Evaluate 10+ startups** at prototype & marketing stage and select 2 startups to receive:
  - 1) Business & technical mentoring through the program
  - 2) Seed support from CIIE
  - 3) Technical Mentorship & Business Mentorship through Sona Group and CIIE
- **Identify 7 early-stage startups** (working in Industry 4.0 Tech, Agri-Tech, Clean Tech and Civic Tech sector) with catalytic seed support.
- Contribution of Rs. 1.20 crores annually for FY21-22, FY22-23, and FY23-24
- Creation of **-7000 sq. ft. incubation space** 'Dr. Surinder Kapur Innovation Hub' in upcoming **32,000 square feet facility of CIIE**

**Catalytic seed support:**

- Strategic advisory through one-on-one mentoring & guidance to early-stage startups developing innovative solutions for industry

- Seed Support for innovative startups

**Details of selected startups in FY2022-23**

- In this program, till date, one startup has been identified. The First tranche of payment received in June 2022, Second tranche received by March 2023 and the third tranche received by March 2023
- Startup Renkuba has been identified as the first beneficiary. The startup is engaged in developing an AI-powered 3D glass design and Motion-free Optical Tracking Technology that increases the solar panel energy yield by 20% and reduces the cost of energy generation by 12%.

**Theme 2: Saksham Bharat**

**Project 3: Supporting Government Schools in Tamil Nadu**

Water, sanitation and hygiene in schools refers to a combination of technical and human development components that are necessary to produce a healthy school environment and to develop or support appropriate health and hygiene behaviours.

Girls are particularly vulnerable to dropping out of school, partly because many are reluctant to continue their education when toilets and washing facilities are not private, not safe, or simply not available. When schools have appropriate, gender-separated facilities, an obstacle to attendance is removed. Thus, having gender segregated toilets in schools particularly matters for girls.

Sona Comstar has been supporting schools in Tamil Nādu on water, sanitation and hygiene since 2015. It identifies a few schools every year and continues to support these schools over the years.



S. No.	School Name	Location	No of Boys	No of Girls	Total students	Serviced from	No of Restroom buildings	Restroom Area in Sq.ft /each
1	Government Higher Secondary School	MM Nagar, Chengalpattu Dist.	420	291	711	2015	2	401
2	Government Higher Secondary School	Vandalur, Chengalpattu Dist.	390	380	770	2016	2	401
3	Government Higher Secondary School	Nellikuppam, Chengalpattu Dist.	353	328	681	2017	2	565
4	Government Higher Secondary School	SP Kovil, Chengalpattu Dist.	340	310	650	2018	2	565
5	Government Girls Higher Secondary School	Padappai, Kancheperam Dist.	0	1100	1100	2020	2	565
6	Government Higher Secondary school	Manampathy, Chengalpattu Dist.	360	179	539	2021	2	602
7	Government Higher Secondary School	Chunambedu, Chengalpattu Dist.	267	240	507	2022	2	602

### Government School in Tamilnadu Chunambedu

- Chunambedu High School is a co-educational school located in Chengalpattu District of Tamilnadu. 500 students from grade VI to XII attend the school.
- The school campus has a large campus and is situated on the main road. It has wild forest growth in the back of the school.

### Activities and Outputs in FY 2022-23

- 7 schools in Tamilnadu, with 4958 students** are supported by providing consumables and **2 cleaning staff** to maintain the clean toilets built by Sona Comstar since 2015.
- School-1-Maraimalainagar school-tiling and plumbing work carried at 6 number of restroom cubicles for boys. Closet renovation, restroom painting, sanitation board fixing at 8 no. of restroom cubicles for girls.
- School 7 Chunambedu -construction of restroom project for girls 8 cubicles for girls and renovation of one classroom & one library (included painting work and tiles work)

### Stakeholder Feedback

#### Stakeholder Feedback on Impact of Bathrooms from Boy students

- The new toilets are clean. We wash hands as there is good water facility.
- The earlier toilets were not good, and we used to urinate outside in open place outside the school. It was embarrassing as the passersby in the bus stand could see us. There was stinking smell always in the old bathrooms as there was no running water.

#### Stakeholder Feedback on Impact of Bathrooms from Girl students

- We are using the new bathrooms frequently as water is sufficient and cleanliness is good.
- The toilets are near to classrooms so it easily accessible unlike the old ones which was at the end of the compound.
- Changing of pads is now possible in the toilets and because of that, we do not skip the menstrual days (three to four days).

- We are asking our parents to construct toilets in the house also and we are also educating the parents on usage of toilets. Hygiene practices, like washing hands after defecation or urination, change of sanitary napkins regularly has improved and we are happy to have such toilets.

#### Stakeholder Feedback on Impact of Bathrooms from Teachers

- “We have to agree that because of toilets, girl student attendance has increased” and parents are happy to see the girl students are regular to school.
- “Earlier, boys would go outside the school campus to urinate and not come back for few classes. But now with the toilets inside the school compound we see better attendance in classes.

#### Stakeholder Feedback on Impact of renovation of Library & Computer room

- The renovated library and computer room attracts more students to visit it. The recent circular from the Government that the schools should have one hour as reading period in the library has an added advantage for the students.
- The relevant subjects are taught in the computer, visually, particularly the science, maths etc., and that brings significant changes in the academic performance. The utilisation of computer room has increased a lot due to the renovation.

#### Case Study

Bhargavi, 10th class student, regularly visits the library and refers to the history books. She explained the story of “chozha” kingdom in the prayer, time and has also won a prize at an inter school competition. The story telling was excellent and it is the best example that a student utilized the library. She got the talent of storytelling and teachers are encouraging the girl in providing more books. The knowledge levels of the students have improved and there is a increase in the students visiting the library.

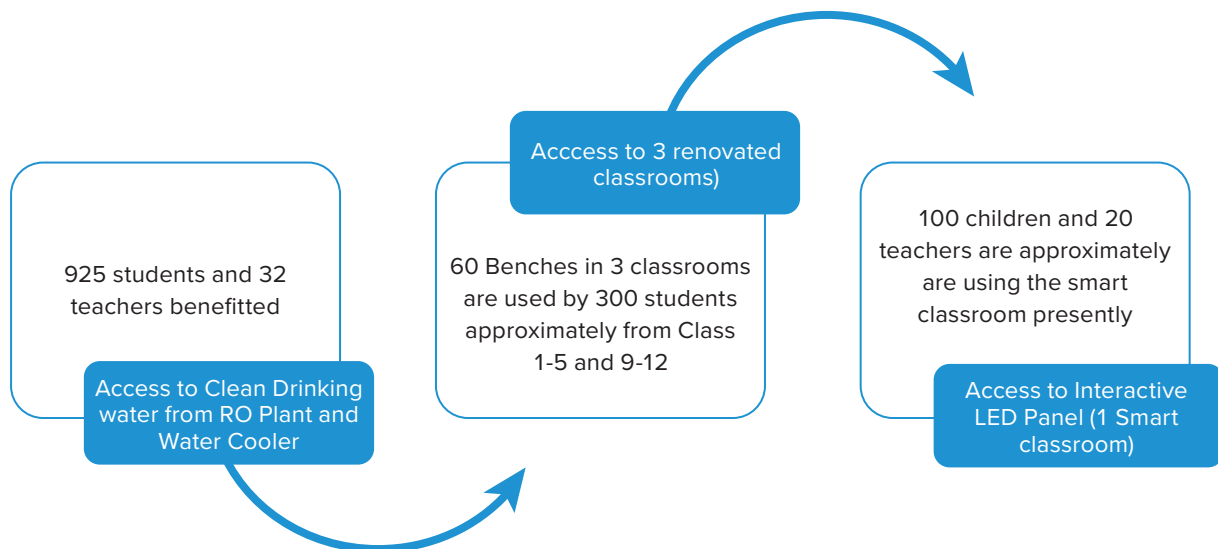
## Project 4: Senior Secondary School, Narsingpur Gurgaon

- The school (School Code 4341) has a total of 925 students from Grade 1st to 12th, which is coeducation and 32 schoolteachers.
- The children in the school come from nearby areas and belong from underprivileged background. Parents of the children are daily wage workers, contractual workers etc.
- The school was earlier dependent on nearby sources for drinking & sanitation water. The TDS level of water was very high which was not safe for drinking. Children would bring their own bottles to the school for drinking water and had to rely on the same bottle till the end of their day. This also led to children drinking less water in the school.
- The school also faced challenges in 3 classrooms like poor sitting arrangements for students, lack of benches and desks, poor windows, no fans, no chairs and table for teachers, no smart classrooms etc.
- The 3 classrooms were underutilized and used as storerooms. Children would have to sit outside their classrooms in the corridor on the ground for studying.

## Activities and Outputs

- **1 RO Machine (250 Lph), 1 Water Cooler (100 ltrs capacity)**, Drinking water area (tiling work)
- AMC of RO Machine for 5 years
- Renovation of 3 classrooms – Fixing doors, floor tiles, Plaster and Painted walls of the 3 classrooms, Welded windows with mosquito nets, repairing of electricals, new tube lights and fans.
- **Furniture – 60 Benches** (20 benches each in 3 classroom), Chair and Tables for School teachers in 3 classrooms, Curtains in 3 classrooms
- 1 Flag hoisting area with paint.
- Interactive Display Panel – 75” LED with keyboard and inbuilt mouse and dongle for one classroom (warranty of 3 years available)
- 1 extra room renovation next to RO machine room which is also used by schoolteachers as staff room sometimes as teachers currently do not have any dedicated staff room in the school.

## Utilisation of support provided by Sona Comstar



## Key Outputs

- Installation of RO Plant and water cooler has provided better access to drinking water for all the **925 school children and 32 schoolteachers**. There is even cold-water during summer season.
- Post renovation of 3 classrooms, children now have access to better sitting arrangements which have enabled them to study better. Teachers also have better access to sitting arrangements for themselves to teach students efficiently.
- Teaching method changed after Interactive Display panel (LED) was installed by Sona Comstar thereby making 1 of the classrooms to be Smart Classrooms
- There has been a marked improvement in school attendance of school children after the renovation of 3 classrooms and installation of RO machine and water cooler in school. This was validated by all the stakeholders interviewed – children, teachers, principal.
- Improvement in terms of Children’s retention of classroom sessions have been observed. Post the installation of Digital boards (LED Panels), children are learning online through e-sessions wherein digital display, audio-visual method of teaching has improved their retention power.
- Post installation of Smart classroom (Interactive Panel LED) students have now gained technical knowledge on how to use internet and search materials online.

- Children now have qualified for the NMMS (National Merit Mains Scholarship) exam, a govt scholarship provided by Haryana government for class 8th – 12th students. Children in class 7th who score the best are selected and receive INR 1000 per month from 8th to 12th class 5 children qualified this exam this year from the school. With the renovation work done in school, now more students feel motivated to apply for such scholarship exams and other government support programs like Buniyaad.

#### Stakeholder Quotes

- “Children never thought that they will have ever access to such good quality of classrooms, benches and desks, or smart TVs for learning. Since renovation they are now very happy especially with the classrooms and water facility” – School Teacher, Subodh, Science teacher.
- “Children learning capabilities have improved a lot with the use of smart classrooms made by Sona Comstar. The Smart classroom not only helps students but also improves teachers teaching capacity to teach students better. From science diagrams to audio-visuals of maths classes, landforms to other different geography related topics; everything we are able to cover and teach perfectly to students. Earlier this was not possible to draw so many items on the board and explain. With smart classrooms, teachers are able to utilize their time better in teaching students” – School Teacher, Punam, Geography teacher.
- “Few children in my classrooms have started to attend school regularly whereas earlier before the renovation of classrooms, they would be irregular to school” – Students (female group).

#### Project 5: Sona Comstar Scholarship Ashoka University

- International Foundation for Research and Education (IFRE) is the parent body of Ashoka University. Ashoka is India's pioneering Liberal Arts and Sciences University.
- Ashoka University has an established track record of over ten years in undertaking projects/ Project s in the field of “education”, with an emphasis on the development of 21st Century skills and leadership attributes inculcating a strong civic responsibility in their students, making them well rounded, socially conscious and responsible citizens.
- Ashoka aims to provide access to quality education to all deserving students, irrespective of their socio-economic background.
- Ashoka University is committed to making its world-class education accessible & affordable for students from all walks of life. This is made possible through their need-based Financial Aid philosophy. While admission to Ashoka

University is based on academics, extra-curricular activities and other holistic principles, financial aid is assessed entirely based on the financial standing of the student's family.

- Ashoka university endeavours is to provide necessary financial support which can help admitted candidates bridge the gap between the cost of the Project and their ability to pay.
- Ashoka has approximately 33 corporate donors and 6 foundations supporting the scholarship program.

#### Activities & Outputs

As per the agreement between Sona Comstar and IFRE, Sona Comstar is supporting scholarship of 14 deserving and meritorious women students from economical weaker backgrounds for three years of their undergraduate Project at Ashoka University starting academic years 2022-23, 23-24 and 24-25.

Scholarship shall be provided to eligible Women Scholars pursuing Computer Science or maths as their major/minor stream of study in Ashoka University.

- 2 students would be provided full scholarship
- 4 students 65% of the scholarship
- 8 students 50% of scholarship.

#### Stakeholder Feedback

##### Stakeholder Feedback Student 1:

- I am currently pursuing a minor in creating writing. But studying in Ashoka has strengthened my resolve to take up Biology and contribute my writing skills for the BioSociety journal for biosciences. I am very thankful to the scholarship as it would have been impossible for me to pursue my studies in Ashoka without this help.

##### Stakeholder Feedback Student 2:

- I am currently pursuing Computer science. I have varied interests - I have published book of poems and also made an app to help old people. I am grateful to be provided the scholarship as it has given me an opportunity to pursue my varied interest which will contribute to make this world a better place.

In conclusion, Sona Comstar's CSR interventions and projects have a significant impact on society and the environment, and their contribution aligns with the Companies Act 2013, Schedule VII, Sec 135, and the UN Sustainable Development Goals. The overall purpose of the CSR Impact Assessment is for Sona Comstar to assess the benefits of its CSR efforts, strive to maximize the impact of its CSR programs, and identify areas for further engagement with the community.



# Independent Auditor's Report

To the Members of **Sona BLW Precision Forgings Limited**

## Report on the Audit of the Standalone Financial Statements

### OPINION

1. We have audited the accompanying standalone financial statements of Sona BLW Precision Forgings Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Key audit matter

##### Impairment of goodwill and brands having indefinite useful life (together 'intangibles')

As detailed in Note 46 to the standalone financial statements, the Company carries goodwill amounting to ₹ 1,582.24 million and brands amounting to ₹ 687.40 million in its standalone balance sheet as at March 31, 2023.

The goodwill (related to Comstar) was recorded pursuant to scheme of amalgamation being approved by the Hon'ble National Company Law Tribunal vide its order dated 07 January 2022 post which the Company and its wholly owned subsidiary Comstar Automotive Technologies Private Limited were merged.

The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited.

In terms with Indian Accounting Standard 36, Impairment of Assets, Goodwill and indefinite lived assets are tested for impairment annually by the management at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.

Impairment assessment requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the recoverable amount, using discounted cash flow model ('Model').

Key assumptions used in management's assessment of the carrying amount of goodwill and indefinite life intangible assets includes the expected growth rates, estimates of future financial performance, market conditions and discount rates, among others.

The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31 March, 2023.

Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such intangibles as a key audit matter for the current year audit.

#### How our audit addressed the key audit matter

Our audit procedures included:

- a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to aforementioned annual impairment assessment;
- b) Obtained the impairment analysis carried out by the management and reviewed their conclusions;
- c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;
- d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;
- e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long term growth rates;
- f) We evaluated the inputs used by the management with respect to revenue and cost growth trends, among others, for reasonableness thereof;
- g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and
- h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements.

**Key audit matter****Impairment testing of definite life intangible assets**

As detailed in Note 4 and Note 46 to the standalone financial statement the Company has intangible assets amounting ₹ 777.21 million as at 31 March 2023 of which ₹ 228.30 million are in the nature of technology development expenditure relating to development of electric starter motor and hybrid starter motor technology.

In terms with Indian Accounting Standard 36, Impairment of Assets, the management has carried out an impairment analysis of aforementioned intangible assets, which requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the fair value of such intangibles, using discounted cash flow model ('Model').

Key assumptions used in management's assessment of the recoverable amounts include projection of future cash flows, revenue growth rates, estimated future operating capital expenditure, external market conditions and discount rates, among others.

Considering the materiality of the amounts involved and significant degree of judgment required in assessment of the impairment of technology development expenditure and subjectivity involved in the estimates and assumptions, this matter has been identified as a key audit matter for the current year's audit.

**How our audit addressed the key audit matter**

Our procedures included, but were not limited to the following:

- a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to impairment of technology development expenditure;
- b) Obtained impairment analysis carried out by the management and reviewed their conclusions;
- c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;
- d) Assessed the reasonableness of the key assumptions used and appropriateness of valuation methodology applied. Tested cash flow forecasts and impact of macro-economic factors on the forecasts, future sales projections, discount rates and long-term growth rates including comparison to economic and industry forecasts where appropriate;
- e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long term growth rates;
- f) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and
- g) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements.

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect
8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The standalone financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
  - iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 50 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 50 to the standalone financial statements,
- no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The interim dividend declared and paid by the Company during the year ended 31 March 2023 is in compliance with section 123 of the Act. The final dividend paid by the Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 34 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

UDIN: 23517273BGTXLG7876

Place: New Delhi

Date: 03 May 2023

# Annexure I

## referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company are held in the name of the Company. In respect of immovable properties in the nature of land that have been taken on lease and disclosed under the head Right-Of-Use assets in the financial statements, the lease agreements for such leasehold land identify the Company as lessee. Further, the title deeds of a freehold land located at Gurgaon with a carrying value of INR 13.10 million included in Property, plant and equipment, and a leasehold land located at Pune with a carrying value of INR 13.20 Million included in Right-of-Use assets, have been pledged as security (mortgage and charge) against the financing facility taken from Banks, which have been confirmed by the Trustee of the bank to be in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- (b) As disclosed in note 55 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs 5 crore by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods which were not subject to audit, except for the following:

Name of the Bank	Working capital limit sanctioned (₹ in million)	Nature of current assets offered as security	Quarter	Information disclosed as per return (₹ in million)	Information as per books of accounts (₹ in million)	Difference (₹ in million)
HDFC Bank, Citi Bank, Yes Bank, IndusInd Bank and State Bank of India	3,775	Pari pasu charge on current assets	June 2022	9,642.20	9,672.54	(30.34)
HDFC Bank, Citi Bank, Yes Bank, IndusInd Bank and State Bank of India	3,775	Pari pasu charge on current assets	September 2022	10,417.06	10,483.14	(66.08)
HDFC Bank, Citi Bank, Yes Bank, IndusInd Bank and State Bank of India	3,775	Pari pasu charge on current assets	December 2022	9,828.97	9,844.73	(15.76)
HDFC Bank, Citi Bank, Yes Bank, IndusInd Bank and State Bank of India	3,775	Pari pasu charge on current assets	March 2023	10,856.63	10,856.63	-



- (iii) (a) The Company has provided loans to Others during the year as per details given below:

Name of the Bank	Loans (₹ in million)
Aggregate amount provided during the year:	
- Others	5.95
Balance outstanding as at balance sheet date in respect of above cases:	
- Others	3.86

- (b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company. Further the Company has not provided any guarantees, advances in the nature of loans or given any security.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal has been stipulated and the repayment of principal is regular. Further, no interest is receivable on such loans.
- (d) There is no overdue amount in respect of loans granted to other parties. The Company has not granted any loans to companies, firms or LLP's.
- (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.
- (f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of investments made and guarantees, as applicable. There are no loans or securities given by the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under Protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	4.21	4.21	Assessment Year (AY) 2011-12	Assessing officer
Income Tax Act, 1961	Income Tax Demand	3.18	3.18	Assessment Year (AY) 2012-13	Assessing officer
Income Tax Act, 1961	Income Tax Demand	2.12	2.12	Assessment Year (AY) 2013-14	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	2.5	-	Assessment Year (AY) 2016-17	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	84.05	14.20	Assessment Year (AY) 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	6.96	0.77	Assessment Year (AY) 2018-19	Commissioner of Income Tax (Appeals)/ Assessing officer
CGST Act, 2017	CGST Demand	281.97	-	Financial Year 2018-20	Madras High Court
Finance Act, 1994	Service Tax Demand	0.47	-	Financial Year 2005-06 to 2007-08	Commissioner of Central Excise (Appeals)

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and financial institution and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act].
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment

Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) According to the information and explanations given to us, there are no unspent amounts towards

Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

UDIN: 23517273BGTXLG7876

**Place:** New Delhi

**Date:** 03 May 2023

## Annexure II

### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Sona BLW Precision Forgings Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR INTERNAL FINANCIAL CONTROLS

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

#### AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial

statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

UDIN: 23517273BGTXLG7876

**Place:** New Delhi

**Date:** 03 May 2023



# Standalone Balance Sheet

as at 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	8,073.82	5,542.55
Right-of-use assets	3	1,407.97	1,480.69
Capital work-in-progress	3	693.24	1,403.56
Goodwill on merger	4	1,582.24	1,582.24
Other intangible assets	4	3,663.36	4,005.65
Intangible assets under development	4	217.79	65.20
Financial assets			
(i) Investments	5	1,567.15	1,567.15
(ii) Other financial assets	6	91.00	63.56
Income tax assets (net)	7	258.50	254.50
Other non-current assets	8	392.76	549.82
<b>Total non-current assets</b>		<b>17,947.83</b>	<b>16,514.92</b>
<b>Current assets</b>			
Inventories	9	2,683.67	3,006.75
Financial assets			
(i) Investments	5	2,133.11	58.32
(ii) Trade receivables	10	5,864.48	4,374.88
(iii) Cash and cash equivalents	11	283.80	202.14
(iv) Bank balances other than (iii) above	12	257.28	192.43
(v) Other financial assets	6	2.16	64.60
Other current assets	8	589.93	642.78
<b>Total current assets</b>		<b>11,814.43</b>	<b>8,541.91</b>
<b>Total assets</b>		<b>29,762.26</b>	<b>25,056.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	13(A)	5,854.05	5,843.53
Other equity	14	16,644.12	13,888.02
<b>Total equity</b>		<b>22,498.17</b>	<b>19,731.55</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15 (i)	486.74	437.50
(ii) Lease liabilities	43	636.65	665.91
(iii) Other financial liabilities	16	1.74	1.74
Provisions	17	165.49	92.74
Deferred tax liabilities (net)	18	689.64	660.63
<b>Total non-current liabilities</b>		<b>1,980.26</b>	<b>1,858.52</b>
Current liabilities			
Financial liabilities			
(i) Borrowings	15 (ii)	1,687.94	265.76
(ii) Lease liabilities	43	102.29	98.04
(iii) Trade payables	19		
- Total outstanding dues of micro enterprises and small enterprises		470.84	386.98
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,837.64	1,472.80
(iv) Other financial liabilities	16	781.67	873.11
Other current liabilities	20	237.48	217.74
Provisions	17	60.82	92.12
Current tax liabilities (net)	21	105.15	60.21
<b>Total current liabilities</b>		<b>5,283.83</b>	<b>3,466.76</b>
<b>Total liabilities</b>		<b>7,264.09</b>	<b>5,325.28</b>
<b>Total equity and liabilities</b>		<b>29,762.26</b>	<b>25,056.83</b>
The summary of significant accounting policies and other explanatory information form an integral part of these standalone financial statements.	1 to 57		

This is the standalone balance sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of  
**Sona Blw Precision Forgings Limited**

**Arun Tandon**  
Partner  
Membership No.: 517273

**Sunjay Kapur**  
Non-Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
Membership No. FCS 5253

Place: New Delhi  
Date: May 03, 2023

Place: Gurugram  
Date: May 03, 2023

## Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	Note No.	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Income</b>			
Revenue from operations	22	24,476.67	19,181.17
Foreign exchange gain (net)		209.57	209.31
Other income	23	430.74	509.98
<b>Total income</b>		<b>25,116.98</b>	<b>19,900.46</b>
<b>Expenses</b>			
Cost of materials consumed	24 (a)	10,659.14	8,648.18
Changes in inventories of finished goods and work-in-progress	24 (b)	270.89	(294.57)
Employee benefits expense	25	1,710.33	1,600.93
Finance costs	26	163.57	172.37
Depreciation and amortisation expense	27	1,665.46	1,295.35
Other expenses	28	5,667.71	4,443.19
<b>Total expenses</b>		<b>20,137.10</b>	<b>15,865.45</b>
<b>Profit before exceptional items and tax</b>		<b>4,979.88</b>	<b>4,035.01</b>
Exceptional item	29	33.69	(132.70)
<b>Profit before tax</b>		<b>4,946.19</b>	<b>4,167.71</b>
Tax expense	30		
- Current tax		1,070.56	796.17
- Tax related to previous years		(33.63)	(134.62)
- Deferred tax (credit)/ charge		28.36	(29.23)
<b>Total tax expense</b>		<b>1,065.29</b>	<b>632.32</b>
<b>Profit for the year</b>		<b>3,880.90</b>	<b>3,535.38</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligations		2.29	(15.40)
Income tax relating to above mentioned items		(0.59)	3.87
<i>Items that will be reclassified to profit or loss</i>			
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge		17.11	-
Income tax relating to above mentioned items		(4.34)	-
<b>Other comprehensive income/(loss) for the year</b>		<b>14.47</b>	<b>(11.52)</b>
<b>Total comprehensive income for the year</b>		<b>3,895.37</b>	<b>3,523.86</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Earnings per share (Basic) (in ₹)	37	6.64	6.08
Earnings per share (Diluted) (in ₹)	37	6.63	6.08
The summary of significant accounting policies and other explanatory information form an integral part of these standalone financial statements.	1 to 57		

This is the standalone statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Arun Tandon**  
Partner  
Membership No.: 517273

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Non-Executive Chairman  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. FCS 5253

Place: New Delhi  
Date: May 03, 2023

Place: Gurugram  
Date: May 03, 2023

# Standalone Cash Flow Statement

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>A. Cash flows from operating activities</b>		
Profit before income tax	4,946.19	4,167.71
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,665.46	1,295.35
(Profit)/Loss on sale of property plant and equipment (net)	(0.61)	8.75
Allowance for doubtful receivables	43.84	4.45
Share based payments	30.18	66.60
Unwinding of discount on fair valuation of security deposits	(1.34)	(1.34)
Amortisation of transaction cost based on effective interest rate	-	10.12
Unwinding of discount on deferred payment liabilities	-	0.91
Provision for warranty	28.48	-
Provision for slow moving inventory	11.01	10.61
Fair value loss on derivatives	60.11	117.33
Finance costs	159.48	168.17
Dividend income	(327.60)	(312.73)
Interest income	(100.73)	(167.99)
Unrealised foreign exchange (gain)/ loss	7.86	(73.82)
<b>Operating profit before working capital changes</b>	<b>6,522.33</b>	<b>5,294.12</b>
<b>Changes in working capital</b>		
Movement in inventories	312.08	(494.06)
Movement in trade receivables	(1,499.19)	(337.97)
Movement in financial assets	36.34	62.84
Movement in other assets	56.99	(151.31)
Movement in trade payable	505.98	(26.75)
Movement in financial liabilities	28.34	(1.20)
Movement in provision	15.27	13.47
Movement in other liabilities	19.73	43.30
<b>Cash generated from operations</b>	<b>5,997.87</b>	<b>4,402.44</b>
Direct taxes paid	(995.47)	(448.60)
<b>Net cash flow generated from operating activities - Total (A)</b>	<b>5,002.40</b>	<b>3,953.84</b>
<b>B. Cash flows from investing activities</b>		
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(3,339.02)	(3,427.55)
Proceeds from sale of property, plant and equipment	1.56	33.93
Movement in bank balances other than cash and cash equivalents	(64.84)	(191.22)
Sale/(Purchase) of current investment (net)	(2,074.79)	(58.32)
Investment in Subsidiary	-	(14.89)
Dividend received	327.60	312.73
Interest received	27.06	167.99
<b>Net cash (used) in investment activities - Total (B)</b>	<b>(5,122.43)</b>	<b>(3,177.34)</b>

## Standalone Cash Flow Statement

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>C. Cash flows from financing activities</b>		
Proceeds/(Repayment) from short term borrowings, net	1,333.92	(891.73)
Repayment of long term borrowings	(12.50)	(2,505.67)
Proceeds from long term borrowings	150.00	450.00
Repayment of deferred payment liabilities	-	(21.04)
Repayment of lease liabilities (inclusive of interest paid on lease liability ₹ 74.27 million (March 31 2022 : ₹ 76.19 million))	(99.26)	(94.65)
Dividend paid	(1,199.27)	(449.95)
Net proceeds from issue of equity shares	40.34	3,040.75
Expense related to capital raising	-	(59.26)
Interest paid	(11.54)	(91.98)
<b>Net cash flow from/(used) in financing activities - Total (C)</b>	<b>201.69</b>	<b>(623.52)</b>
<b>D. Net increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>81.66</b>	<b>152.99</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>202.14</b>	<b>49.15</b>
<b>F. Cash and cash equivalents at the end of the year (D)+(E)</b>	<b>283.80</b>	<b>202.14</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement (refer note 11)</b>		
Cash and cash equivalents as per above comprise of the following		
Balances in current accounts	42.95	146.69
Cash on hand	0.08	0.14
Cheque on hand	-	53.17
Bank deposits with original maturity of less than three months	240.77	2.15
<b>Balances per statement of cash flows</b>	<b>283.80</b>	<b>202.14</b>
The summary of significant accounting policies and other explanatory information form an integral part of these standalone financial statements.	Refer note 1 to 57	

This is the standalone statement of cash flows referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

For and on behalf of the Board of Directors of

**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**

Non-Executive Chairman

DIN: 00145529

**Rohit Nanda**

Group Chief Financial Officer

**Vivek Vikram Singh**

Managing Director and

Group Chief Executive Officer

DIN: 07698495

**Ajay Pratap Singh**

Company Secretary

Membership No. FCS 5253

Place: New Delhi

Date: May 03, 2023

Place: Gurugram

Date: May 03, 2023

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

## A. EQUITY SHARE CAPITAL

	Amount
<b>Balance as at 1<sup>st</sup> April 2021</b>	<b>5,729.80</b>
Equity share issued during the year	113.73
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>5,843.53</b>
Equity share issued during the year	10.52
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>5,854.05</b>

## B. OTHER EQUITY

	Reserve and Surplus					Equity instruments through other comprehensive income	Cash Flow Hedge Reserve	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Retained earnings	Employee's stock options reserve				
<b>Balance as at 1<sup>st</sup> April 2021</b>	120.00	2,608.05	25.93	4,671.43	45.37	(328.28)	-	737.23	7,879.73
Net profit for the year	-	-	-	3,535.38	-	-	-	-	3,535.38
Premium on fresh issue of equity shares (refer note 45 and 52)	-	2,927.03	-	-	-	-	-	-	2,927.03
Remeasurement of defined benefit obligations (net of tax)	-	-	-	(11.52)	-	-	-	-	(11.52)
Dividend paid (refer note 34)	-	-	-	(449.95)	-	-	-	-	(449.95)
Expense related to capital raising	-	(59.26)	-	-	-	-	-	-	(59.26)
Employee stock option reserve created during the year	-	-	-	-	66.61	-	-	-	66.61
Impact on exercise of ESOPs grants (Refer Note 45)	-	47.17	-	-	(47.17)	-	-	-	-
Impact of option lapsed during the year (Refer Note 45)	-	-	-	0.28	(0.28)	-	-	-	-
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>120.00</b>	<b>5,522.99</b>	<b>25.93</b>	<b>7,745.62</b>	<b>64.53</b>	<b>(328.28)</b>	<b>-</b>	<b>737.23</b>	<b>13,888.02</b>



## Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	Reserve and Surplus					Equity instruments through other comprehensive income	Cash Flow Hedge Reserve	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Retained earnings	Employee's stock options reserve				
Net profit for the year	-	-	-	3,880.90	-	-	-	-	3,880.90
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax) (refer note 48)	-	-	-	-	-	-	12.78	-	12.78
Remeasurement of defined benefit obligations (net of tax)	-	-	-	1.70	-	-	-	-	1.70
Dividend paid (refer note 34)	-	-	-	(1,199.27)	-	-	-	-	(1,199.27)
Employee stock option reserve created during the year	-	-	-	-	30.18	-	-	-	30.18
Impact on exercise of ESOPs grants (Refer Note 45)	-	48.68	-	-	(48.68)	-	-	-	-
Premium on ESOPs issue	-	29.81	-	-	-	-	-	-	29.81
<b>Balance as at 31st March 2023</b>	<b>120.00</b>	<b>5,601.48</b>	<b>25.93</b>	<b>10,428.95</b>	<b>46.03</b>	<b>(328.28)</b>	<b>12.78</b>	<b>737.23</b>	<b>16,644.12</b>

This is the standalone statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

For and on behalf of the Board of Directors of

**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**

Non-Executive Chairman

DIN: 00145529

**Vivek Vikram Singh**

Managing Director and  
Group Chief Executive Officer

DIN: 07698495

**Rohit Nanda**

Group Chief Financial Officer

**Ajay Pratap Singh**

Company Secretary

Membership No. FCS 5253

Place: New Delhi

Date: May 03, 2023

Place: Gurugram

Date: May 03, 2023

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 1. COMPANY OVERVIEW

Sona BLW Precision Forgings Limited ("the Company") is a public limited company incorporated and domiciled in India and having its registered office at Sona Enclave, Village Begumpur, Khatola, Sector 35, Gurugram. It was incorporated on 27 October 1995 and began commercial production in November 1998. The Company is engaged in the manufacturing of precision forged bevel gears and differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications.

### 2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation and measurement

##### i) Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE).

The standalone financial statements were approved for issue by the Company's Board of Directors on 03 May 2023.

##### ii) Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value; and
- defined benefit plans – plan assets measured at fair value

##### iii) Business combination and goodwill

The Company applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities

assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

#### 2.2 Summary of significant accounting policies

##### a) Property, plant and equipment and capital work in progress

Freehold land is carried at cost. All other items of property, plant and equipment and capital work in progress are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalised at discounted value. The difference between the discounted value and the total payment is recognised as interest over the period of credit.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory buildings	3 to 30
Plant and equipment	1 to 25
Furniture and fixtures	3 to 10
Computers and IT equipment	3
Vehicles	4 to 8
Office equipment	1 to 5
Leasehold improvements	Over the effective term of lease

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

### Amortisation methods and periods.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	1 to 6
Technical knowhow	6
Brand	Indefinite
Customer Relationship	15
Goodwill	Indefinite
Technology development expenditure	5

The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss under the head Depreciation and amortisation expense.

### Derecognition:

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

### c) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate prevailing on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

### d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

#### a. Revenue from sale of goods:

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of discounts. Revenue is disclosed exclusive of goods and services tax.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

#### b. Other Income:

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of

the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognised as and when the right of the Company to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognised in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

#### c. Revenue from contract with customers

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

#### Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by the Company to the customer. The amount, if not for a

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. The Company recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognises revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

### e) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### f) Leases

The Company lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

### g) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

#### Financial assets

##### **Classification and subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- i) Financial assets at amortised cost – a financial instrument is measured at amortised cost if both the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

- ii) Financial assets at fair value
  - Investments in equity instruments (other than subsidiaries) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Investment in equity instrument of subsidiaries are stated at cost using the exemption as per Ind AS 27 'Separate financial statements'.

### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

### Financial liabilities

#### Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

#### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### Derivative financial instruments

#### Initial and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

#### Hedge accounting

The Company designates certain hedging instruments mainly derivatives, in respect of foreign currency risk, as cash flow hedges to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the

inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, and is included in the 'Other income'/ 'Other expense' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### h) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

carried at amortised cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Company uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Lifetime expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macroeconomic factors.

### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### i) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Company's of assets (cash-generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### j) Fair value measurement

The Company measures certain financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer note 32 for fair value hierarchy.

### k) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cashflow is prepared using indirect method.

### m) Employee benefits

#### a. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### b. Post-Employment Benefits

**Defined Contribution Plan:** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separately entity. The Company has defined contribution plans for

provident fund and employees' state insurance scheme. The Company's contribution in the above plans is recognised as an expense in the statement of profit and loss during the year in which the employee renders the related service.

**Defined Benefit Plans:** The Company has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Company recognises the following changes in the net defined benefit obligation under Employee benefits expense in statement of profit and loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net Interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

#### Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

Termination benefits are recognised as an expense immediately.

### n) Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### o) Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

#### Dilute earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### p) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

#### Contingencies

##### Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

### r) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

### s) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Company classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Company classifies all other liabilities as non-current.



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current/non-current classification of assets and liabilities.

### 2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

#### a) Provisions

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

#### b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

#### c) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

#### d) Useful lives of tangible/intangible assets

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

#### e) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### f) Impairment of non-financial assets and goodwill

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### h) Measurement of share based payments;

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds)

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### i) Capitalisation of internally developed intangible assets

The Company applies judgement in determining at what point the recognition criteria under Ind AS 38 is satisfied with respect to technology development expenditure being incurred.

### 2.4 Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

#### Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") vide its notification dated March 31, 2023 has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 to further amend the Companies (Indian Accounting Standards) Rules, 2015. Amendments have been made to the following standards.

#### Amendment to Ind AS 12 and Ind AS 101

Now the Initial Recognition Exemption (IRE) does not apply to transactions that give rise to equal and offsetting temporary differences. Narrowed the scope of IRE (with regard to leases and decommissioning obligations). Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The application of this amendment is not expected to have a material impact on the Company's financial statements.

#### Amendment to Ind AS 1 and Ind AS 34 and Ind AS 107

Companies should now disclose material accounting policies rather than their significant accounting policies.

The application of this amendment is not expected to have a material impact on the Company's financial statements.

#### Amendment to Ind AS 8

Definition of 'change in account estimate' has been replaced by revised definition of 'accounting estimate'. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments listed above will be effective on or after April 1, 2023 and are not expected to significantly affect the current or future periods.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 3 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

Property, plant and equipment	Freehold land	Buildings (Refer note i)	Plant and equipment (Refer note ii)	Furniture and fixtures	Office Equipment	Computers	Vehicles	Leasehold improvement	Total	Right-of-use assets		Total
										Leasehold land	Building	
<b>Gross carrying amount as at 1st April 2021</b>	26.12	527.69	3,662.46	57.11	106.96	133.17	117.60	123.05	4,754.15	821.36	816.20	1,661.75
Additions	-	64.49	2,814.58	15.73	15.57	38.19	90.45	10.69	3,049.70	3,166.69	-	-
Transfer on capitalisation	-	-	-	-	-	-	-	-	-	(2,584.49)	-	-
Disposals	-	-	(62.28)	-	-	(2.36)	(42.73)	-	(107.37)	-	-	-
<b>Gross block as at 31st March 2022</b>	26.12	592.18	6,414.75	72.84	122.53	169.00	165.32	133.74	7,696.48	1,403.56	816.20	1,661.75
<b>Accumulated depreciation as at 1st April 2021</b>	-	113.52	1,072.41	26.64	62.24	83.60	50.09	35.37	1,443.88	-	87.27	108.32
Depreciation charge during the year	-	28.80	661.61	7.24	14.98	27.57	22.39	12.18	774.77	-	10.48	72.73
Disposals	-	-	(37.71)	-	-	(2.28)	(24.73)	-	(64.72)	-	-	-
Closing accumulated depreciation	-	142.32	1,696.31	33.87	77.22	108.89	47.75	47.55	2,153.93	-	31.53	181.05
<b>Net carrying amount as at 31st March 2022</b>	26.12	449.86	4,718.44	38.96	45.30	60.11	117.57	86.19	5,542.55	1,403.56	814.02	1,480.69
<b>Gross carrying amount as at 1st April 2022</b>	26.12	592.18	6,414.75	72.84	122.53	169.00	165.32	133.74	7,696.48	1,403.56	816.20	1,661.75
Additions	-	587.51	2,900.36	25.92	36.17	55.13	43.26	7.55	3,655.90	2,952.27	-	-
Transfer on capitalisation <sup>#</sup>	-	-	-	-	-	-	-	-	-	(3,662.59)	-	-
Disposals	-	-	(186.08)	-	-	(4.02)	(5.39)	-	(195.48)	-	-	-
<b>Gross block as at 31st March 2023</b>	26.12	1,179.70	9,129.04	98.75	158.69	220.11	203.20	141.29	11,156.90	693.24	816.20	1,661.75
<b>Accumulated depreciation as at 1st April 2022</b>	-	142.32	1,696.31	33.87	77.22	108.89	47.75	47.55	2,153.93	-	31.53	181.05
Depreciation charge during the year	-	38.99	977.72	9.87	15.64	37.85	30.19	13.42	1,123.67	-	13.16	72.73
Disposals	-	-	(186.08)	-	-	(4.02)	(4.43)	-	(194.52)	-	-	-
<b>Closing accumulated depreciation</b>	-	181.31	2,487.96	43.74	92.86	142.72	73.51	60.98	3,083.08	-	44.69	253.78
<b>Net carrying amount as at 31st March 2023</b>	26.12	998.39	6,641.08	55.01	65.83	77.39	129.69	80.31	8,073.82	693.24	800.86	1,407.97

<sup>#</sup> Transfer on capitalisation also includes amount transferred to intangible assets.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### CWIP aging schedule as at 31<sup>st</sup> March, 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress *	688.81	3.46	0.98	-	693.24

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has Exceed its cost compared to its original plan.

### CWIP aging schedule as at 31<sup>st</sup> March, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress *	1,060.58	54.26	180.62	108.10	1,403.56

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has Exceed its cost compared to its original plan.

- (i) Building (gross block) amounting ₹ 1,012.16 million (31 March 2022: ₹ 208.91 million), net block ₹ 857.59 million (31 March 2022: ₹ 150.33 million) is constructed on leasehold land.
- (ii) Refer note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iii) The Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- (iv) The Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- (v) Refer note 15 for information on property, plant and equipment pledged as security by the company.
- (vi) Property, plant and equipment, Capital work-in-progress include gross assets amounting to ₹ 550.14 million ( March 31 2022 : ₹ 349.46 million) relating to development.
- (vii) Property, plant and equipment of ₹ 131.00 million (31 March 2022 : ₹ 111.00 million) and capital work in progress of ₹ 28.00 million (31 March 2022 : ₹ 19.00 million) is lying with job workers.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 4 INTANGIBLE ASSETS, INTANGIBLE ASSETS UNDER DEVELOPMENT AND GOODWILL

Intangible assets	Computer software	Technical knowhow	Technology development expenditure #	Brand #	Customer Relationships	Goodwill (Including Assembled workforce and future customer)#	Total	Intangible assets under development	Total
Gross carrying amount as at 1 <sup>st</sup> April 2021	245.78	27.18	992.90	687.40	2,929.00	1,582.24	6,464.49	10.76	10.76
Additions	42.78	4.05	-	-	-	-	46.83	77.56	77.56
Transfer to intangible assets	-	-	-	-	-	-	-	(23.12)	(23.12)
<b>Gross block as at 31<sup>st</sup> March 2022</b>	<b>288.56</b>	<b>31.23</b>	<b>992.90</b>	<b>687.40</b>	<b>2,929.00</b>	<b>1,582.24</b>	<b>6,511.32</b>	<b>65.20</b>	<b>65.20</b>
Accumulated amortisation as at 1 <sup>st</sup> April 2021	86.59	16.99	32.01	-	339.99	-	475.58	-	-
Amortisation charge for the year	49.26	4.89	198.58	-	195.12	-	447.85	-	-
Closing accumulated amortisation as at 31 <sup>st</sup> March 2022	135.85	21.88	230.59	-	535.11	-	923.44	-	-
<b>Net carrying amount as at 31<sup>st</sup> March 2022</b>	<b>152.71</b>	<b>9.35</b>	<b>762.31</b>	<b>687.40</b>	<b>2,393.89</b>	<b>1,582.24</b>	<b>5,587.89</b>	<b>65.20</b>	<b>65.20</b>
Gross carrying amount as at 1 <sup>st</sup> April 2022	288.56	31.23	992.90	687.40	2,929.00	1,582.24	6,511.32	65.20	65.20
Additions	126.78	-	-	-	-	-	126.78	265.64	265.64
Transfer to intangible assets	-	-	-	-	-	-	-	(113.05)	(113.05)
<b>Gross block as at 31<sup>st</sup> March 2023</b>	<b>415.34</b>	<b>31.23</b>	<b>992.90</b>	<b>687.40</b>	<b>2,929.00</b>	<b>1,582.24</b>	<b>6,638.10</b>	<b>217.79</b>	<b>217.79</b>
Accumulated amortisation as at 1 <sup>st</sup> April 2022	135.85	21.88	230.59	-	535.11	-	923.44	-	-
Amortisation charge for the year	70.27	5.07	198.60	-	195.12	-	469.06	-	-
Closing accumulated amortisation as at 31 <sup>st</sup> March 2023	206.12	26.95	429.19	-	730.24	-	1,392.50	-	-
<b>Net carrying amount as at 31<sup>st</sup> March 2023</b>	<b>209.22</b>	<b>4.28</b>	<b>563.71</b>	<b>687.40</b>	<b>2,198.76</b>	<b>1,582.24</b>	<b>5,245.60</b>	<b>217.79</b>	<b>217.79</b>

# Refer note 46

#### Intangible assets under development aging schedule for the year ended 31<sup>st</sup> March, 2023

Particulars	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	186.24	31.55	-	-	217.79

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceed its cost compared to its original plan.

#### Intangible assets under development aging schedule for the year ended 31<sup>st</sup> March, 2022

Particulars	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	65.20	-	-	-	65.20

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceed its cost compared to its original plan.

- (i) Intangible assets and Intangible assets under development include gross assets amounting to Rs. 1,354.24 million ( March 31 2022 : Rs. 1,141.99 million) relating to development.



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 5 INVESTMENTS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>At Cost, Unquoted investments, Investment in equity shares of subsidiary companies</b>		
1,878,801 (31 March 2022: 1,878,801) equity shares of USD 1 each in Comstar Automotive Hong Kong Ltd.	229.45	229.45
1,500,000 (31 March 2022: 1,500,000) equity shares of INR 10 each in Sona Comstar eDrive Private Limited	15.00	15.00
130,000 (31 March 2022: 130,000) equity shares of INR 1 each in Comstar Automotive Technology Services Private Limited	73.80	73.80
250,000 (31 March 2022: 250,000) equity shares of USD 10 each in Comstar Automotive USA LLC	1,248.90	1,248.90
<b>At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies</b>		
9,553 (31 March 2022: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	211.66
Less: Provision for impairment	(211.66)	(211.66)
1 (31 March 2022: 1) equity shares of USD 1 each in Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V *	-	-
<b>At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies</b>		
392,647 (31 March 2022: 392,647) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	116.62
Less: Provision for impairment	(116.62)	(116.62)
	-	-
	<b>1,567.15</b>	<b>1,567.15</b>
Aggregate amount of unquoted non-current investments	1,567.15	1,567.15
Aggregate amount of impairment of unquoted investments	328.28	328.28

\* the amount is less than ₹ 10,000

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Investment (current)</b>		
<b>At fair value through profit and loss - Quoted Investment</b>		
150,234.33 units (31 March 2022: 18598.38) of HDFC Overnight Fund - Regular	500.04	58.32
421,505.70 units (31 March 2022: Nil) of Axis Overnight Fund - Regular	499.72	-
136,764.31 units (31 March 2022: Nil) of SBI Overnight Fund - Regular	499.09	-
113,032.72 units (31 March 2022: Nil) of Kotak Overnight Fund - Regular	135.16	-
411,645.79 units (31 March 2022: Nil) of ABSL Overnight Fund - Regular	499.10	-
	<b>2,133.11</b>	<b>58.32</b>
Aggregate amount of quoted investments at market value	2,133.11	58.32

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 6 OTHER FINANCIAL ASSETS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Unsecured, considered good</b>		
<b>Non current</b>		
Security deposits	78.96	63.56
Fixed deposits with banks with maturity period of more than 12 months	12.04	-
<b>Total other financial assets- non current</b>	<b>91.00</b>	<b>63.56</b>
<b>Current</b>		
Forward contract receivables (refer note 33)	-	29.49
Security deposits	-	30.00
Other financial assets	2.16	0.40
Royalty income receivable	-	4.71
<b>Total other financial assets- current</b>	<b>2.16</b>	<b>64.60</b>

### 7 INCOME TAX ASSETS (NET)

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Non current	258.50	254.50
<b>Prepaid taxes*</b>	<b>258.50</b>	<b>254.50</b>

\* Includes amount paid under protest of ₹ 24.48 million (31 March 2022: ₹ 24.48 million)

### 8 OTHER ASSETS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Non current</b>		
Prepaid expenses	1.69	1.01
Un-adjusted consideration for revenue contract	33.40	41.83
Capital advances	357.67	506.98
<b>Total other assets- non current</b>	<b>392.76</b>	<b>549.82</b>
<b>Current</b>		
Prepaid expenses	97.62	85.77
Loans and advances to employees	4.06	2.94
Advance to suppliers for goods and services	172.75	82.10
Balance with government authorities	225.26	338.65
Un-adjusted consideration for revenue contract	11.21	14.24
Other assets	99.41	139.46
Less: Allowance for doubtful advances	(20.38)	(20.38)
<b>Total other assets- current</b>	<b>589.93</b>	<b>642.78</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 9 INVENTORIES

	As at 31st March 2023	As at 31st March 2022
Raw materials and components *	671.79	727.78
Work-in-progress**	324.89	326.07
Finished goods***	1,305.54	1,575.25
Stores and spares	128.74	114.96
Loose tools	55.57	48.68
Dies, jigs and fixtures	185.88	197.09
Scrap	11.26	16.92
<b>Total #</b>	<b>2,683.67</b>	<b>3,006.75</b>

# Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 65.82 million (31 March 2022: ₹ 54.50 million)

\* Includes raw materials and components in transit amounting ₹ 79.44 million (31 March 2022: ₹ 50.16 million)

\* Includes raw materials and components with the vendors sent for job work ₹ 15.13 million (31 March 2022: ₹ 11.80 million)

\*\* Includes inventory with the vendors sent for job work ₹ 126.77 million (31 March 2022: ₹ 108.98 million)

\*\*\* Includes goods in transit ₹ 428.92 million (31 March 2022: ₹ 476.94 million)

### 10 TRADE RECEIVABLES

	As at 31st March 2023	As at 31st March 2022
<b>Unsecured</b>		
Trade receivables considered good	5,864.48	4,374.88
Trade receivables - credit impaired	51.26	7.42
Less: Allowances for expected credit loss	(51.26)	(7.42)
<b>Total trade receivables</b>	<b>5,864.48</b>	<b>4,374.88</b>

#### Notes:

(i) Refer note 36 for receivable balance from related parties

(ii) Refer note 33 - Financial instruments for assessment of expected credit losses

(iii) There are no disputed dues from customers

(iv) General credit period is 30 to 90 days.

(v) There is no significant financing component in receivables except mentioned in note 15(ii).

#### Trade receivables ageing schedule as at 31st March 2023

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	159.34	4,939.62	744.79	14.48	5.34	0.91	-	5,864.48
(ii) Trade receivables - credit impaired	-	-	46.66	0.44	0.13	1.79	2.25	51.26

#### Trade receivables ageing schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	34.79	3,489.12	741.59	100.83	8.51	0.04	-	4,374.88
(ii) Trade receivables - credit impaired	-	0.16	1.07	1.09	2.32	1.09	1.69	7.42

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 11 CASH AND CASH EQUIVALENTS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Balance with banks		
- in current accounts*	42.95	146.69
Cash on hand	0.08	0.14
Cheque on hand	-	53.17
Bank deposits with original maturity of less than three months	240.77	2.15
<b>Total cash and cash equivalents</b>	<b>283.80</b>	<b>202.14</b>

\* Includes ₹ 4.05 million (31 March 2022 : Nil) for amount earmarked for corporate social responsibility.

### 12 OTHER BANK BALANCES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	257.28	192.43
<b>Total other bank balances</b>	<b>257.28</b>	<b>192.43</b>

### 13 (A) EQUITY SHARE CAPITAL

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Authorised share capital</b>		
1,148,500,000 (31 March 2022: 1,148,500,000) equity shares of ₹ 10 each	11,485.00	11,485.00
<b>Issued, subscribed and paid up share capital</b>		
585,404,582 (31 March 2022: 584,352,710) equity shares of ₹ 10 each fully paid up	5,854.05	5,843.53

#### i) Reconciliation of shares outstanding at the beginning and at the end of the year

Number of shares	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Equity shares outstanding at the beginning of the year	584,352,710	572,980,560
Add : Issue of shares (refer note 45 and note 52)	1,051,872	11,372,150
<b>Equity shares outstanding at the end of the year</b>	<b>585,404,582</b>	<b>584,352,710</b>

Amount	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Equity shares outstanding at the beginning of the year	5,843.53	5,729.80
Add : Issue of shares	10.52	113.73
<b>Equity shares outstanding at the end of the year</b>	<b>5,854.05</b>	<b>5,843.53</b>

#### ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### iii) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Singapore VII Topco III Pte. Ltd	-	199,359,141
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	193,208,904
Axis Mutual Fund	36,816,647	-
Sbi Mutual Fund	34,844,885	-
Mirae Mutual Fund	33,685,443	-
Government Of Singapore	31,342,849	-

Percentage	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Singapore VII Topco III Pte. Ltd	-	34.12%
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	33.00%	33.06%
Axis Mutual Fund	6.29%	-
Sbi Mutual Fund	5.95%	-
Mirae Mutual Fund	5.75%	-
Government Of Singapore	5.35%	-

(iv) The Board of Directors of the Company had approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31 March 2023 and five years immediately preceding the year ended 31 March 2023.

### v) Promoters shareholding

#### Shareholding of promoters as on 31<sup>st</sup> March, 2023

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd. (refer note 52)	-	-	(34.12)
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	33.00	(0.06)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
*Raghuvanshi Investment Private Limited	744	**	-
<b>Total</b>	<b>193,210,655</b>	<b>33.00</b>	<b>(34.18)</b>



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### Shareholding of promoters as on 31<sup>st</sup> March, 2022

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd. (refer note 52)	199,359,141	34.12	(32.16)
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	33.06	(0.66)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
<b>Total</b>	<b>392,569,052</b>	<b>67.18</b>	<b>(32.82)</b>

\* Promoter Group

\*\* Percentage is negligible

### 13 (B) PREFERENCE SHARE CAPITAL

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Authorised share capital</b>		
1,500,000 (31 March 2022: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
<b>Issued, subscribed and paid up share capital</b>		
Nil (31 March 2022: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	-

### 14 OTHER EQUITY

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Retained earnings	10,428.95	7,745.62
General reserve	120.00	120.00
Securities premium	5,601.48	5,522.99
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(328.28)	(328.28)
Employee's stock options reserve	46.03	64.53
Cash flow hedge reserve (net of tax) (refer note 48)	12.78	-
Merger Reserve (Refer note 49)	737.23	737.23
<b>Total reserves and surplus</b>	<b>16,644.12</b>	<b>13,888.02</b>

#### a) Retained earnings

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>7,745.62</b>	<b>4,671.43</b>
Net profit for the year	3,880.90	3,535.38
Remeasurement of defined benefit obligations, net of tax	1.70	(11.52)
Less:-Dividend paid	(1,199.27)	(449.95)
Add: Transferred from ESOP reserve for option lapsed during the period (Refer note 45)	-	0.28
<b>Closing balance</b>	<b>10,428.95</b>	<b>7,745.62</b>

Retained earnings are created from the profits of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### b) General reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>120.00</b>	<b>120.00</b>
<b>Closing balance</b>	<b>120.00</b>	<b>120.00</b>

In earlier years, the Company transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

### c) Securities premium

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>5,522.99</b>	<b>2,608.05</b>
Premium on fresh issue of equity shares	-	2,927.03
Premium on ESOPs issue	29.81	-
Less: Expense related to capital raising	-	(59.26)
Add Impact on ESOP shares issuance	48.68	47.17
<b>Closing balance</b>	<b>5,601.48</b>	<b>5,522.99</b>

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

### d) Capital redemption reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>25.93</b>	<b>25.93</b>
Transferred from retained earnings	-	-
<b>Closing balance</b>	<b>25.93</b>	<b>25.93</b>

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in earlier years.

### e) Merger Reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>737.23</b>	<b>737.23</b>
Movement during the year	-	-
<b>Closing balance</b>	<b>737.23</b>	<b>737.23</b>

Merger Reserve has been created pursuant to merger of Sona BLW Precision Forgings Limited and Comstar Automotive Technology Private Limited. (refer note 49)

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### f) Equity instruments through other comprehensive income

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>(328.28)</b>	<b>(328.28)</b>
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-
<b>Closing balance</b>	<b>(328.28)</b>	<b>(328.28)</b>

This represents the changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity.

### g) Employee's stock options outstanding reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>64.53</b>	<b>45.37</b>
Add: Created during the year	30.18	66.61
Less: Utilised during the year	(48.68)	(47.17)
Add: Transferred from ESOP reserve for option lapsed during the period (Refer note 45)	-	(0.28)
<b>Closing balance</b>	<b>46.03</b>	<b>64.53</b>

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

### h) Cash flow hedge reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	-	-
Add: Changes in fair value of hedge instruments	(338.36)	-
Less: Amount reclassified to Profit and loss	355.48	-
Less: Deferred tax relating to above (net)	(4.34)	-
<b>Closing balance</b>	<b>12.78</b>	-

Cumulative changes in the fair value of financial instruments designated as effective hedge are recognised in this reserve through OCI (net of taxes). Amounts recognised in the hedging reserve are reclassified to the statement of profit and loss when the underlying transaction occurs.

## 15 BORROWINGS

### (i) Non - current borrowings

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Secured</b>		
<b>Term loans from banks</b>		
Indian rupee loans	587.50	450.00
	<b>587.50</b>	<b>450.00</b>
Less: Amount disclosed under current borrowings (refer note 15 (ii) below)	(100.76)	(12.50)
<b>Total non-current borrowings</b>	<b>486.74</b>	<b>437.50</b>

#### Notes:

- i) Above term loan is secured by first pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only. Second pari passu charge on entire current assets of the Company.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

- ii) Repayment schedule and Interest rates for the above Term Loans are as follows:
- Term loan from HDFC bank amounting to ₹ 400.00 million (31 March 2022 : ₹ 350.00 million) is repayable in 12 quarterly instalments starting from October 2023.
  - Term loan from Citi bank amounting to ₹ 87.50 million (31 March 2022 : ₹ 100.00 million) is repayable in 16 quarterly instalments w.e.f. December 2022.
  - Term loan from Citi bank amounting to ₹ 100.00 million (31 March 2022 : nil) is repayable in 11 quarterly instalments starting from March 2024.
- The interest rate for the above term loans from banks as at 31<sup>st</sup> March 2023 is a floating interest rate linked with T-bill current effective rate in the range of 7.69%-8.89% p.a (March 31, 2022 : 5.20%-5.81% p.a.).

### (ii) Current borrowings

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Indian Rupee loans repayable on demand from banks (refer note (a) below)	1,442.46	57.15
Indian Rupee loans repayable on demand from NBFC (refer note (b) below)	144.72	196.11
Current Maturities of non current borrowings (refer note 15(ii))	100.76	12.50
<b>Total current borrowings</b>	<b>1,687.94</b>	<b>265.76</b>

#### Notes:

##### a) Indian Rupee loans repayable on demand from banks

Above working capital loan is secured by first pari passu charge on entire current assets of the Company and second pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only.

##### Repayment and rate of interest:

- Cash credit amounting to ₹ 7.67 million (31 March 2022 : ₹ 0.11 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 8.66% p.a (31 March 2022 : 7.10% p.a.)
- WCDL amounting to ₹ 11.54 million (31 March 2022 : 57.04 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 7.45% p.a (March 31, 2022: 7.20% p.a.)
- EPC amounting to ₹ 1,423.25 million (31 March 2022 : Nil) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate in the range of 5.02% - 6.17% p.a. (March 31, 2022: Nil)

##### b) Indian Rupee loans repayable on demand from NBFC

The Company enters into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 31 March 2023 the Company had factoring facilities in place for trade receivables and amount of ₹ 144.72 million (31 March 2022: ₹ 196.11 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the Company's customer. The Company does not derecognise the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the Company from the banks but yet to be collected by the financial institution from the Company's customers.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (iii) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cash flows')

The changes of the Company's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
<b>Balance as at 1 April 2021</b>	2,501.54	1,144.99	782.04	4,428.57
<b>Cash Flows:</b>				
Repayment of non-current borrowings	(2,505.67)	-	-	(2,505.67)
Proceeds from non-current borrowings	450.00	-	-	450.00
Proceeds from current borrowings (net)	-	(891.73)	-	(891.73)
Repayment of Deferred payment liabilities	(21.04)	-	-	(21.04)
Repayment of lease liabilities	-	-	(94.65)	(94.65)
<b>Non-cash changes</b>				
Amortisation of transaction cost based on effective interest rate	10.12	-	-	10.12
Unwinding of discount on deferred payment liabilities	0.91	-	-	0.91
Interest expense on lease liabilities	-	-	76.19	76.19
Interest accrued on long term borrowing movement	14.15	-	-	14.15
Other movement	-	-	0.36	0.36
<b>Balance As at 31 March 2022</b>	<b>450.00</b>	<b>253.26</b>	<b>763.94</b>	<b>1,467.21</b>
<b>Cash Flows:</b>				
Repayment of non-current borrowings	(12.50)	-	-	(12.50)
Proceeds from non-current borrowings	150.00	-	-	150.00
Proceeds from current borrowings (net)	-	1,333.92	-	1,333.92
Repayment of lease liabilities	-	-	(99.26)	(99.26)
<b>Non-cash changes</b>				
Interest expense on lease liabilities	-	-	74.27	74.27
Interest accrued on long term borrowing movement	-	-	-	-
Other movement	-	-	-	-
<b>Balance As at 31 March 2023</b>	<b>587.50</b>	<b>1,587.18</b>	<b>738.95</b>	<b>2,913.64</b>

## 16 OTHER FINANCIAL LIABILITIES

	As at 31st March 2023	As at 31st March 2022
<b>Non current</b>		
Security deposits	1.74	1.74
<b>Total other financial liabilities - non current</b>	<b>1.74</b>	<b>1.74</b>
<b>Current</b>		
Interest accrued but not due on borrowings	5.25	1.91
Security deposits	3.50	-
Employee benefits payable	234.89	151.45
Capital creditors	524.99	687.76
Forward contract payables (refer note 33)	12.46	-
Other payables	0.60	32.00
<b>Total other financial liabilities - current</b>	<b>781.67</b>	<b>873.11</b>



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 17 PROVISIONS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Non current</b>		
Provision for compensated absences (refer below and note 38)	90.84	79.76
Provision for defined benefit plans (refer note 38)	26.38	0.36
Provision for warranty (refer below)	48.27	12.62
<b>Total provisions - non current</b>	<b>165.49</b>	<b>92.74</b>
<b>Current</b>		
Provision for compensated absences (refer below and note 38)	46.72	42.99
Provision for defined benefit plans (refer note 38)	14.10	38.80
Provision for warranty (refer below)	-	10.34
<b>Total provisions - current</b>	<b>60.82</b>	<b>92.12</b>

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Provision for Compensated Absences</b>		
Opening balance	122.75	100.47
Additions	71.56	48.29
Amounts utilised	(56.75)	(26.01)
<b>Closing balance</b>	<b>137.56</b>	<b>122.75</b>
<b>Provision for Warranty</b>		
Opening balance	22.96	17.09
Additions	28.48	9.70
Amounts utilised	(3.17)	(3.83)
<b>Closing balance</b>	<b>48.27</b>	<b>22.96</b>

### 18 DEFERRED TAX LIABILITIES (NET)

Movement in deferred tax assets/liabilities

**31<sup>st</sup> March 2023**

	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment and intangible assets	712.26	14.31	-	726.57
Provision for employee benefits obligation	(50.52)	(22.20)	0.59	(72.14)
Others	(1.10)	36.32	-	35.21
<b>Total</b>	<b>660.63</b>	<b>28.36</b>	<b>0.59</b>	<b>689.64</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 31<sup>st</sup> March 2022

	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment and intangible assets	732.58	(20.32)	-	712.26
Provision for employee benefits obligation	(40.20)	(6.46)	(3.87)	(50.52)
Others	1.34	(2.45)	-	(1.10)
<b>Total</b>	<b>693.73</b>	<b>(29.23)</b>	<b>(3.87)</b>	<b>660.63</b>

Deferred tax assets amounting to ₹ 82.62 million as at 31 March 2023 (31 March 2022: ₹ 82.62 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

## 19 TRADE PAYABLES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises (refer note 41)	470.84	386.98
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,837.64	1,472.80
<b>Total Trade payables</b>	<b>2,308.48</b>	<b>1,859.78</b>

### Note:

(i) Refer note 36 for balance payable to related parties

### Trade payables aging schedule as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	4.96	447.92	17.95	0.02	-	-	470.84
(ii) Others	102.10	1,515.80	217.44	0.54	0.16	1.60	1,837.64
<b>Total</b>	<b>107.06</b>	<b>1,963.72</b>	<b>235.39</b>	<b>0.56</b>	<b>0.16</b>	<b>1.60</b>	<b>2,308.48</b>

### Trade payables aging schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	4.36	307.05	69.62	5.71	0.23	0.01	386.98
(ii) Others	254.90	978.60	228.29	7.38	1.22	2.42	1,472.80
<b>Total</b>	<b>259.26</b>	<b>1,285.64</b>	<b>297.91</b>	<b>13.08</b>	<b>1.45</b>	<b>2.43</b>	<b>1,859.78</b>

## 20 OTHER CURRENT LIABILITIES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Statutory dues payable	66.61	60.77
Revenue received in advance (refer note 44)	170.87	156.97
<b>Total current liabilities</b>	<b>237.48</b>	<b>217.74</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 21 CURRENT TAX LIABILITIES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Income tax liabilities (net)( Net of advance tax ₹ 1,004.42 million (31 March 2022: ₹ 734.45 million))	105.15	60.21
<b>Total current tax liabilities</b>	<b>105.15</b>	<b>60.21</b>

### 22 REVENUE FROM OPERATIONS

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Sale of goods*</b>	23,607.76	18,418.98
<b>Other operating revenue</b>		
Scrap sales	632.21	449.96
Export incentive	229.88	249.86
Liabilities written back	-	53.17
Royalty income	0.27	8.65
Others	6.55	0.55
<b>Total revenue from operations</b>	<b>24,476.67</b>	<b>19,181.17</b>

\* Refer note 44.

### 23 OTHER INCOME

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Interest income from bank	31.96	13.09
Interest income from income tax refunds	-	182.68
Profit on sale of investments	68.77	-
Dividend income from subsidiary (refer note 36)	327.60	312.73
Profit on sale of property, plant and equipment	0.61	-
Others	1.80	1.48
<b>Total other income</b>	<b>430.74</b>	<b>509.98</b>

### 24 (A) COST OF MATERIALS CONSUMED

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Inventory at the beginning of the year	727.78	600.95
Add: Purchases during the year	10,603.14	8,775.02
Less: Inventory at the end of year	671.79	727.78
<b>Cost of material consumed</b>	<b>10,659.14</b>	<b>8,648.18</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 24 (B) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Inventories at the beginning of the year</b>		
Work-in-progress	326.07	268.17
Finished goods	1,575.25	1,338.57
	<b>1,901.32</b>	<b>1,606.74</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	324.89	326.07
Finished goods	1,305.54	1,575.25
	<b>1,630.43</b>	<b>1,901.32</b>
<b>Changes in inventories</b>	<b>270.89</b>	<b>(294.57)</b>

### 25 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2023	For the year ended 31st March 2022
Salaries, wages and allowances	1,412.05	1,298.52
Contribution to provident and other funds	72.20	78.05
Staff welfare expenses	195.90	157.76
Share based payment to employees (refer note 45)	30.18	66.60
<b>Total employee benefits expense</b>	<b>1,710.33</b>	<b>1,600.93</b>

### 26 FINANCE COSTS

	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest on loans	73.07	70.98
Other borrowing costs	0.00	3.04
Bank and other finance charges	13.93	22.16
Interest on lease liabilities (refer note 43)	74.27	76.19
Interest expenses on income tax	2.30	-
<b>Total finance costs</b>	<b>163.57</b>	<b>172.37</b>

### 27 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31st March 2023	For the year ended 31st March 2022
Depreciation of property, plant and equipment	1,123.67	774.77
Amortisation of intangible assets	469.06	447.85
Amortisation of right-of-use assets	72.73	72.73
<b>Total depreciation and amortisation expense</b>	<b>1,665.46</b>	<b>1,295.35</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 28 OTHER EXPENSES

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Consumption of stores, spares and tool	1,269.51	1,012.63
Power and fuel	647.93	479.49
Freight, clearing and forwarding charges	579.19	378.21
Packing material	350.01	309.52
Sub contracting cost	852.39	747.85
Rent (refer note 43)	20.35	31.43
Repairs and maintenance - plant and machinery	365.53	300.63
Repair and maintenance - buildings	27.34	16.01
Repair and maintenance - others	139.16	109.21
Manpower hiring on contract	478.19	388.71
Legal and professional charges (refer note (a) below)	238.55	159.19
Rates and taxes	9.51	7.96
Insurance	56.03	52.96
Travelling, conveyance and vehicle expenses	172.82	117.45
Communication and stationery expenses	26.58	22.63
Security charges	28.66	21.69
Corporate social responsibility expense (refer note (b) below)	40.08	54.74
Business promotion	34.17	13.10
Directors sitting fees and commission (refer note 36)	38.00	33.68
Loss on sale of property, plant and equipments (net)	-	9.14
Allowances for expected credit loss	43.84	-
Provision for warranty	28.48	9.70
Miscellaneous expenses	221.39	167.28
<b>Total other expenses</b>	<b>5,667.71</b>	<b>4,443.19</b>

#### a) Details of payment to auditors\*

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Payments to the statutory auditor:</b>		
(a) For Statutory Audit	11.85	11.15
(b) For other services	0.13	1.71
(c) For reimbursement of expenses	0.77	0.05
<b>Total expenses</b>	<b>12.75</b>	<b>12.91</b>

\* Excluding applicable taxes and fees paid for services related to Initial Public Offer amounting to ₹ Nil for year ended 31<sup>st</sup> March 2023 ( ₹ 4.51 million for the year ended 31 March 2022)(Refer note 51 and 52)



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### b) Corporate social responsibility expenditure

#### Details of CSR Expenditure:

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
a) Gross amount required to be spent by the Company during the year*	40.08	55.10
b) Amount spent during year is as below		
(i) Construction/ acquisition of assets		
(ii) On Purpose other than above	28.53	40.11
<b>Total Amount Spent</b>	<b>28.53</b>	<b>40.11</b>
<b>Amount yet to be spent</b>	<b>11.55</b>	<b>15.00</b>

Ongoing Projects and others (31 <sup>st</sup> March 2023)	In case of Section 135(6) (Ongoing Project)	In case of Section. 135(5) (Other than ongoing Project)
<b>Opening Balance</b>		
With Company	-	-
In Separate CSR Unspent A/c	16.52	-
Add: Amount required to be spent during the year	18.77	21.31
Less: Amount spent during the year		
From Company's bank A/c (from the CSR obligation of financial year 2022-23)	7.22	21.31
From Separate CSR Unspent A/c (from the CSR obligation of financial year 2020-21 & 2021-22)	12.47	-
<b>Closing Balance</b>	<b>15.60</b>	<b>-</b>
With Company	-	-
In Separate CSR Unspent A/c	4.05	-

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company has transferred ₹ 11.55 million the unspent amount relating to ongoing project for CSR for FY 2022-23 in a 'Unspent Corporate Social Responsibility Account- Sona BLW Precision Forgings Limited- 2023' on 24th April 2023.

\* Excluding CSR expense of ₹ 2.11 million earmarked as administrative overhead adjusted towards salary of CSR team.

Ongoing Projects and others (31 <sup>st</sup> March 2022)	In case of Section 135(6) (Ongoing Project)	In case of Section. 135(5) (Other than ongoing Project)
<b>Opening Balance</b>		
With Company	-	-
In Separate CSR Unspent A/c	15.00	-
Add: Amount required to be spent during the year	22.50	32.61
Less: Amount spent during the year		
From Company's bank A/c (from the CSR obligation of financial year 2021-22)	7.50	32.61
From Separate CSR Unspent A/c (from the CSR obligation of financial year 2020-21)	13.48	-
<b>Closing Balance</b>	<b>16.52</b>	<b>-</b>
With Company	-	-
In Separate CSR Unspent A/c	1.52	-

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company has transferred ₹ 15.00 million the unspent amount relating to ongoing project for CSR for FY 2021-22 in a 'Unspent Corporate Social Responsibility Account- Sona BLW Precision Forgings Limited- 2022' on 26th April 2022.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 29 EXCEPTIONAL ITEM

	For the year ended 31st March 2023	For the year ended 31st March 2022
Expenditure incurred for listing and offer for sale of shares (refer note 51)	-	(132.70)
Diligence work for acquisition (refer note 51)	33.69	-
	<b>33.69</b>	<b>(132.70)</b>

### 30 INCOME TAX EXPENSE

	For the year ended 31st March 2023	For the year ended 31st March 2022
Current tax	1,070.56	796.17
Tax related to previous years	(33.63)	(134.62)
Deferred tax charge/(credit)	28.36	(29.23)
<b>Total Income Tax expense</b>	<b>1,065.29</b>	<b>632.32</b>

#### a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended 31st March 2023	For the year ended 31st March 2022
Profit before income tax expense	4,946.19	4,167.71
Income tax as per statement of profit and loss	1,065.29	632.32
<b>Tax at the Indian tax rate of 25.167% (31 March 2022: 25.167%)</b>	<b>1,244.81</b>	<b>1,048.89</b>
Effect of non-deductible expenses	10.42	9.26
Transaction cost of an equity transaction	(10.63)	(3.30)
Tax effect on Dividend from foreign subsidiary taxable at a lower rate	(82.45)	(104.35)
Tax effect of ESOP exercised	(94.16)	(126.81)
Lower tax paid in respect of dividend income due to change in tax position of FY 2020-21	-	(82.71)
Receipt of principal tax amount written off in earlier years*	(3.13)	(91.00)
Others	0.44	(17.64)
<b>Income tax expense (as per statement of profit and loss)</b>	<b>1,065.29</b>	<b>632.32</b>

\* The company had received income tax refunds during the financial year 2021-22. The difference between the refunds so received toward principal and tax receivable as per books was recorded as tax for the earlier years. Interest amounting to ₹ 155.71 million had been recorded under the head other income.

### 31 RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended 31st March 2023	For the year ended 31st March 2022
Revenue expenditure charged to statement of profit and loss		
- Revenue and development expenditure charged to statement of profit and loss	283.24	269.98
- Capital expenditure (refer note 3 and 4)	448.31	171.74
<b>Total research and development expenses</b>	<b>731.55</b>	<b>441.72</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 32 FAIR VALUE MEASUREMENTS

#### a) Financial instruments by category

	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Trade receivables	-	-	5,864.48	-	-	4,374.88
Cash and bank balances	-	-	541.08	-	-	394.57
Other financial assets	-	-	93.16	-	-	98.67
Derivative financial assets	-	-	-	29.49	-	-
Current Investments	2,133.11	-	-	58.32	-	-
<b>Total financial assets</b>	<b>2,133.11</b>	<b>-</b>	<b>6,498.72</b>	<b>87.81</b>	<b>-</b>	<b>4,868.12</b>
<b>Financial liabilities</b>						
Borrowings	-	-	2,179.94	-	-	705.17
Trade payables	-	-	2,308.48	-	-	1,859.78
Other financial liabilities	-	-	765.71	-	-	872.95
Lease liabilities	-	-	738.95	-	-	763.94
Derivative financial liabilities	12.46	-	-	-	-	-
<b>Total financial liabilities</b>	<b>12.46</b>	<b>-</b>	<b>5,993.07</b>	<b>-</b>	<b>-</b>	<b>4,201.84</b>

#### Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### (b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets/liabilities into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

#### i) Assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3
<b>As at 31<sup>st</sup> March 2023</b>			
Foreign exchange forward contracts- liability	-	12.46	-
<b>Total financial Liability</b>	<b>-</b>	<b>12.46</b>	<b>-</b>
Current investments- asset	2,133.11	-	-
<b>Total financial asset</b>	<b>2,133.11</b>	<b>-</b>	<b>-</b>
<b>As at 31<sup>st</sup> March 2022</b>			
Foreign exchange forward contracts- asset	-	29.49	-
Current investments - asset	58.32	-	-
<b>Total financial assets</b>	<b>58.32</b>	<b>29.49</b>	<b>-</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### ii) Fair value of instruments measured at amortised cost

	As at 31st March 2023	As at 31st March 2022
<b>Financial assets</b>		
Trade receivables	5,864.48	4,374.88
Cash and bank balances	541.08	394.57
Other financial assets	93.16	98.67
<b>Total financial assets</b>	<b>6,498.71</b>	<b>4,868.12</b>
<b>Financial liabilities</b>		
Borrowings	2,179.94	705.17
Lease liabilities	738.95	763.94
Trade payable	2,308.48	1,859.78
Other financial liability	765.71	872.95
<b>Total financial liabilities</b>	<b>5,993.07</b>	<b>4,201.84</b>

All financial assets and financial liabilities are recorded at amortised cost the details of which are given above

#### There are no transfers amongst levels during the year

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## 33 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Company to support its operations. The Company's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Company's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Company enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Company's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

### (A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (a) Credit Risk Management

#### (i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Company provides for expected credit loss based on the following:

Asset group	Categorisation of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

#### Financial assets that expose the entity to credit risk -

Credit rating	Particulars	As at 31st March 2023	As at 31st March 2022
Low credit risk	Loans		
	Cash and bank balances	541.08	394.57
	Other financial assets	93.16	98.67
	Investment	2,133.11	58.32
	Derivative financial assets	-	29.49
Moderate credit risk	Trade receivables*	5,864.48	4,374.88

\*This represent carrying values after deduction for doubtful debt provisions

#### Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

#### Trade receivables

To mitigate the credit risk related to trade receivables, the Company closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
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### (b) Expected credit losses for financial assets (other than trade receivables)

#### i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

For other financial assets - Credit risk is evaluated based on Company knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets.

#### ii) Expected credit loss for trade receivables under simplified approach

The Company recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2023, and for the year ended 31 March 2022 is insignificant.

#### Reconciliation of loss allowance

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
At the beginning of year	7.42	2.97
Movement during the year	43.84	4.45
<b>Total expected credit loss allowance</b>	<b>51.26</b>	<b>7.42</b>

### (B) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

#### (i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

#### Contractual maturities of financial liabilities:

	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>31 March 2023</b>				
Borrowings	1,687.94	486.74	-	2,174.68
Trade payables	2,308.48	-	-	2,308.48
Other financial liabilities	770.96	-	-	770.96
Derivative financial liabilities	12.46	-	-	12.46
Lease liabilities	102.29	449.87	678.14	1,230.30
<b>Total</b>	<b>4,882.13</b>	<b>936.61</b>	<b>678.14</b>	<b>6,496.88</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>31 March 2022</b>				
Borrowings	291.07	479.45	-	770.51
Trade payables	1,859.78	-	-	1,859.78
Other financial liabilities	874.86	-	-	874.86
Lease liabilities	98.04	432.99	797.57	1,328.59
<b>Total</b>	<b>3,123.75</b>	<b>912.43</b>	<b>797.57</b>	<b>4,833.74</b>

### (C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

##### Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Variable rate borrowings	2,174.68	705.17
<b>Total borrowings</b>	<b>2,174.68</b>	<b>705.17</b>

##### Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Impact on profit after tax	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Interest rate increase by 1.00% (31 March 2022: 1.00%)*	10.78	16.24
Interest rate decrease by 1.00% (31 March 2022: 1.00%)*	(10.78)	(16.24)

\* Holding other variables constant, net of tax

#### (ii) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹) also refer note 48.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows

Foreign currency	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Trade receivables and others</b>		
United States Dollar (USD)	40.20	28.88
Euro (EUR)	1.02	0.71
<b>Trade/other payables</b>		
United States Dollar (USD)	2.38	1.27
Euro (EUR)	0.64	0.05
Japanese Yen (JPY)	269.70	0.62
Canadian Dollar (CAD)^	0.00	-
Swiss Franc (CHF)	0.06	0.01
Others	0.03	0.03

^Rounded off to Nil

Indian Rupee (₹)	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Trade receivables and others</b>		
United States Dollar (USD)	3,303.07	2,189.11
Euro (EUR)	91.61	59.64
<b>Trade/other payables</b>		
United States Dollar (USD)	195.23	95.94
Euro (EUR)	56.87	4.54
Japanese Yen (JPY)	166.14	0.38
Canadian Dollar (CAD)^	0.11	-
Swiss Franc (CHF)	5.68	0.82
Others	2.82	-

^Rounded off to Nil

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Outstanding forward contracts as at the reporting date (Million USD)- Receivable	107.47	88.97
Outstanding forward contracts as at the reporting date (Million JPY)- Payable	98.21	-
Outstanding forward contracts as at the reporting date (Million EUR)-Payable	0.21	-
Outstanding forward contracts as at the reporting date (₹ in million)- Receivable	8,896.49	6,872.34
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	61.63	-
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	19.13	-

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

Impact on profit after tax	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Net currency receivables/(payables)</b>		
USD sensitivity		
₹/USD- increase by 1.00% (31 March 2022: 1.00%)*	23.10	15.56
₹/USD- decrease by 1.00% (31 March 2022: 1.00%)*	(23.10)	(15.56)
EUR sensitivity		
₹/EURO- increase by 1.00% (31 March 2022: 1.00%)*	0.26	0.41

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Impact on profit after tax	For the year ended 31st March 2023	For the year ended 31st March 2022
₹/EURO- decrease by 1.00% (31 March 2022: 1.00%)*	(0.26)	(0.41)
JPY sensitivity		
₹/JPY- increase by 1.00% (31 March 2022: 1.00%)*	(1.23)	(0.00)
₹/JPY- decrease by 1.00% (31 March 2022: 1.00%)*	1.23	0.00
CAD sensitivity		
₹/CAD- increase by 1.00% (31 March 2022: 1.00%)*	(0.00)	-
₹/CAD- decrease by 1.00% (31 March 2022: 1.00%)*	0.00	-
CHF sensitivity		
₹/CHF- increase by 1.00% (31 March 2022: 1.00%)*	(0.04)	(0.01)
₹/CHF- decrease by 1.00% (31 March 2022: 1.00%)*	0.04	0.01

\* Holding other variables constant, net of tax

### 34 CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

	31st March 2023	31st March 2022
Long term borrowings including current maturities (refer note 15)	587.50	450.00
Short term borrowings (refer note 15)	1,587.18	253.26
Less: Cash and cash equivalents (refer note 11)	(283.80)	(202.14)
<b>Net debts *</b>	<b>1,890.89</b>	<b>501.12</b>
Equity share capital (refer note 13)	5,854.05	5,843.53
Other equity (refer note 14)	16,644.12	13,888.02
<b>Total equity</b>	<b>22,498.17</b>	<b>19,731.55</b>
<b>Net Gearing ratio</b>	<b>8.40%</b>	<b>2.54%</b>

\* Excluding lease liabilities

Dividends	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Equity share</b>		
Interim dividend of ₹ 1.28 per each 585,404,582 equity share	749.32	-
Final dividend of ₹ 0.77 per each 584,352,710 equity share	449.95	-
Interim dividend of ₹ 0.77 per each 584,352,710 equity share	-	449.94
	<b>1,199.27</b>	<b>449.94</b>

The Board of Directors of the Company in its meeting held on May 03, 2023 has approved and declared final dividend of ₹ 1.53/- i.e (15.3%) per equity share of the Company having face value of ₹ 10/- each for the financial year 2022-2023, subject to approval from shareholders.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 35 SEGMENT INFORMATION

The Company's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components". The Company has opted to provide segment information in its consolidated Ind AS financial statements in accordance with para 4 of Ind AS 108 - Operating Segments.

### 36 RELATED PARTY DISCLOSURES

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

#### (a) Names of related parties and nature of relationship

##### (i) Entity exercising control of Company

Singapore VII Topco III Pte Ltd. (till 21<sup>st</sup> June 2021)

##### (ii) The entity having substantial interest in the Company

Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)

Singapore VII Topco III Pte Ltd. (with effect from 21<sup>st</sup> June 2021 till 13th March 2023)

##### (iii) Ultimate holding Company

BCP Topco I Pte Ltd. (till 21<sup>st</sup> June 2021)

##### (iv) Key Management Personnel

Name	Designation
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr. Vadapalli Vikram Verma	Chief Executive Officer (Driveline Business)
Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary
<b>Non executive Directors</b>	
Mr. Sunjay Kapur	Chairman and Non-Executive Director
Mr. Prasan Abhaykumar Firodia	Independent director
Mr. Subbu Venkata Rama Behara	Independent director
Mr. Amit Dixit	Director
Mr. Ganesh Mani	Director
Mrs. Shradha Suri	Independent director
Mr. Jeffrey Mark Overly	Independent Director
Mrs. Dipti Mehta	Independent Director
<b>Relative of KMP</b>	
Mr. Tanay Gupta	Son of Mr. Sat Mohan Gupta

##### (v) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Harpreet Motors Private Limited



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (vi) Subsidiary companies

Comstar Automotive Hongkong Limited  
 Comstar Automotive USA LLC  
 Comstar Automotive Technologies Services Private Limited  
 Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V  
 Comstar Automotive (Hangzhou) Co., Ltd  
 Comstar Hong Kong Mexico No. 1, LLC  
 Comestel Automotive Technologies Mexicana Ltd  
 Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V  
 Sona Comstar eDrive Private Limited

### (vii) Promoter Group

Rani Kapur - RK Family Trust  
 Raghuvanshi Investment Private Limited  
 Charu Sachdev  
 Jasbir Sachdev  
 Ashok Sachdev

### (i) Entity having substantial interest

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Dividend paid</b>		
Aureus Investment Private Limited ( formerly known as Sona Autocomp Holding Private Limited)	396.08	153.51
Singapore VII Topco III pte Ltd.	307.01	148.77
<b>Reimbursement of IPO expenses</b>		
Singapore VII Topco III pte Ltd.	-	359.69

### (ii) Key Management Personnel \*

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Managerial remuneration</b>		
Mr. Vivek Vikram Singh	32.03	30.85
Mr. Vadapalli Vikram Verma	29.02	30.63
Mr. Rohit Nanda	25.63	24.09
Mr. Ajay Pratap Singh	8.20	7.13
Mr. Sat Mohan Gupta	23.56	18.17
<b>Remuneration to relative of KMP</b>		
Mr. Tanay Gupta	2.17	1.75
<b>Issue of equity shares under ESOP Scheme</b>		
Mr. Vivek Vikram Singh	8.46	8.46
Mr. Vadapalli Vikram Verma	6.10	6.10
Mr. Rohit Nanda	4.57	4.57
Mr. Ajay Pratap Singh	1.10	1.52

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
Mr. Sat Mohan Gupta	6.10	6.10
<b>Share based payment charged in profit and loss account</b>		
Mr. Vivek Vikram Singh	6.07	13.52
Mr. Vadapalli Vikram Verma	4.37	9.74
Mr. Rohit Nanda	3.28	7.31
Mr. Ajay Pratap Singh	1.10	2.44
Mr. Sat Mohan Gupta	4.37	9.74
<b>Director Sitting Fee</b>		
Mr. Prasan Abhaykumar Firodia	0.70	0.45
Mr. B.V.R. Subbu	1.75	1.82
Mr. Jeffrey Mark Overly	2.30	1.36
Mrs. Shradha Suri	1.10	0.63
Mrs. Dipti Mehta	-	0.80
<b>Commission</b>		
Mr. Sunjay Kapur	24.00	24.00
Mr. Jeffrey Mark Overly	5.90	6.16
Mr. B.V.R. Subbu	2.25	6.20
<b>Dividend paid</b>		
Mr. Vadapalli Vikram Verma	0.37	0.06
Mr. Vivek Vikram Singh	0.28	-
Mr. Ajay Pratap Singh	0.02	0.01
Mr. Sat Mohan Gupta	0.31	0.04
Mr. Rohit Nanda	0.08	-
Mrs. Shradha Suri	#	#
Rani Kapur - RK Family Trust	#	-
Raghuvanshi Investment Private Limited	#	-
Charu Sachdev	#	-
Jasbir Sachdev	#	-
Ashok Sachdev	#	-
<b>Sale of Vehicle</b>		
Mr. Vivek Vikram Singh	-	0.17

### \* Break- up of Key management personnel remuneration

	For the year ended 31st March 2023	For the year ended 31st March 2022
Short-term employee benefits	120.61	112.61

\* Including provident fund, leave encashment and any other benefit.

\* Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

\* The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between September 14, 2021, to September 27, 2021 and between September 12, 2022, to September 14, 2022. There is however no financial impact of such payments on the Company.

# Number less than ₹ 10,000

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Services received</b>		
Harpreet Motors Private Limited	-	0.01

### (iv) Subsidiary companies

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Dividend Received</b>		
Comstar Automotive USA LLC	327.60	312.73
<b>Rent Received</b>		
Sona Comstar Edrive Private Limited	0.06	0.07
<b>Corporate Guarantee given</b>		
Sona Comstar Edrive Private Limited	-	83.23
<b>Reimbursement of expenses incurred by Holding Company</b>		
Sona Comstar Edrive Private Limited	-	5.71
<b>Investment in the shares</b>		
Sona Comstar Edrive Private Limited	-	14.90
<b>Sale of goods</b>		
Comstar Automotive USA LLC	854.19	610.30
Comestel Automotive Technologies Mexicana Limited	326.64	368.11
Comstar Automotive Hangzhou Co. Ltd.	9.70	90.96

### (c) Details of balances with related parties at year end

#### (i) Key Management Personnel

Balances as at year end	As at 31st March 2023	As at 31st March 2022
<b>Payables</b>		
Mr. Vivek Vikram Singh	11.21	8.71
Mr. Rohit Nanda	6.29	4.82
Mr. Vikram Verma Vedapalli	8.94	9.60
Mr. Jeffrey Mark Overly	5.90	4.04
Mr. Ajay Pratap Singh	2.14	1.47
Mr. Sat Mohan Gupta	5.46	-
Mr Subbu Venkata Rama Behara	2.25	-
Mr. Tanay Gupta	0.32	-

#### (ii) Subsidiary companies

Balances as at year end	As at 31st March 2023	As at 31st March 2022
<b>Receivable</b>		
Comstar Automotive USA LLC	79.91	83.21
Comstar Automotive Hangzhou Co. Ltd.	-	116.90
Comestel Automotive Technologies Mexicana Ltd	173.69	277.07

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured.

Corporate guarantee given on behalf of Sona Comstar Edrive Private Limited is ₹ 83.23 million (March 31 2022 : ₹ 83.23 million).

## 37 EARNINGS PER SHARE

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Total profit attributable to the equity holders of the Company used for basic and diluted earnings per share (A)	3,880.90	3,535.38
Total number of equity shares at the beginning of the year	584,352,710	572,980,560
Issue of shares	1,051,872	11,372,150
<b>Total number of equity shares at the end of the year</b>	<b>585,404,582</b>	<b>584,352,710</b>
Effect of exercise of share options	514,926	343,775
Total number of equity shares (including options) at the end of the year	585,919,508	584,696,485
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	584,687,932	581,529,094
<b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)</b>	<b>584,687,932</b>	<b>581,529,094</b>
Effect of exercise of share options	514,926	343,775
<b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)</b>	<b>585,202,858</b>	<b>581,872,869</b>
<b>Nominal Value per share (in ₹)</b>	<b>10.00</b>	<b>10.00</b>
(a) Basic earnings per share (in ₹)	6.64	6.08
(b) Diluted earnings per share (in ₹)	6.63	6.08

## 38 EMPLOYEE BENEFITS

### A Defined contribution plans:

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
a) Provident fund	84.64	86.80
b) Employees state insurance corporation	0.32	0.32
c) Punjab/Haryana labour welfare fund	0.28	0.25
d) Employee benefit fund	0.15	-
e) National Pension Scheme	11.59	8.20
	<b>96.98</b>	<b>95.57</b>

### B Defined benefit plans:

#### (i) Gratuity

The Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Company through the gratuity trust has taken Company gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Details of changes and obligation under the defined benefit plan is given as below:-

### I Expense recognised in the statement of profit and loss

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Current service cost	24.21	20.52
(ii) Interest cost	16.17	6.46
(iii) Expected return on plan assets	(6.33)	(5.07)
Net expense recognised in the statement of profit and loss	<b>34.05</b>	<b>21.91</b>

### II Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Actuarial changes arising from changes in demographic assumptions	(2.10)	(10.37)
(ii) Actuarial changes arising from changes in financial assumptions	(9.76)	16.85
(iii) Actuarial changes arising from changes in experience adjustments	10.75	9.81
(iv) Return on plan assets greater than discount rate	(1.18)	(0.89)
Net expense recognised in other comprehensive income	<b>(2.29)</b>	<b>15.40</b>

### III Changes in obligation

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Opening balance	263.66	219.41
(ii) Current service cost	24.21	20.52
(iii) Interest cost	8.46	14.11
(iv) Benefit payments directly by employer	(5.13)	(3.38)
(v) Actuarial (gain)/loss	(1.11)	15.40
(vi) Benefit payments from plan assets	(1.79)	(2.40)
Present value of obligation as at year end	<b>288.30</b>	<b>263.66</b>

### IV Changes in plan assets

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Fair value of plan assets as at the beginning of the period	224.53	190.68
(ii) Interest income	14.05	11.86
(iii) Contributions by employer	22.70	26.87
(iv) Benefit payments from plan assets	(6.92)	(5.77)
(v) Actuarial gain/(loss) on plan assets	1.18	0.89
<b>Fair value of plan assets</b>	<b>255.54</b>	<b>224.53</b>



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### V Net assets / liabilities

	For the year ended 31st March 2023	For the year ended 31st March 2022
(i) Present value of obligation at the end of the year	288.30	263.67
(ii) Fair value of plan assets at the end of the year	255.54	224.52
(iii) Net liabilities recognised in the balance sheet		
- Non current	26.38	0.36
- Current	14.10	38.80

### VI Experience adjustment

	For the year ended 31st March 2023	For the year ended 31st March 2022
Experience adjustment loss on plan liabilities	6.49	5.60

### VII Investment details

The Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Company and have therefore not been disclosed.

### VIII Principal actuarial assumptions

	For the year ended 31st March 2023	For the year ended 31st March 2022
Discount rate (per annum)	7.15%-7.30%	6.00-6.20%
Expected increase in salary costs (per annum)	8.00-9.00%	8.00-8.50%
Attrition rate	15.00-20.00%	15.00-17.00%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Retirement age	58 and 60 years	58 years

### IX Quantitative sensitivity analysis for significant assumptions is as below:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation	
	For the year ended 31st March 2023	For the year ended 31st March 2022
Delta effect of +1% change in rate of discounting	(13.48)	(13.48)
Delta effect of -1% change in rate of discounting	14.41	14.46
Delta effect of +1% change in rate of salary increase	14.13	14.09
Delta effect of -1% change in rate of salary increase	(13.41)	(13.33)

### X Maturity profile of defined benefit obligation (undiscounted)

	For the year ended 31st March 2023	For the year ended 31st March 2022
Within the next 12 months (next annual reporting period)	56.58	43.35
Between 2 and 5 years	167.66	134.51
Between 6 and 10 years	119.83	108.24
<b>Total expected payments</b>	<b>344.07</b>	<b>286.10</b>

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

- XI** The average duration of the defined benefit plan obligation at the end of the reporting period is 4-6.27 years (31 March 2022: 6.30 - 9 years)
- XII** The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The expected contribution to the plan is expected to be similar to that of current year.
- XIII** Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

### 39 CONTINGENT LIABILITIES

	As at 31st March 2023	As at 31st March 2022
<b>a) Claims against the Company not acknowledged as debts</b>		
<b>i) Service tax</b>		
Cases pending before Appellate authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
<b>ii) Income Tax *</b>		
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2011-12)**	2.14	4.21
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2012-13)	3.18	3.18
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2013-14)	2.12	2.12
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.50	2.00
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)***	84.05	77.25
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)	6.96	6.01
<b>(iii) Central Excise Act, 1944</b>		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals. (FY 2014-15 to FY 2017-18)	14.85	14.85
<b>(iv) Goods and Services tax Act</b>		
Writ petition filed before high court (GST case)	281.97	-

\*Amount paid under protest of ₹ 24.48 million (31 March 2022: ₹ 24.48 million)

\*\* Total disputed amount of the case is ₹ 4.21 million (including interest liability) out of which ₹ 2.27 million (including interest liability) has been provided as a provision and balance amount of ₹ 2.14 million (including interest liability) is being disclosed as a contingent liability.

\*\*\* Total disputed amount of the case is ₹ 85.88 million (including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 77.25 million (including interest liability) is being disclosed as a contingent liability.

As hearing date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

- b)** There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefore. Moreover no monetary claim was filed or is pending.
- c)** Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Company are as under :

	As at 31st March 2023	As at 31st March 2022
Export obligation pending	3,203.19	4,429.60

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

- d) The company has given letter of undertaking to its subsidiary company namely "Comstar Automotive Hongkong Limited" to provide financial support if any required by the subsidiary company, for the year from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 to allow it to continue as a going concern.

### 40 CAPITAL COMMITMENTS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	986.48	758.69

### 41 DUES TO MICRO AND SMALL ENTERPRISES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
a) Principal amount due to suppliers registered under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) and remaining unpaid as at year end	465.17	382.65
b) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c) the amount of interest due and payable for the period of delay in making payment ( which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year;	5.67	4.33
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	5.67	4.33

### 42 DISCLOSURE REQUIRED BY SECTION 186(4) OF THE COMPANIES ACT, 2013

	As at 31 <sup>st</sup> March 2023	Maximum amount outstanding during the year	As at 31 <sup>st</sup> March 2022	Maximum amount outstanding during the year
Details of investment made in Comstar Automotive USA LLC	1,248.90	1,248.90	1,248.90	1,248.90
Details of investment made in Comstar Automotive Technology Services Private Limited	73.80	73.80	73.80	73.80
Details of investment made in Comstar Automotive Hong Kong Ltd.	229.45	229.45	229.45	229.45
Details of investment made in Sona Comstar eDrive Private Limited	15.00	15.00	15.00	15.00
Details of corporate guarantee given on behalf of Sona Comstar eDrive Private Limited *	83.23	83.23	83.23	83.23

\* Corporate guarantee given to a vendor

### 43 LEASES

- i) The Company has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.
- ii) The Company does not have any lease commitments towards variable rent as per the contract.
- iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Company must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Company shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

iv) Lease liabilities are presented in the statement of financial position as follows:

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Current	102.29	98.04
Non-current	636.66	665.91
<b>Total</b>	<b>738.95</b>	<b>763.95</b>

v) Future minimum lease payments are as follows:

Minimum lease payments due	As at 31 <sup>st</sup> March 2023		
	Lease payments	Finance charges	Net present values
Within 1 year	102.29	71.62	30.67
1-5 years	449.87	245.36	204.50
More than 5 years	678.14	174.36	503.78
<b>Total</b>	<b>1,230.30</b>	<b>491.35</b>	<b>738.95</b>

Minimum lease payments due	As at 31 <sup>st</sup> March 2022		
	Lease payments	Finance charges	Net present values
Within 1 year	98.04	67.88	30.15
1-5 years	432.99	196.07	236.92
More than 5 years	797.57	300.69	496.88
<b>Total</b>	<b>1,328.60</b>	<b>564.64</b>	<b>763.95</b>

vi) The following are amounts recognised in profit or loss:-

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Depreciation expense of right-of-use assets	72.73	72.73
Interest expense on lease liabilities	74.27	76.19
Rent expense (relating to short term leases on which lease liability is not recognised)	20.35	31.43
<b>Total</b>	<b>167.34</b>	<b>180.35</b>

vii) Total cash outflow pertaining to leases

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Total cash outflow pertaining to leases during the year ended	99.26	94.65

The Company determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 44 REVENUE FROM CONTRACTS WITH CUSTOMERS

#### (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Revenue by geography</b>		
Domestic	10,848.36	7,996.50
Export	12,759.40	10,422.48
<b>Total</b>	<b>23,607.76</b>	<b>18,418.98</b>
<b>Revenue (timing)</b>		
Revenue recognised at point in time	23,267.88	18,377.48
Revenue recognised over a period	339.88	41.50
<b>Total</b>	<b>23,607.76</b>	<b>18,418.98</b>

#### (b) Liabilities related to contracts with customers

Particulars	As at 31st March 2023	As at 31st March 2022
Opening balance	156.97	91.66
Income recognised from advance	(421.78)	(126.31)
Advance received from customers during the year	435.67	191.62
Advance from customers (refer note 20)	<b>170.87</b>	<b>156.97</b>

#### (c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Company to its customers for the year ended 31 March 2023 ₹ 0.42 million (31 March 2022: ₹ 0.43 million)

#### (d) Contract assets

Particulars	As at 31st March 2023	As at 31st March 2022
Opening balance	56.08	61.50
Adjusted during the year	11.46	5.42
<b>Closing balance</b>	<b>44.61</b>	<b>56.08</b>

### 45 SHARE BASED PAYMENTS

Employee Stock Option Scheme Sona BLW Precision Forging Limited- 2020 ('Sona BLW ESOP Plan-2020') was approved by the shareholders of the Sona BLW Precision Forging Limited on 30 September 2020. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2020 shall be 3,342,672 Options which shall upon exercise shall convert into maximum 3,342,672 Shares. The Sona BLW ESOP Plan entitles employees of the Company to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Particulars	Sona BLW Precision Forging Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	01 October 2020
Vesting schedule	1,087,740 options 12 months after the grant date ('First vesting')
	1,087,740 options 24 months after the grant date ('Second vesting')
	1,087,740 options 36 months after the grant date ('Third vesting')
Exercise period	Stock options can be exercised within a period of 3 years from vesting date.
Number of share options granted	3,263,220
	The total pool of Options that can be granted under the ESOP Plan is 3,342,672 (Thirty three lakhs forty two thousand six hundred seventy two) Options out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees.
Method of settlement	Equity

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1 October 2020.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. Total Company share based payment to employees amounting ₹ 30.18 million for the year ended 31 March 2023 (₹ 66.60 million for the year ended 31 March 2022) is recognised in the statement of profit and loss of the Company pertaining to options issued to employees of the Company. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares were not publicly traded at that time. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognises the impact of the revision to original estimates, if any, in the profit or loss in statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarised as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	01 October 2020	01 October 2020	01 October 2020
Vesting date	01 October 2021	01 October 2022	01 October 2023
Expiry date	01 October 2024	01 October 2025	01 October 2026
Fair value of option at grant date using Black Scholes model	44.38	46.28	47.72
Exercise price	38.34	38.34	38.34
Expected volatility of returns	46.19%	46.63%	46.51%
Term to expiry	2.5 years	3.5 years	4.5 years
Expected dividend yield	1.60%	1.60%	1.60%
Risk free interest rate	4.64%	5.04%	5.23%

During the year ended 31 March 2021, the Board of Directors of the Company has approved the issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each. Accordingly number of options has been increased to twelve times of original options and fair value and exercise price of options has been reduced to one twelfth from previous values.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Options outstanding at the beginning of the period	2,182,420	3,263,220
Number of employees to whom options were granted	62	62
Options vested	1,081,764	1,081,764
Options exercised	1,051,872	1,062,872
Options forfeited/ lapsed/ cancelled	-	17,928.00
Option expired during the year	Nil	Nil
Options outstanding	Vested:48,784	Vested:18,892
Options outstanding	Unvested: 1,081,764	Unvested: 2,163,528
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	1,051,872	1,062,872
Money realised by exercise of options (in ₹ million)	40,328,772	40,750,512
Options outstanding at the period end	1,130,548	2,182,420
Options exercisable at the period end	48,784	18,892
Total number of options in force (excluding options not granted)	1,130,548	2,182,420
Weighted average remaining contractual life of outstanding options (in years)	3.50	4.00

Method used for accounting of share-based payment plans

The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 March 2023 is ₹ 30.18 million ( for the year ended 31 March 2022 was ₹ 66.60 million )

Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan

Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date

Employee wise details of options granted to

(i) Key Managerial Personnel

Mr. Vivek Vikram Singh

Mr. Rohit Nanda

Mr. Ajay Pratap Singh

Mr. Vikram Verma Vadaapalli

Mr. Sat Mohan Gupta

Share based payment to Key Managerial Personnel for the year ended 31 March 2023 is ₹ 19.19 million (31 March 2022 was ₹ 42.75 million)

(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

None

(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 46 INTANGIBLE ASSETS IMPAIRMENT TESTING

#### Goodwill

As mentioned in the below note no. 49 company has recognised an amount of ₹ 1,582.24 million as Goodwill including assembled workforce and future customers. Annual test for impairment of goodwill was carried out as at 31 March 2023 and 31 March 2022, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognised in the standalone statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 11.50%-14.50% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3.5% - 4.5% as determined by the management.

#### Brand

On 1 August 2018, the Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives. pursuant to which the company had recognised brand amounting to ₹ 687.40 million. This was due to the expectation of permanent use of acquired brand. The Company tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. In March 2023 and March 2022, there was no impairment identified for the brand. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 11.50%-14.00% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 4%-5% as determined by the management.

#### Technology development expenditure

As per note 4, the Company had capitalised technology development expenditure of INR 402.13 million towards the development of hybrid starter motor (BSG technology) as at 1<sup>st</sup> Feb 2020. The development expenditure incurred towards Hybrid starter motor was put to impairment test as at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the hybrid starter motor (BSG technology) carrying amount to exceed its recoverable amount. Carrying value as on 31<sup>st</sup> March 2023 is ₹ 228.30 million (March 31<sup>st</sup> 2022 : ₹ 308.73 million).

The recoverable amount of was determined based on value-in-use calculations using a discount rate of 11.50%-13.50% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

As per note 4, the Company had capitalised technology development expenditure of INR 590.77 million towards the development of Electric starter motor (BLDC technology) as at 1<sup>st</sup> Feb 2020. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Electric starter motor (BLDC technology) carrying amount to exceed its recoverable amount. Carrying value as on 31<sup>st</sup> March 2023 is ₹ 335.40 million (March 31<sup>st</sup> 2022 : ₹ 453.54 million).

The recoverable amount of was determined based on value-in-use calculations using a discount rate of 11.50%-13.50% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

#### Customer Relationships

As mentioned in the below note no. 49 company has recognised an amount of ₹ 2,929.00 million as Customer relationship. Annual test for impairment of customer relationship was carried out as at 31 March 2023 and 31 March 2022, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
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CGU's (Cash generating unit). Accordingly, no impairment charge has been recognised in the standalone statement of profit and loss. The Carrying value as on 31<sup>st</sup> March 2023 is ₹ 2,198.76 million (March 31<sup>st</sup> 2022 : ₹ 2,393.86 million).

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 11.50%-14.50% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3.5%- 4.5% as determined by the management.

### Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

### Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

### Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

### Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

47 With effect from 1 April 2022, the Company has designated certain forward contracts in the cash flow hedge relationship as eligible hedging instruments for the hedge of foreign currency exposure of highly probable forecasted sales in accordance with Ind AS 109, Financial Instruments. Pursuant to this, the effective portion of change in fair value of the hedging instruments has been recognised in 'cash flow hedge reserve' under other comprehensive income. Amount recognised in cash flow hedge reserve is reclassified to profit or loss as and when the hedged item affects the profit / loss or the hedges are no longer effective.

## 48 HEDGE ACCOUNTING:

### (i) Disclosures of effects of hedge accounting on balance sheet:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Strike price range	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>As on March 31, 2023</b>								
Foreign currency risk								
(i) Foreign exchange forward contracts	8,896.49	-	11.55	April 2023 to March 2024	1:1	78.77 to 84.49	(11.55)	11.55

### (ii) Disclosures of effects of hedge accounting on statement of profit and loss:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised		Line item affected on reclassification
<b>For the year ended March 31, 2023</b>				
<b>Cash flow hedge</b>				
<b>Foreign currency risk</b>				
(i) Foreign exchange forward contracts	(338.37)	-	190.54	Loss on foreign exchange
	-	-	164.94	Reclassify to revenue

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument.

For forward contracts, hedge effectiveness is measured using hypothetical derivative method. Ineffectiveness is measured by comparing the change in the fair value of the actual derivative i.e. forward contracts designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item i.e. highly probable forecast sales. Hypothetical derivative matches the critical terms i.e. maturity date, currency and amount of highly probable forecast sales.

In hedges of foreign currency forecast sales, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arised in the hedges have been disclosed in above table.

### (iii) Movements in cash flow hedging reserve

Particulars	Amount
As at 1 April 2022	-
Add: Changes in fair value of forward contracts	(338.36)
Less: Amount reclassified to profit or loss	355.48
Less: Deferred tax relating to above (net)	(4.34)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>12.78</b>

## 49 MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

During the year ended 31 March 2022, the Hon'ble National Company Law Tribunal, Chandigarh Bench, vide order dated 7th January, 2022 ("Order"), has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited ("Wholly Owned Subsidiary") with Sona BLW Precision Forgings Limited ("Company") with effect from 5th July, 2019 ("Appointed Date") and the Order was filed by the Company with the Registrar of Companies, NCT of Delhi and Haryana on 28th January, 2022. Accordingly, the Company has accounted for the merger as mentioned in the Scheme retrospectively and restated numbers for period presented as prescribed in Appendix C of IND AS 103 - Business Combinations. Goodwill (including assembled workforce) and customer relationships, earlier recorded in the consolidated financial statements amounting to ₹ 1,582.24 million and ₹ 2,929 million are now recorded in standalone financial statements. Change in the tax base of customer relationship after the merger has resulted in creation of merger reserve amounting to ₹ 737.23 million.

## 50 OTHER STATUTORY INFORMATION

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off other than below.

Relationship with struck off companies:

Name of struck off company (31 March 2023)	Nature of transactions	Transactions during the year	Balance outstanding	Relationship
Metalworking Lubricants India Private Limited	Purchase	0.04	0.04	Supplier of Goods
Competent Engineers Private Limited	Purchase	0.76	-	Supplier of Goods

There were no transactions with struck off companies during the last financial year.

- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.



## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
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- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

### 51 EXCEPTIONAL ITEM

In previous year the exceptional item w.r.t Initial Public Offer related income represents the pro-rata Initial Public Offer expenses recovered from the selling shareholder recorded as an exceptional income in the Statement of Profit and Loss.

In current year Company has signed a Binding Term Sheet with the shareholders of NOVELIC d.o.o. Beograd – Zvezdara (a company registered with Business Registers Agency having office in Belgrade, Serbia) (“NOVELIC”) where in it has agreed to acquire at least 54% shares capital and voting rights in , subject to execution of definitive agreements and completion of certain identified conditions precedent. The exceptional item is related to diligence work for the said acquisition.

**52** The Company completed its maiden Initial Public Offer of 190,721,649 Equity Shares of the face value of ₹ 10/- each at an issue price of ₹ 291/- per Equity Share, comprising offer for sale of 180,412,371 shares by selling shareholders and fresh issue of 10,309,278 shares. The Equity Shares of the Company were listed on 24 June 2021 on Bombay Stock Exchange and National Stock Exchange of India Limited. Singapore VII Topco III Pte. Ltd., one of earstwhile promoters of the Company sold their 13.60% and 20.50% stake on 18<sup>th</sup> August 2022 and 13<sup>th</sup> March, 2023 respectively. As a result of this transaction Singapore VII Topco III Pte. Ltd. no longer holds any stake in the company.

### 53 The utilisation of the net Initial Public Offering proceeds is summarised below:

Particulars	Objects of the issue as per prospectus	Utilisation upto 31 March 2022	Unutilised amount as on 31 March 2022
Repayment and Prepayment of identified borrowings	2,411.17	2,411.17	-
General Corporate Purposes	523.13	523.13	-

Of the unutilised net Fresh IPO Proceeds, there is no balance lying in Monitoring Agency Account and Public Offer Account.

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 54 RATIOS

Particulars	Numerator (refer notes below)	Denominator (refer notes below)	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	Reason for more than 25 % Change
a. Current Ratio	Current Assets (CA)	Current Liabilities (CL)	2.24	2.46	NA
b. Debt-Equity Ratio	Debt	Equity	0.10	0.04	Short term debt taken for working capital requirements
c. Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	21.05	1.81	In previous financial year debt repaid through proceeds from Initial public offering
d. Return on Equity Ratio/ Return on investment	Profit after tax	Average Shareholder Equity	24.95%	32.60%	NA
e. Inventory turnover ratio	Revenue from Operation	Average Inventory	8.60	6.96	NA
f. Trade Receivables turnover ratio	Revenue from Operation	Average Receivables	4.78	4.64	NA
g. Trade payables turnover ratio	Revenue from Operation	Average Payables	11.74	10.20	NA
h. Net capital turnover ratio	Revenue from Operation	Average Working Capital	4.16	3.83	NA
i. Net profit ratio	Profit after tax	Revenue from Operation	15.86%	18.43%	NA
j. Return on Capital employed	Earning before interest and tax	Average Capital employed	29.13%	32.22%	NA

i) Debt = Long Term Borrowing + Short Term Borrowing

ii) Equity = Share Capital + other Equity

iii) Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Finance Cost

iv) Debt Service = Interest + Lease payments + Principal repayments

v) Average Shareholder Equity = Equity - Goodwill - Intangible Assets - Intangible asset under development

(vi) Average Inventory = (Opening Inventory + Closing Inventory) / 2

vii) Average Receivable = (Opening Receivable + Closing Receivable) / 2

viii) Average Payables = (Opening Payables + Closing Payables) / 2

ix) Average Working Capital = ((Opening Inventory + Opening Receivables - Opening Payables) + (Closing Inventory + Closing Receivables - Closing Payables)) / 2

x) Average Capital employed = Total Asset - Goodwill - Intangible Asset - Intangible Asset under development - Current Liabilities

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 55 RECONCILIATION OF QUARTERLY BANK RETURN

Quarter	Particulars	FY 2022 - 23		FY 2021 - 22	
		Amount as per books of account	Amount as reported in the quarterly return/ statement #	Amount as per books of account	Amount as reported in the quarterly return/ statement #
Quarter 1	Trade Receivable	4,723.00	4,692.20	2,224.24	2,205.86
Quarter 1	Inventory	3,079.86	3,080.31	1,097.81	1,097.82
Quarter 1	Trade Payables	1869.69*	1,869.69	643.8*	628.29
Quarter 2	Trade Receivable	5,173.45	5,131.79	2,646.84	2,535.07
Quarter 2	Inventory	3,099.90	3,100.81	1,115.32	1,172.13
Quarter 2	Trade Payables	2,209.78	2,184.46	801.28*	802.83
Quarter 3	Trade Receivable	5,155.57	5,123.70	2,391.82	2,273.52
Quarter 3	Inventory	2,873.42	2,874.73	1,391.00	1,390.99
Quarter 3	Trade Payables	1,815.75	1,830.54	775.96*	775.88
Quarter 4	Trade Receivable	5,864.48	5,864.48	4,374.88**	4,238.12**
Quarter 4	Inventory	2,683.67	2,683.67	3,006.75**	2,983.2**
Quarter 4	Trade Payables	2,308.48	2,308.48	1,579.80**	1,616.31**

#### Notes:-

i) HDFC, SBI, CITI and Yes Banks are represented as Working capital lenders.

#The difference in the trade receivables between the books of accounts and the amount reported to banks is on account of adjustment of bill discounting for a specific debtor. Rest of the differences are not significant.

\* Above information is given as per the norms of working capital lenders

\*\* Q1,2&3 FY22 Quarter figure are pre merger (refer note 49)

## Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

**56** Previous year's figures has been regrouped and/ or reclassified wherever necessary to confirm to the current year's groupings and classifications. The impact of such reclassification/regrouping is not material to the financial statements.

**57** Authorisation of Standalone financial statements

The Standalone financial Statements for the year ended 31 March 2023 were approved by the Board of Directors on 03rd May 2023.

The accompanying summary of accounting policies and significant explanatory notes form an integral part of these Standalone financial statements.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

For and on behalf of the Board of Directors of

**Sona Blw Precision Forgings Limited**

**Sunjay Kapur**

Non-Executive Chairman

DIN: 00145529

**Rohit Nanda**

Group Chief Financial Officer

**Vivek Vikram Singh**

Managing Director and

Group Chief Executive Officer

DIN: 07698495

**Ajay Pratap Singh**

Company Secretary

Membership No. FCS 5253

Place: New Delhi

Date: May 03, 2023

Place: Gurugram

Date: May 03, 2023

# Independent Auditor's Report

To the Members of **Sona BLW Precision Forgings Limited**

## Report on the Audit of the Consolidated Financial Statements

### OPINION

1. We have audited the accompanying consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

and the consolidated changes in equity for the year ended on that date.

### BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of goodwill and brands having indefinite useful life (together 'intangibles')</b></p> <p>As detailed in Note 46 to the consolidated financial statements, the Group carries goodwill amounting to ₹ 1,758.09 million and brands amounting to ₹ 687.40 million in its consolidated balance sheet as at March 31, 2023.</p> <p>Goodwill was recorded on the acquisition of Comstar Automotive Technologies Private Limited, Comstar Automotive Hong Kong Limited, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited, involved in design, manufacturing and selling of starter motors and motor and vehicle accessories, which has been determined as a cash generating unit ('CGU') by the management</p> <p>The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited.</p> <p>In terms with Indian Accounting Standard 36, Impairment of Assets, Goodwill and indefinite lived assets are tested for impairment annually by the management at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.</p> <p>Impairment assessment requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the recoverable amount, using discounted cash flow model ('Model').</p> <p>Key assumptions used in management's assessment of the carrying amount of goodwill and indefinite life intangible assets includes the expected growth rates, estimates of future financial performance, market conditions and discount rates, among others.</p> <p>The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31 March, 2023.</p> <p>Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such intangibles as a key audit matter for the current year audit.</p>	<p>Our audit procedures included:</p> <ol style="list-style-type: none"> <li>a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to aforementioned annual impairment assessment;</li> <li>b) Obtained the impairment analysis carried out by the management and reviewed their conclusions;</li> <li>c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</li> <li>d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;</li> <li>e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long term growth rates;</li> <li>f) We evaluated the inputs used by the management with respect to revenue and cost growth trends, among others, for reasonableness thereof;</li> <li>g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</li> <li>h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</li> </ol>

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment testing of definite life intangible assets</b></p> <p>As detailed in Note 5 and 46 to the consolidated financial statements the Company has intangible assets amounting ₹ 777.42 million as at 31 March 2023 of which ₹ 228.30 million are in the nature of technology development expenditure relating to development of electric starter motor and hybrid starter motor technology.</p> <p>In terms with Indian Accounting Standard 36, Impairment of Assets, the management has carried out an impairment analysis of aforementioned intangible assets, which requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the fair value of such intangibles, using discounted cash flow model ('Model').</p> <p>Key assumptions used in management's assessment of the recoverable amounts include projection of future cash flows, revenue growth rates, estimated future operating capital expenditure, external market conditions and discount rates, among others.</p> <p>Considering the materiality of the amounts involved and significant degree of judgment required in assessment of the impairment of technology development expenditure and subjectivity involved in the estimates and assumptions, this matter has been identified as a key audit matter for the current year's audit.</p>	<p>Our procedures included, but were not limited to the following:</p> <ol style="list-style-type: none"> <li>a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to impairment of technology development expenditure;</li> <li>b) Obtained impairment analysis carried out by the management and reviewed their conclusions;</li> <li>c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</li> <li>d) Assessed the reasonableness of the key assumptions used and appropriateness of valuation methodology applied. Tested cash flow forecasts and impact of macro-economic factors on the forecasts, future sales projections, discount rates and long-term growth rates including comparison to economic and industry forecasts where appropriate;</li> <li>e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long term growth rates;</li> <li>f) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</li> <li>g) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</li> </ol>



## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that

were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries covered under the Act, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### OTHER MATTER

15. We did not audit the financial statements of four subsidiaries, whose financial statements reflects total assets of ₹ 1,528.49 million and net assets of ₹ 1,031.90 million as at 31 March 2023, total revenues of ₹ 2,400.96 million and net cash outflows amounting to ₹ 90.81 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Further, all of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries, located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by section 197(16) of the Act based on our audit, we report that the Holding Company, incorporated in India whose financial statements have been audited under the Act have paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that two subsidiary companies, incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of companies included in the consolidated financial statements for the year ended 31 March 2023 and covered under the Act we report that: following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause xvii

18. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
  - The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
  - On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies and taken on record by the Board of Directors of the Holding Company, its subsidiary companies respectively, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.
  - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and
  - With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 40 to the consolidated financial statements;
    - The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
    - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act, during the year ended 31 March 2023;
    - The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in note 51 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the note 51 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2023 is in compliance with section 123 of the Act. The final dividend paid by the Holding Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 35 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

UDIN: 23517273BGTXLF3604

Place: New Delhi

Date: 03 May 2023

# Annexure I

## List of entities included in the Statement

Sno.	Name of the holding Company
1.	Sona BLW Precisions Forgings Limited

## Name of subsidiaries

1. Comstar Automotive Technologies Services Private Limited
2. Comstar Automotive USA LLC
3. Comstar Automotive Hongkong Limited
4. Comestel Automotive Technologies Mexicana Ltd
5. Comstar Automotive (Hangzhou) Co., Ltd
6. Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
7. Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
8. Comstar Hong Kong Mexico No. 1, LLC
9. Sona Comstar eDrive Private Limited

## Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies which are companies covered under the Act, as at that date.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR INTERNAL FINANCIAL CONTROLS

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

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections

of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

8. In our opinion, the Holding Company and its subsidiary companies which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

UDIN: 23517273BGTXLF3604

Place: New Delhi

Date: 03 May 2023



# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	8,209.32	5,679.17
Right-of-use assets	4	1,434.42	1,514.09
Capital work-in-progress	4	693.55	1,408.63
Goodwill on consolidation	5	1,758.09	1,758.09
Other intangible assets	5	4,474.31	4,889.91
Intangible assets under development	5	217.79	65.20
<b>Financial assets</b>			
(i) Investments	6	44.93	-
(ii) Other financial assets	7	92.37	64.74
Income tax assets (net)	8	273.03	270.23
Other non-current assets	9	398.26	555.32
<b>Total non-current assets</b>		<b>17,596.07</b>	<b>16,205.39</b>
<b>Current assets</b>			
Inventories	10	3,229.41	3,633.75
<b>Financial assets</b>			
(i) Investments	6	2,280.81	65.30
(ii) Trade receivables	11	6,088.52	4,451.89
(iii) Cash and cash equivalents	12	441.08	536.06
(iv) Bank balances other than (iii) above	13	257.28	236.46
(v) Other financial assets	7	2.91	64.59
Other current assets	9	702.17	764.16
<b>Total current assets</b>		<b>13,002.18</b>	<b>9,752.21</b>
<b>Total assets</b>		<b>30,598.25</b>	<b>25,957.60</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	14(A)	5,854.05	5,843.53
Other equity	15	17,047.95	14,159.44
<b>Total equity</b>		<b>22,902.00</b>	<b>20,002.97</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	16 (i)	486.74	437.50
(ii) Lease liabilities	43	659.30	696.02
(iii) Other financial liabilities	17	1.74	1.74
Provisions	18	170.46	100.44
Deferred tax liabilities (net)	19	876.24	883.86
<b>Total non-current liabilities</b>		<b>2,194.48</b>	<b>2,119.56</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	16 (ii)	1,687.94	266.20
(ii) Lease liabilities	43	117.92	111.76
(iii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises		471.02	387.18
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,018.32	1,802.56
(iv) Other financial liabilities	17	786.42	877.98
Other current liabilities	21	243.67	222.17
Provisions	18	68.39	105.61
Current tax liabilities (net)	22	108.09	61.60
<b>Total current liabilities</b>		<b>5,501.77</b>	<b>3,835.07</b>
<b>Total liabilities</b>		<b>7,696.25</b>	<b>5,954.63</b>
<b>Total equity and liabilities</b>		<b>30,598.25</b>	<b>25,957.60</b>
The summary of significant accounting policies and other explanatory information form an integral part of these Consolidated financial statements.	1 to 56		

This is the consolidated balance sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Arun Tandon**  
Partner  
Membership No.: 517273

For and on behalf of the Board of Directors of  
**Sona Blw Precision Forgings Limited**

**Sunjay Kapur**  
Non-Executive Chairman  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. FCS 5253

Place: New Delhi  
Date: May 03, 2023

Place: Gurugram  
Date: May 03, 2023

## Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	Note No.	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Income</b>			
Revenue from operations	23	26,550.10	21,096.78
Foreign exchange gain (net)		205.85	209.62
Other income	24	115.88	200.26
<b>Total income</b>		<b>26,871.83</b>	<b>21,506.66</b>
<b>Expenses</b>			
Cost of materials consumed	25 (b)	11,795.48	9,892.03
Changes in inventories of finished goods and work-in-progress	25 (b)	404.15	(436.45)
Employee benefits expense	26	1,803.54	1,688.77
Finance costs	27	169.27	182.57
Depreciation and amortisation expense	28	1,780.04	1,419.65
Other expenses	29	5,794.61	4,571.04
<b>Total expenses</b>		<b>21,747.09</b>	<b>17,317.61</b>
<b>Profit before exceptional items and tax</b>		<b>5,124.74</b>	<b>4,189.05</b>
Exceptional item	30	33.69	(132.70)
<b>Profit before tax</b>		<b>5,091.05</b>	<b>4,321.75</b>
Tax expense	31		
- Current tax		1,178.54	893.93
- Tax related to previous years		(33.37)	(134.62)
- Deferred tax (credit)		(7.09)	(52.98)
<b>Total tax expense</b>		<b>1,138.08</b>	<b>706.32</b>
<b>Profit for the year</b>		<b>3,952.97</b>	<b>3,615.43</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair values of equity instruments carried at fair value through other comprehensive income		(40.05)	-
Remeasurements of defined benefit obligations		2.34	(15.57)
Income tax relating to above mentioned item		(0.60)	3.92
Exchange difference on translation of foreign subsidiaries		100.35	40.35
<i>Items that will be reclassified to profit or loss</i>			
Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		17.12	-
Income tax relating to above mentioned item		(4.34)	-
<b>Other comprehensive income for the year</b>		<b>74.82</b>	<b>28.70</b>
<b>Total comprehensive income for the year</b>		<b>4,027.79</b>	<b>3,644.13</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Earnings per share (Basic) (in ₹)	38	6.76	6.22
Earnings per share (Diluted) (in ₹)	38	6.75	6.21
The summary of significant accounting policies and other explanatory information form an integral part of these Consolidated financial statements.	1 to 56		

This is the consolidated statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Arun Tandon**  
Partner  
Membership No.: 517273

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Non-Executive Chairman  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. FCS 5253

Place: New Delhi  
Date: May 03, 2023

Place: Gurugram  
Date: May 03, 2023

# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>A. Cash flows from operating activities</b>		
Profit before income tax	5,091.05	4,321.75
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,780.04	1,419.65
(Profit)/Loss on sale of property plant and equipment (net)	(0.61)	8.75
Allowance for doubtful receivables	43.84	4.45
Share based payments	30.18	66.60
Unwinding of discount on fair valuation of security deposits	(1.34)	(1.34)
Amortisation of transaction cost based on effective interest rate	-	10.12
Unwinding of discount on deferred payment liabilities	-	0.91
Provision for warranty	20.04	-
Provision for slow moving inventory	11.01	10.61
Fair value loss on derivatives	60.11	117.33
Finance costs	161.20	172.32
Interest income	(112.46)	(179.21)
Unrealised foreign exchange (gain)/ loss	(17.93)	(72.05)
<b>Operating profit before working capital changes</b>	<b>7,065.13</b>	<b>5,879.91</b>
<b>Changes in working capital</b>		
Movement in inventories	434.82	(598.38)
Movement in trade receivables	(1,553.28)	(213.28)
Movement in financial assets	36.86	82.25
Movement in other assets	81.80	(194.57)
Movement in trade payable	306.11	(21.35)
Movement in financial liabilities	28.34	(1.20)
Movement in provision	12.87	12.55
Movement in other liabilities	22.71	43.53
<b>Cash generated from operations</b>	<b>6,435.36</b>	<b>4,989.48</b>
Direct taxes paid	(1,102.47)	(543.67)
<b>Net cash flow generated from operating activities - Total (A)</b>	<b>5,332.89</b>	<b>4,445.81</b>
<b>B. Cash flows from investing activities</b>		
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(3,352.41)	(3,472.13)
Proceeds from sale of property, plant and equipment	1.56	33.93
Movement in bank balances other than cash and cash equivalents	(22.06)	(210.19)
Sale/(Purchase) of current investment (net)	(2,207.57)	(65.27)
(Purchase) of Non-current investment	(79.48)	-
Interest received	30.91	179.21
<b>Net cash (used) in investment activities - Total (B)</b>	<b>(5,629.05)</b>	<b>(3,534.45)</b>

## Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>C. Cash flows from financing activities</b>		
Proceeds/(Repayment) from short term borrowings, net	1,333.92	(898.02)
Repayment of long term borrowings	(12.50)	(2,505.67)
Proceeds from long term borrowings	150.00	450.00
Repayment of deferred payment liabilities	-	(21.04)
Repayment of lease liabilities (inclusive of interest paid on lease liability ₹ 77.51 million (March 31 2022 : ₹ 76.99 million))	(112.76)	(101.37)
Dividend paid	(1,199.27)	(449.95)
Net proceeds from issue of equity shares	40.34	3,040.75
Expense related to capital raising	-	(59.26)
Interest paid	(12.28)	(92.03)
<b>Net cash flow from/(used) in financing activities - Total (C)</b>	<b>187.45</b>	<b>(636.60)</b>
<b>D. Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>(108.71)</b>	<b>274.76</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>536.06</b>	<b>249.48</b>
<b>F. Effect of exchange differences on cash and cash equivalents</b>	<b>13.73</b>	<b>11.81</b>
<b>G. Cash and cash equivalents at the end of the year (D)+(E)</b>	<b>441.08</b>	<b>536.06</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement (refer note 12)</b>		
Cash and cash equivalents as per above comprise of the following		
Balances in current accounts	200.23	480.60
Cash on hand	0.08	0.14
Cheque on hand	-	53.17
Bank deposits with original maturity of less than three months	240.77	2.15
<b>Balances per statement of cash flows</b>	<b>441.08</b>	<b>536.06</b>
The summary of significant accounting policies and other explanatory information form an integral part of these consolidated financial statements.	Refer note 1 to 56	

This is the consolidated statement of cash flows referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Arun Tandon**  
Partner  
Membership No.: 517273

**Sunjay Kapur**  
Non-Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
Membership No. FCS 5253

Place: New Delhi  
Date: May 03, 2023

Place: Gurugram  
Date: May 03, 2023

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

## A. EQUITY SHARE CAPITAL

	Amount
<b>Balance as at 1<sup>st</sup> April 2021</b>	<b>5,729.80</b>
Equity share issued during the year	113.73
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>5,843.53</b>
Equity share issued during the year	10.52
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>5,854.05</b>

## B. OTHER EQUITY

	Reserve and Surplus					Equity instruments through other comprehensive income	Cash Flow Hedge Reserve	Foreign currency translation reserve	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings					
<b>Balance as at 1 April 2021</b>	<b>120.00</b>	<b>2,608.05</b>	<b>25.93</b>	<b>45.37</b>	<b>4,804.32</b>	<b>(328.28)</b>	<b>-</b>	<b>16.92</b>	<b>737.23</b>	<b>8,029.53</b>
Net profit for the year	-	-	-	-	3,615.43	-	-	-	-	3,615.43
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	(11.65)	-	-	-	-	(11.65)
Dividend paid	-	-	-	-	(449.95)	-	-	1.35	-	(448.60)
Expense related to capital raising	-	(59.26)	-	-	-	-	-	-	-	(59.26)
Premium received on issue of shares (refer note 45 and 52)	-	2,927.03	-	-	-	-	-	-	-	2,927.03
Employee stock option reserve created during the year	-	-	-	66.61	-	-	-	-	-	66.61
Impact on exercise of ESOPs grants (Refer Note 45)	-	47.17	-	(47.17)	-	-	-	-	-	-
Impact of option lapsed during the year (Refer Note 45)	-	-	-	(0.28)	0.28	-	-	-	-	-
Foreign currency translation during the year	-	-	-	-	-	-	-	40.35	-	40.35
<b>Balance as at 31 March 2022</b>	<b>120.00</b>	<b>5,522.99</b>	<b>25.93</b>	<b>64.53</b>	<b>7,958.43</b>	<b>(328.28)</b>	<b>-</b>	<b>58.62</b>	<b>737.23</b>	<b>14,159.44</b>

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2023

(Figures in Million ₹, unless stated otherwise)

	Reserve and Surplus					Equity instruments through other comprehensive income	Cash Flow Hedge Reserve	Foreign currency translation reserve	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings					
<b>Balance as at 1 April 2022</b>	<b>120.00</b>	<b>5,522.99</b>	<b>25.93</b>	<b>64.53</b>	<b>7,958.43</b>	<b>(328.28)</b>	-	<b>58.62</b>	<b>737.23</b>	<b>14,159.44</b>
Net profit for the year	-	-	-	-	3,952.97	-	-	-	-	3,952.97
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax) (refer note 48)	-	-	-	-	-	-	12.78	-	-	12.78
Changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	-	-	(40.05)	-	-	-	(40.05)
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	1.74	-	-	-	-	1.74
Dividend paid	-	-	-	-	(1,199.27)	-	-	-	-	(1,199.27)
Employee stock option reserve created during the year	-	-	-	30.18	-	-	-	-	-	30.18
Impact on exercise of ESOPs grants (Refer Note 45)	-	48.68	-	(48.68)	-	-	-	-	-	-
Premium on ESOPs Issue	-	29.81	-	-	-	-	-	-	-	29.81
Foreign currency translation during the year	-	-	-	-	-	-	-	100.35	-	100.35
<b>Balance as at 31 March 2023</b>	<b>120.00</b>	<b>5,601.48</b>	<b>25.93</b>	<b>46.03</b>	<b>10,713.87</b>	<b>(368.33)</b>	<b>12.78</b>	<b>158.97</b>	<b>737.23</b>	<b>17,047.95</b>

This is the consolidated statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

For and on behalf of the Board of Directors of

**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**

Non-Executive Chairman

DIN: 00145529

**Rohit Nanda**

Group Chief Financial Officer

**Vivek Vikram Singh**

Managing Director and

Group Chief Executive Officer

DIN: 07698495

**Ajay Pratap Singh**

Company Secretary

Membership No. FCS 5253

Place: New Delhi

Date: May 03, 2023

Place: Gurugram

Date: May 03, 2023



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 1. GROUP OVERVIEW

Sona BLW Precision Forgings Limited (the “Parent Company” or the “Company”), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as “the Group”) are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications

### 2. GROUP COMPANIES

Consolidated financial statements comprise the financial statements of Sona BLW Precision Forgings Limited, its subsidiaries and its associate (hereinafter referred together referred to as ‘Group’) which are listed below:

Name of Subsidiary	Country of incorporation	Proportion of ownership (%) as at 31 March 2023	Proportion of ownership (%) as at 31 March 2022
Comstar Automotive Technologies Services Private Limited	India	100%	100%
Comstar Automotive USA LLC	USA	100%	100%
Comstar Hong Kong Mexico No. 1, LLC	USA	100%	100%
Comstar Automotive Hong Kong Ltd.	Hong Kong	100%	100%
Comestel Automotive Technologies Mexicana Ltd	Hong Kong	100%	100%
Comstar Automotive (Hangzhou) Co., Ltd	China	100%	100%
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Sona Comstar eDrive Private Limited	India	100%	100%

### 3. SIGNIFICANT ACCOUNTING POLICES

This note provides a list of the significant accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) Basis of preparation

The Consolidated Financial Statements comprise of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and Statement of Significant Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as “Consolidated Financial Statements”). The Consolidated Financial Statements has been prepared to comply in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. All significant intercompany transactions and balances between Group entities are eliminated on consolidation. The Company’s equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE).

These CFS have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value; and
- defined benefit plans – plan assets measured at fair value

#### b) Business combinations

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable

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assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

### c) Basis of consolidation

The consolidated financial statements includes the financial statements of the Company, its subsidiaries and the entities controlled by the Group as at March 31, 2023. Control is achieved when the Group:

- has power over the investee;
- has the ability to use its power to affect its return; and
- is exposed, or has rights, to variable returns from its involvement with the investee

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

### d) Property, plant and equipment and capital work in progress

Freehold land is carried at cost. All other items of property, plant and equipment and capital work in progress are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory Buildings	3 to 30
Plant and equipment	1 to 25
Furniture and fixtures	3-10
Computers and IT equipment	3
Vehicles	4 to 8
Office equipment	1-5
Leasehold improvements	Over the effective term of lease

### In case of subsidiaries, the following useful lives have been used by the Group:

Asset category	Useful life (in years)
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other equipment, factory and office equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant

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components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

### Amortisation methods and periods.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	1 to 6
Technical knowhow	6
Brand	Indefinite
Customer Relationship	15
Goodwill	Indefinite
Technology development expenditure	5

The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss under the head Depreciation and amortisation expense.

### Derecognition:

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

### In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

### Intangible assets - Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

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### f) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

#### Revenue from sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price. The transaction price of goods sold is net of variable consideration on account of discounts. Revenue is disclosed exclusive of goods and services tax.

#### Other incomes

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

#### Revenue from contract with customers

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price

4 Allocating the transaction price to the performance obligations

5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

#### Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by the Company to the customer. The amount, if not for a payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. The Company recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognises revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

### g) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes

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provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### h) Leases

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

### i) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses



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only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

### Financial assets

#### Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

#### Financial assets at amortised cost

A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

#### Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument,

excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

#### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

### Financial liabilities

#### Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

#### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss.

#### Hedge accounting

The Company designates certain hedging instruments mainly derivatives, in respect of foreign currency



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risk, as cash flow hedges to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, and is included in the 'Other income'/'Other expense' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

### j) Impairment of financial assets

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk

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of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### k) Impairment of non-financial assets

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### l) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

### m) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### n) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cashflow is prepared using indirect method.

### o) Employee benefits

#### i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the

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employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### ii) Post-employment benefits

**Defined contribution plan:** A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

**Defined benefit plans:** The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

### iii) Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

- iv) Termination benefits are recognized as an expense immediately.

### p) Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### q) Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

#### Dilute earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### r) Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

#### Contingencies

Contingent liability is disclosed for:

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- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

### t) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

### u) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.

### v) Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### w) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

### 3. (B) STANDARDS ISSUED BUT NOT YET EFFECTIVE

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

#### Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") vide its notification dated March 23, 2023 has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 to further amend the Companies (Indian Accounting Standards) Rules, 2015. Amendments have been made to the following standards.

#### Amendment to Ind AS 12 and Ind AS 101

Now the Initial Recognition Exemption (IRE) does not apply to transactions that give rise to equal and

offsetting temporary differences. Narrowed the scope of IRE (with regard to leases and decommissioning obligations). Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The application of this amendment is not expected to have a material impact on the Company's financial statements.

#### Amendment to Ind AS 1 and Ind AS 34 and Ind AS 107

Companies should now disclose material accounting policies rather than their significant accounting policies.

The application of this amendment is not expected to have a material impact on the Company's financial statements.

#### Amendment to Ind AS 8

Definition of 'change in account estimate' has been replaced by revised definition of 'accounting estimate'. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments listed above will be effective on or after April 1, 2023 and are not expected to significantly affect the current or future periods.

### 3. (C) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### a) Provisions

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

### b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

### c) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### d) Useful lives of tangible/intangible assets

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

### e) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### f) Impairment of non-financial assets and goodwill

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty

relates to assumptions about future operating results and the determination of a suitable discount rate.

### g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### h) Measurement of share based payments;

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds)

### i) Capitalisation of internally developed intangible assets

The Group applies judgement in determining at what point the recognition criteria under Ind AS 38 is satisfied with respect to technology development expenditure being incurred.



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 4 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

Property, plant and equipment	Freehold land	Buildings (Refer note i)	Plant and equipment (Refer note ii)	Furniture and fixtures	Office Equipment	Computers	Vehicles	Leasehold improvement	Total	Capital work-in-progress	Leasehold land (refer note (iii) & (iv))	Right-of-use assets Building	Total
<b>Gross block as at 1st April 2021</b>	25.83	519.63	3,614.47	52.97	94.17	106.01	107.14	135.57	4,655.79	821.36	925.43	813.54	1,738.97
Additions	-	64.49	2,842.04	15.87	15.56	38.46	90.45	10.69	3,077.56	3,171.76	-	1.81	1.81
Disposals	-	-	(66.17)	-	-	(2.36)	(42.73)	-	(111.26)	(2,584.49)	-	-	-
Transfer on capitalisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve	0.12	1.08	8.46	0.26	0.01	0.36	0.38	-	10.67	-	-	8.47	8.47
<b>Gross block as at 31st March 2022</b>	25.95	585.20	6,398.80	69.10	109.74	142.47	155.25	146.25	7,632.76	1,408.63	925.43	823.82	1,749.25
<b>Accumulated depreciation as at 1st April 2021</b>	-	82.33	920.99	20.72	49.23	56.54	41.01	35.91	1,206.74	-	28.08	118.25	146.32
Depreciation charge during the year	-	29.80	693.43	7.76	14.98	28.80	23.36	12.18	810.32	-	10.48	75.79	86.26
Disposals	-	-	(41.43)	-	-	(2.28)	(24.73)	-	(68.45)	-	-	-	-
Foreign currency translation reserve	-	0.21	4.43	(0.33)	0.01	0.32	0.33	-	4.98	-	-	2.56	2.56
<b>Accumulated depreciation as at 31st March 2022</b>	-	112.35	1,577.42	28.15	64.23	83.39	39.97	48.09	1,953.59	-	38.55	196.60	235.15
<b>Net carrying amount as at 31st March 2022</b>	25.95	472.85	4,821.38	40.96	45.51	59.08	115.28	98.16	5,679.17	1,408.63	886.88	627.22	1,514.09
<b>Gross block as at 1st April 2022</b>	25.95	585.20	6,398.80	69.10	109.74	142.47	155.25	146.25	7,632.76	1,408.63	925.43	823.82	1,749.25
Additions	-	587.51	2,912.69	26.94	37.41	56.32	46.24	7.55	3,674.66	2,960.24	-	-	-
Disposals	-	-	(186.08)	-	-	(4.02)	(5.39)	-	(195.48)	(3,675.61)	-	-	-
Transfer on capitalisation#	-	-	-	-	-	-	-	-	-	0.29	-	-	-
Foreign currency translation reserve	0.30	2.59	16.18	0.49	0.03	0.57	0.48	-	20.64	-	-	6.81	6.81
<b>Gross block as at 31st March 2023</b>	26.25	1,175.30	9,141.60	96.54	147.17	195.34	196.58	153.80	11,132.58	693.55	925.43	830.63	1,756.06
<b>Accumulated depreciation as at 1st April 2022</b>	-	112.35	1,577.42	28.15	64.23	83.39	39.97	48.09	1,953.59	-	38.55	196.60	235.15
Depreciation charge during the year	-	40.06	1,005.01	10.79	15.66	38.74	31.06	13.42	1,154.75	-	13.16	69.86	83.02
Disposals	-	-	(186.08)	-	-	(4.02)	(4.43)	-	(194.52)	-	-	-	-
Foreign currency translation reserve	-	0.57	7.08	0.74	0.03	0.53	0.52	-	9.46	-	-	3.47	3.47
<b>Accumulated depreciation as at 31st March 2023</b>	-	152.99	2,403.43	39.67	79.91	118.64	67.12	61.51	2,923.27	-	51.71	269.93	321.64
<b>Net carrying amount as at 31st March 2023</b>	26.25	1,022.31	6,738.17	56.86	67.26	76.70	129.46	92.29	8,209.32	693.55	873.72	560.70	1,434.42

# Transfer on capitalisation also includes amount transferred to intangible assets.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### CWIP aging schedule as at 31<sup>st</sup> March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	689.12	3.46	0.98	-	693.55

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

### CWIP aging schedule as at 31<sup>st</sup> March, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	1,065.65	54.26	180.62	108.10	1,408.63

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

#### Notes:

- (i) Building (gross block) amounting ₹ 1,012.16 million (31 March 2022: ₹ 208.91 million), net block ₹ 857.59 million (31 March 2022: ₹ 150.33 million) is constructed on leasehold land.
- (ii) Refer note 41 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iii) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- (iv) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- (v) Refer note 16 for information on property, plant and equipment pledged as security by the company.
- (vi) Property, plant and equipment, Capital work-in-progress include gross assets amounting to ₹ 550.14 million ( March 31 2022 : ₹ 349.46 million) relating to development.
- (vii) Property, plant and equipment of ₹ 131.00 million (31 March 2022 : ₹ 111.00 million) and capital work in progress of ₹ 28.00 million (31 March 2022 : ₹ 19.00 million) is lying with job workers.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 5 INTANGIBLE ASSETS, INTANGIBLE ASSETS UNDER DEVELOPMENT AND GOODWILL

Intangible assets	Computer software	Technical knowhow	Capitalised development expenditure #	Brand #	Customer relationships #	Total	Intangible assets under development	Goodwill on consolidation (Including assembled workforce)#
<b>Gross block as at 1<sup>st</sup> April 2021</b>	<b>231.67</b>	<b>27.18</b>	<b>992.90</b>	<b>687.40</b>	<b>4,009.00</b>	<b>5,948.15</b>	<b>10.76</b>	<b>1,758.09</b>
Additions	42.78	3.97	-	-	-	46.75	77.56	-
Transfer to intangible assets	-	-	-	-	-	-	(23.12)	-
<b>Gross block as at 31<sup>st</sup> March 2022</b>	<b>274.46</b>	<b>31.15</b>	<b>992.90</b>	<b>687.40</b>	<b>4,009.00</b>	<b>5,994.91</b>	<b>65.20</b>	<b>1,758.09</b>
<b>Accumulated amortisation as at 1<sup>st</sup> April 2021</b>	<b>67.58</b>	<b>16.98</b>	<b>32.01</b>	-	<b>465.37</b>	<b>581.94</b>	-	-
Amortisation charge for the year	52.52	4.89	198.58	-	267.07	523.06	-	-
<b>Accumulated amortisation as at 31<sup>st</sup> March 2022</b>	<b>120.10</b>	<b>21.87</b>	<b>230.59</b>	-	<b>732.44</b>	<b>1,105.00</b>	-	-
<b>Net carrying amount as at 31<sup>st</sup> March 2022</b>	<b>154.36</b>	<b>9.28</b>	<b>762.31</b>	<b>687.40</b>	<b>3,276.56</b>	<b>4,889.91</b>	<b>65.20</b>	<b>1,758.09</b>
<b>Gross block as at 1<sup>st</sup> April 2022</b>	<b>274.46</b>	<b>31.15</b>	<b>992.90</b>	<b>687.40</b>	<b>4,009.00</b>	<b>5,994.91</b>	<b>65.20</b>	<b>1,758.09</b>
Additions	126.78	-	-	-	-	126.78	265.64	-
Transfer to intangible assets	-	-	-	-	-	-	(113.05)	-
<b>Gross block as at 31<sup>st</sup> March 2023</b>	<b>401.24</b>	<b>31.15</b>	<b>992.90</b>	<b>687.40</b>	<b>4,009.00</b>	<b>6,121.69</b>	<b>217.79</b>	<b>1,758.09</b>
Accumulated amortisation as at 1 <sup>st</sup> April 2022	120.10	21.87	230.59	-	732.44	1,105.00	-	-
Amortisation charge for the year	71.63	5.07	198.60	-	267.07	542.38	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Accumulated amortisation as at 31<sup>st</sup> March 2023</b>	<b>191.73</b>	<b>26.94</b>	<b>429.20</b>	-	<b>999.51</b>	<b>1,647.38</b>	-	-
<b>Net carrying amount as at 31<sup>st</sup> March 2023</b>	<b>209.51</b>	<b>4.21</b>	<b>563.70</b>	<b>687.40</b>	<b>3,009.49</b>	<b>4,474.31</b>	<b>217.79</b>	<b>1,758.09</b>

# Refer note 46

#### Intangible assets under development aging schedule for the year ended 31<sup>st</sup> March, 2023

Particulars	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	186.24	31.55	-	-	217.79

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

#### Intangible assets under development aging schedule for the year ended 31<sup>st</sup> March, 2022

Particulars	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	65.20	-	-	-	65.20

\*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

- (i) Intangible assets and Intangible assets under development include gross assets amounting to ₹ 1,354.24 million ( March 31 2022 : ₹ 1,141.99 million) relating to development.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 6 INVESTMENTS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)</b>		
9,553 (31 March 2022: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	211.66
Less: Provision for impairment	(211.66)	(211.66)
<b>At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies (non-current)</b>		
392,647 (31 March 2022: 392,647) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	116.62
Less: Provision for impairment	(116.62)	(116.62)
<b>Fair value through other comprehensive income, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)</b>		
927,639 (31 March 2022: Nil) equity shares of C-Motive Technologies, Inc.	44.93	-
Aggregate amount of unquoted non-current investments	<b>44.93</b>	-
Aggregate amount of impairment of unquoted investments	328.28	328.28

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Investment (current)</b>		
<b>At fair value through profit and loss - Quoted Investment</b>		
173,743.33 units (31 March 2022: 18598.38) of HDFC Overnight Fund - Regular	577.68	65.30
421,505.70 units (31 March 2022: Nil) of Axis Overnight Fund - Regular	499.72	-
136,764.31 units (31 March 2022: Nil) of SBI Overnight Fund - Regular	499.09	-
113,032.72 units (31 March 2022: Nil) of Kotak Overnight Fund - Regular	135.16	-
411,645.79 units (31 March 2022: Nil) of ABSL Overnight Fund - Regular	499.10	-
JP Morgan 100% US Treasury Securities Money Market Fund (31 March 2022 : nil)	70.06	-
	<b>2,280.81</b>	<b>65.30</b>
Aggregate amount of quoted investments at market value	2,280.81	65.30

### 7 OTHER FINANCIAL ASSETS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Unsecured, considered good</b>		
<b>Non current</b>		
Security deposits	80.33	64.74
Fixed deposits with banks with maturity period of more than 12 months	12.04	-
<b>Total other financial assets- non current</b>	<b>92.37</b>	<b>64.74</b>
<b>Current</b>		
Forward contract receivables (refer note 34)	-	29.49
Security deposits	-	30.00
Other financial assets	2.91	0.39
Royalty income receivable	-	4.71
<b>Total other financial assets- current</b>	<b>2.91</b>	<b>64.59</b>

i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 33 and 34

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 8 INCOME TAX ASSETS (NET)

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Non current</b>		
Prepaid taxes*	273.03	270.23
	<b>273.03</b>	<b>270.23</b>

\* Includes amount paid under protest of ₹ 24.48 million (31 March 2022: ₹ 24.48 million)

### 9 OTHER ASSETS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Non current</b>		
Prepaid expenses	1.69	1.01
Un-adjusted consideration for revenue contract	33.40	41.83
Capital advances	363.17	512.48
<b>Total other assets- non current</b>	<b>398.26</b>	<b>555.32</b>
<b>Current</b>		
Prepaid expenses	99.61	91.49
Loans and advances to employees	4.06	2.94
Advance to suppliers for goods and services	193.93	119.10
Balance with government authorities	312.54	415.49
Un-adjusted consideration for revenue contract	11.21	14.24
Other assets	101.20	141.28
Less: Allowance for doubtful advances	(20.38)	(20.38)
<b>Total other assets- current</b>	<b>702.17</b>	<b>764.16</b>

### 10 INVENTORIES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Raw materials and components *	1,095.21	1,107.86
Work-in-progress**	324.89	326.07
Finished goods***	1,407.57	1,810.54
Stores and spares	149.03	126.60
Loose tools	55.57	48.68
Dies, jigs and fixtures	185.88	197.09
Scrap	11.26	16.92
<b>Total</b>	<b>3,229.41</b>	<b>3,633.75</b>

# Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 65.82 million (31 March 2022: ₹ 54.50 million)

\* Includes raw materials and components in transit amounting ₹ 111.67 million (31 March 2022: ₹ 50.16 million)

\* Includes raw materials and components with the vendors sent for job work ₹ 15.13 million (31 March 2022: ₹ 11.80 million)

\*\* Includes inventory with the vendors sent for job work ₹ 126.77 million (31 March 2022: ₹ 108.98 million)

\*\*\* Includes goods in transit ₹ 428.92 million (31 March 2022: ₹ 476.94 million)

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 11 TRADE RECEIVABLES

	As at 31st March 2023	As at 31st March 2022
<b>Unsecured</b>		
Trade receivables considered good	6,088.52	4,451.89
Trade receivables - credit impaired	51.26	7.42
Less: Allowances for expected credit loss	(51.26)	(7.42)
<b>Total trade receivables</b>	<b>6,088.52</b>	<b>4,451.89</b>

**Notes:**

- (i) Refer note 37 for receivable balance from related parties
- (ii) Refer note 33 - Financial instruments for assessment of expected credit losses
- (iii) There are no disputed dues from customers
- (iv) General credit period is 30 to 90 days.
- (v) There is no significant financing component in receivables except mentioned in note 16(ii).

#### Trade receivables ageing schedule as at 31st March 2023

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	159.34	5,374.20	533.26	15.47	5.34	0.91	-	6,088.52
(ii) Trade receivables - credit impaired	-	-	46.66	0.44	0.13	1.79	2.25	51.26

#### Trade receivables ageing schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	34.79	3884.76	490.83	39.47	2.03	-	-	4,451.89
(ii) Trade receivables - credit impaired	-	0.16	1.07	1.09	2.32	1.09	1.69	7.42

### 12 CASH AND CASH EQUIVALENTS

	As at 31st March 2023	As at 31st March 2022
Balance with banks		
- in current accounts*	200.23	480.60
Cash on hand	0.08	0.14
Cheque on hand	-	53.17
Bank deposits with original maturity of less than three months	240.77	2.15
<b>Total cash and cash equivalents</b>	<b>441.08</b>	<b>536.06</b>

\* Includes ₹ 4.05 million (31 March 2022 : Nil) for amount earmarked for corporate social responsibility.

### 13 OTHER BANK BALANCES

	As at 31st March 2023	As at 31st March 2022
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	257.28	236.46
<b>Total other bank balances</b>	<b>257.28</b>	<b>236.46</b>



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 14 (A) EQUITY SHARE CAPITAL

	As at 31st March 2023	As at 31st March 2022
<b>Authorised share capital</b>		
1,148,500,000 (31 March 2022: 1,148,500,000) equity shares of ₹ 10 each	11,485.00	11,485.00
<b>Issued, subscribed and paid up share capital</b>		
585,404,582 (31 March 2022: 584,352,710) equity shares of ₹ 10 each fully paid up	5,854.05	5,843.53

#### i) Reconciliation of shares outstanding at the beginning and at the end of the year

Number of shares	As at 31st March 2023	As at 31st March 2022
Equity shares outstanding at the beginning of the year	584,352,710	572,980,560
Add : Issue of shares (refer note 45 and note 52)	1,051,872	11,372,150
<b>Equity shares outstanding at the end of the year</b>	<b>585,404,582</b>	<b>584,352,710</b>

Amount	As at 31st March 2023	As at 31st March 2022
Equity shares outstanding at the beginning of the year	5,843.53	5,729.81
Add : Issue of shares	10.52	113.72
<b>Equity shares outstanding at the end of the year</b>	<b>5,854.05</b>	<b>5,843.53</b>

#### ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### iii) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31st March 2023	As at 31st March 2022
Singapore VII Topco III Pte. Ltd	-	199,359,141
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	193,208,904
Axis Mutual Fund	36,816,647	-
Sbi Mutual Fund	34,844,885	-
Mirae Mutual Fund	33,685,443	-
Government Of Singapore	31,342,849	-

Percentage	As at 31st March 2023	As at 31st March 2022
Singapore VII Topco III Pte. Ltd	-	34.12%
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	33.00%	33.06%
Axis Mutual Fund	6.29%	-
Sbi Mutual Fund	5.95%	-
Mirae Mutual Fund	5.75%	-
Government Of Singapore	5.35%	-

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

(iv) The Board of Directors of the Company had approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31 March 2023 and five years immediately preceeding the year ended 31 March 2023.

### v) Promoters shareholding

#### Shareholding of promoters as on 31<sup>st</sup> March, 2023

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd. (refer note 52)	-	-	(34.12)
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	33.00	(0.06)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
*Raghuvanshi Investment Private Limited	744	**	-
<b>Total</b>	<b>193,209,911</b>	<b>33.00</b>	<b>(34.18)</b>

#### Shareholding of promoters as on 31<sup>st</sup> March, 2022

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd. (refer note 52)	199,359,141	34.12	(32.16)
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	33.06	(0.66)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
<b>Total</b>	<b>392,569,052</b>	<b>67.18</b>	<b>(32.82)</b>

\* Promoter Group

\*\* Percentage is negligible

## 14 (B) PREFERENCE SHARE CAPITAL

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Authorised share capital</b>		
1,500,000 (31 March 2022: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
<b>Issued, subscribed and paid up share capital</b>		
Nil (31 March 2022: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	-

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 15 OTHER EQUITY

	As at 31st March 2023	As at 31st March 2022
Retained earnings	10,713.87	7,958.43
General reserve	120.00	120.00
Securities premium	5,601.48	5,522.99
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(368.33)	(328.28)
Employee's stock options reserve	46.03	64.53
Foreign currency translation reserve	158.97	58.62
Cash flow hedge reserve (net of tax) (refer note 48)	12.78	-
Merger Reserve	737.23	737.23
<b>Total reserves and surplus</b>	<b>17,047.95</b>	<b>14,159.44</b>

#### a) Retained earnings

	As at 31st March 2023	As at 31st March 2022
<b>Opening balance</b>	7,958.43	4,804.32
Net profit for the year	3,952.97	3,615.43
Remeasurement of defined benefit obligations, net of tax	1.74	(11.65)
Less:-Dividend paid	(1,199.27)	(449.95)
Add: Transferred from ESOP reserve for option lapsed during the period (Refer note 45)	-	0.28
<b>Closing balance</b>	<b>10,713.87</b>	<b>7,958.43</b>

Retained earnings are created from the profits of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

#### b) General reserve

	As at 31st March 2023	As at 31st March 2022
<b>Opening balance</b>	120.00	120.00
<b>Closing balance</b>	<b>120.00</b>	<b>120.00</b>

In earlier years, the Company transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

#### c) Securities premium

	As at 31st March 2023	As at 31st March 2022
<b>Opening balance</b>	5,522.99	2,608.05
Premium on fresh issue of equity shares	29.81	2,927.03
Less: Expense related to capital raising	-	(59.26)
Add : Impact on ESOP shares issuance	48.68	47.17
<b>Closing balance</b>	<b>5,601.48</b>	<b>5,522.99</b>

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### d) Capital redemption reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>25.93</b>	<b>25.93</b>
Transferred from retained earnings	-	-
<b>Closing balance</b>	<b>25.93</b>	<b>25.93</b>

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in earlier years.

### e) Merger Reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>737.23</b>	<b>737.23</b>
Movement during the year	-	-
<b>Closing balance</b>	<b>737.23</b>	<b>737.23</b>

Merger Reserve has been created pursuant to merger of Sona BLW Precision Forgings Limited and Comstar Automotive Technology Private Limited. (refer note 49)

### f) Equity instruments through other comprehensive income

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>(328.28)</b>	<b>(328.28)</b>
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	(40.05)	-
<b>Closing balance</b>	<b>(368.33)</b>	<b>(328.28)</b>

This represents the changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity.

### g) Employee's stock options outstanding reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>64.53</b>	<b>45.37</b>
Add: Created during the year	30.18	66.61
Less: Utilised during the year	(48.68)	(47.17)
Add: Transferred from ESOP reserve for option lapsed during the period (Refer note 45)	-	(0.28)
<b>Closing balance</b>	<b>46.03</b>	<b>64.53</b>

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### h) Foreign currency translation reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening balance</b>	<b>58.62</b>	<b>16.92</b>
Exchange difference reclassified to profit or loss on disposal of subsidiary	-	-
Currency translation during the year	100.35	41.70
<b>Closing balance</b>	<b>158.97</b>	<b>58.62</b>

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

### i) Cash flow hedge reserve

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Opening balance	-	-
Add: Changes in fair value of hedge instruments	(338.36)	-
Less: Amount reclassified to Profit and loss	355.48	-
Less: Deferred tax relating to above (net)	(4.34)	-
<b>Closing balance</b>	<b>12.78</b>	-

Cumulative changes in the fair value of financial instruments designated as effective hedge are recognized in this reserve through OCI (net of taxes). Amounts recognized in the hedging reserve are reclassified to the statement of profit and loss when the underlying transaction occurs.

## 16 BORROWINGS

### (i) Non - current borrowings

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Secured</b>		
<b>Term loans from banks</b>		
Indian rupee loans	587.50	450.00
	<b>587.50</b>	<b>450.00</b>
Less: Amount disclosed under current borrowings (refer note (ii) below)	(100.76)	(12.50)
<b>Total non-current borrowings</b>	<b>486.74</b>	<b>437.50</b>

#### Notes:

- i) Above term loan is secured by first pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only. Second pari passu charge on entire current assets of the Company.
- ii) Repayment schedule and Interest rates for the above Term Loans are as follows:
  - a) Term loan from HDFC bank amounting to ₹ 400.00 million (31 March 2022 : ₹ 350.00 million) is repayable in 12 quarterly instalments starting from October 2023.
  - b) Term loan from Citi bank amounting to ₹ 87.50 million (31 March 2022 : ₹ 100.00 million) is repayable in 16 quarterly instalments w.e.f. December 2022.
  - c) Term loan from Citi bank amounting to ₹ 100.00 million (31 March 2022 : nil) is repayable in 11 quarterly instalments starting from March 2024.

The interest rate for the above term loans from banks as at 31<sup>st</sup> March 2023 is a floating interest rate linked with T-bill current effective rate in the range of 7.69%-8.89% p.a (March 31, 2022 : 5.20%-5.81% p.a.).

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (ii) Current borrowings

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Indian Rupee loans repayable on demand from banks (refer note (a) below)	1,442.46	57.59
Indian Rupee loans repayable on demand from NBFC (refer note (b) below)	144.72	196.11
Current Maturities of non current borrowings (refer note (i) above)	100.76	12.50
<b>Total current borrowings</b>	<b>1,687.94</b>	<b>266.20</b>

#### Notes:

##### a) Indian Rupee loans repayable on demand from banks

Above working capital loan is secured by first pari passu charge on entire current assets of the Company and second pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only.

#### Repayment and rate of interest:

- Cash credit amounting to ₹ 7.67 million (31 March 2022 : ₹ 0.11 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 8.66% p.a (31 March 2022 : 7.10% p.a.)
- WCDL amounting to ₹ 11.54 million (31 March 2022 : ₹ 57.04 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 7.45% p.a (March 31, 2022: 7.20% p.a.)
- EPC amounting to ₹ 1,423.25 million (31 March 2022 : Nil) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate in the range of 5.02% - 6.17% p.a. (March 31, 2022: Nil)

##### b) Indian Rupee loans repayable on demand from NBFC

The parent company entered into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 31st March 2022 the parent company had factoring facilities in place for trade receivables and amount of ₹ 144.72 million (31 March 2022: ₹196.11 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the parent company's customers. The parent company does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the parent company from the banks but yet to be collected by the financial institution from the parent company's customers.

### (iii) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cash flows')

The changes of the Company's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
<b>Balance as at 1 April 2021</b>	2,501.54	1,144.99	825.42	4,471.96
<b>Cash Flows:</b>				
Repayment of non-current borrowings	(2,505.67)	-	-	(2,505.67)
Proceeds from non-current borrowings	450.00	-	-	450.00
Proceeds from current borrowings (net)	-	(898.02)	-	(898.02)
Repayment of Deferred payment liabilities	(21.04)	-	-	(21.04)
Repayment of lease liabilities	-	-	(101.37)	(101.37)
<b>Non-cash changes</b>				
Amortisation of transaction cost based on effective interest rate	10.12	-	-	10.12
Unwinding of discount on deferred payment liabilities	0.91	-	-	0.91
Interest expense on lease liabilities	-	-	76.99	76.99
Interest accrued on long term borrowing movement	14.16	-	-	14.16



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	Long term borrowings	Short term borrowings	Leases	Total
Other movement	(0.01)	6.73	6.74	13.46
<b>Balance As at 31 March 2022</b>	<b>450.00</b>	<b>253.70</b>	<b>807.78</b>	<b>1,511.48</b>
<b>Cash Flows:</b>				
Repayment of non-current borrowings	(12.50)	-	-	(12.50)
Proceeds from non-current borrowings	150.00	-	-	150.00
Proceeds from current borrowings (net)	-	1,333.92	-	1,333.92
Repayment of lease liabilities	-	-	(112.76)	(112.76)
<b>Non-cash changes</b>				
Interest expense on lease liabilities	-	-	77.51	77.51
Other movement	-	(0.44)	4.68	4.24
<b>Balance As at 31 March 2023</b>	<b>587.50</b>	<b>1,587.18</b>	<b>777.22</b>	<b>2,951.89</b>

## 17 OTHER FINANCIAL LIABILITIES

	As at 31st March 2023	As at 31st March 2022
<b>Non current</b>		
Security deposits	1.74	1.74
<b>Total other financial liabilities - non current</b>	<b>1.74</b>	<b>1.74</b>
<b>Current</b>		
Interest accrued but not due on borrowings	5.25	1.91
Employee benefits payable	239.63	156.28
Capital creditors	524.99	687.76
Forward contract payables (refer note 34)	12.46	-
Security deposits	3.50	-
Other payables	0.59	32.04
<b>Total other financial liabilities - current</b>	<b>786.42</b>	<b>877.98</b>

## 18 PROVISIONS

	As at 31st March 2023	As at 31st March 2022
<b>Non current</b>		
Provision for compensated absences (refer below and note 39)	91.38	80.40
Provision for defined benefit plans (refer note 39)	26.62	0.55
Provision for warranty (refer below)	52.46	19.48
<b>Total provisions - non current</b>	<b>170.46</b>	<b>100.44</b>
<b>Current</b>		
Provision for compensated absences (refer below and note 39)	46.72	43.33
Provision for defined benefit plans (refer note 39)	14.39	39.05
Provision for warranty (refer below)	7.28	23.23
<b>Total provisions - current</b>	<b>68.39</b>	<b>105.61</b>

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

**The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:**

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Provision for Compensated Absences</b>		
Opening balance	123.73	101.24
Additions	71.56	48.29
Amounts utilised	(57.19)	(25.80)
<b>Closing balance</b>	<b>138.10</b>	<b>123.73</b>
<b>Provision for Warranty</b>		
Opening balance	42.71	29.24
Additions	20.04	17.96
Amounts utilised	(3.01)	(4.48)
<b>Closing balance</b>	<b>59.74</b>	<b>42.71</b>

## 19 DEFERRED TAX LIABILITIES (NET)

### Movement in deferred tax assets/liabilities

#### 31<sup>st</sup> March 2023

	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment and intangible assets	935.48	(7.25)	-	928.22
Provision for employee benefits obligation	(50.52)	(22.20)	0.60	(72.13)
Others	(1.09)	21.24	-	20.14
<b>Total</b>	<b>883.86</b>	<b>(7.09)</b>	<b>0.60</b>	<b>876.24</b>

#### 31<sup>st</sup> March 2022

	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment and intangible assets	979.62	(44.14)	-	935.48
Provision for employee benefits obligation	(40.20)	(6.40)	(3.92)	(50.52)
Others	1.34	(2.44)	-	(1.09)
<b>Total</b>	<b>940.77</b>	<b>(52.98)</b>	<b>(3.92)</b>	<b>883.86</b>

Few subsidiary companies of the Group have net carry forward losses amounting to total of ₹ 143.94 million (31 March 2022: ₹ 98.57 million) on which deferred tax asset has not been recognised, which has a 15-20 years carry forward period.

Deferred tax assets amounting to ₹ 82.62 million as at 31 March 2023 (31 March 2022: ₹ 82.62 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 20 TRADE PAYABLES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises	471.02	387.18
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,018.32	1,802.56
<b>Total Trade payables</b>	<b>2,489.34</b>	<b>2,189.74</b>

#### Note:

(i) Refer note 37 for balance payable to related parties

#### Trade payables aging schedule as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	4.96	447.92	18.12	0.02	-	-	471.02
(ii) Others	161.58	1,570.13	265.07	2.11	0.17	19.26	2,018.32
<b>Total</b>	<b>166.54</b>	<b>2,018.05</b>	<b>283.19</b>	<b>2.13</b>	<b>0.17</b>	<b>19.26</b>	<b>2,489.34</b>

#### Trade payables aging schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	4.36	307.05	69.83	5.71	0.23	0.00	387.18
(ii) Others	317.44	1,169.98	302.52	7.95	1.89	2.79	1,802.56
<b>Total</b>	<b>321.80</b>	<b>1,477.03</b>	<b>372.35</b>	<b>13.65</b>	<b>2.12</b>	<b>2.79</b>	<b>2,189.74</b>

### 21 OTHER CURRENT LIABILITIES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Statutory dues payable	72.80	65.75
Revenue received in advance (refer note 44)	170.87	156.36
Others	-	0.06
<b>Total current liabilities</b>	<b>243.67</b>	<b>222.17</b>

### 22 CURRENT TAX LIABILITIES

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Income tax liabilities (net)( Net of advance tax ₹ 1,010.39 million (31 March 2022: ₹ 736.14 million))	108.09	61.60
<b>Total current tax liabilities</b>	<b>108.09</b>	<b>61.60</b>

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 23 REVENUE FROM OPERATIONS

	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Sale of goods*</b>	25,679.14	20,332.84
<b>Other operating revenue</b>		
Scrap sales	632.21	449.96
Export incentive	229.88	249.86
Liabilities written back	-	53.17
Royalty income	0.27	8.65
Others	8.60	2.29
<b>Total revenue from operations</b>	<b>26,550.10</b>	<b>21,096.78</b>

\* Refer note 44.

### 24 OTHER INCOME

	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest income from bank	41.03	13.07
Interest income from income tax refund	-	182.68
Profit on sale of investments	71.43	0.03
Others	3.42	4.47
<b>Total other income</b>	<b>115.88</b>	<b>200.26</b>

### 25 (A) COST OF MATERIALS CONSUMED

	For the year ended 31st March 2023	For the year ended 31st March 2022
Inventory at the beginning of the year	1,107.86	984.56
Add: Purchases during the year	11,782.83	10,015.32
Less: Inventory at the end of year	1,095.21	1,107.86
<b>Cost of material consumed</b>	<b>11,795.48</b>	<b>9,892.03</b>

### 25 (B) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Inventories at the beginning of the year</b>		
Work-in-progress	326.07	268.18
Finished goods	1,810.54	1,431.98
	<b>2,136.61</b>	<b>1,700.16</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	324.89	326.07
Finished goods	1,407.57	1,810.54
	<b>1,732.46</b>	<b>2,136.61</b>
<b>Changes in inventories</b>	<b>404.15</b>	<b>(436.45)</b>

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 26 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2023	For the year ended 31st March 2022
Salaries, wages and allowances	1,479.01	1,368.69
Contribution to provident and other funds (refer note 39)	82.00	84.12
Staff welfare expenses	212.35	169.36
Share based payment to employees (refer note 45)	30.18	66.60
<b>Total employee benefits expense</b>	<b>1,803.54</b>	<b>1,688.77</b>

### 27 FINANCE COSTS

	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest on loans	71.55	71.02
Other borrowing costs	0.00	3.04
Bank and other finance charges	17.91	31.52
Interest on lease liabilities (refer note 43)	77.51	76.99
Interest expenses on income tax	2.30	-
<b>Total finance costs</b>	<b>169.27</b>	<b>182.57</b>

### 28 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31st March 2023	For the year ended 31st March 2022
Depreciation of property, plant and equipment	1,154.65	810.32
Amortisation of intangible assets	542.38	523.06
Amortisation of right-of-use assets	83.02	86.26
<b>Total depreciation and amortisation expense</b>	<b>1,780.04</b>	<b>1,419.65</b>

### 29 OTHER EXPENSES

	For the year ended 31st March 2023	For the year ended 31st March 2022
Consumption of stores, spares and tool	1,269.51	1,012.63
Power and fuel	652.47	484.30
Freight, clearing and forwarding charges	582.27	381.59
Packing material	362.39	317.55
Sub contracting cost	852.39	747.85
Rent (refer note 43)	20.69	31.43
Repairs and maintenance - plant and machinery	384.49	311.97
Repair and maintenance - buildings	27.34	16.01
Repair and maintenance - others	182.37	146.47
Manpower hiring on contract	478.19	388.71
Legal and professional charges	273.22	186.52
Rates and taxes	10.85	12.22
Insurance	58.98	55.51
Travelling, conveyance and vehicle expenses	177.09	120.75
Communication and stationery expenses	27.72	24.56

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Security charges	28.66	21.69
Corporate social responsibility expense	40.08	54.74
Business promotion	34.17	13.10
Directors sitting fees and commision (refer note 37)	38.00	33.68
Loss on sale of property plant & equipments (net)	-	9.14
Allowances for expected credit loss	43.84	-
Provision for warranty	20.04	17.96
Miscellaneous expenses	229.85	182.67
<b>Total other expenses</b>	<b>5,794.61</b>	<b>4,571.04</b>

### 30 EXCEPTIONAL ITEM

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Expenditure incurred for listing and offer for sale of shares (refer note 50)	-	(132.70)
Related to diligence work for acquisition (refer note 50)	33.69	-
	<b>33.69</b>	<b>(132.70)</b>

### 31 INCOME TAX EXPENSE

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Current tax	1,178.54	893.93
Tax related to previous years	(33.37)	(134.62)
Deferred tax charge/(credit)	(7.09)	(52.98)
<b>Total Income Tax expense</b>	<b>1,138.08</b>	<b>706.32</b>

**a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:**

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Profit before income tax expense	5,091.05	4,321.75
Income tax as per statement of profit and loss	1,138.08	706.32
<b>Tax at the Indian tax rate of 25.168% (31 March 2022: 25.168%)</b>	<b>1,281.27</b>	<b>1,087.65</b>
Effect of non-deductible expenses	10.42	9.26
Transaction cost of an equity transaction	(10.63)	(3.30)
Dividend from foreign subsidiary at a lower rate	-	(25.19)
Tax effect of ESOP exercised	(94.16)	(126.81)
Lower tax paid in respect of dividend income due to change in tax position of FY 2020-21	-	(82.71)
Receipt of principal tax amount written off in earlier years*	(3.13)	(91.00)
Difference in tax rate of subsidiary companies	(46.11)	(43.94)
Others	0.42	(17.64)
<b>Income tax expense (as per statement of profit and loss)</b>	<b>1,138.08</b>	<b>706.32</b>

\* The company had received income tax refunds during the financial year 2021-22. The difference between the refunds so received toward principal and tax receivable as per books was recorded as tax for the earlier years. Interest amounting to ₹ 155.71 million had been recorded under the head other income.



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 32 RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Revenue expenditure charged to statement of profit and loss	283.24	269.98
Capital expenditure (refer note 4 and 5)	448.31	171.74
<b>Total research and development expenses</b>	<b>731.55</b>	<b>441.72</b>

### 33 FAIR VALUE MEASUREMENTS

#### a) Financial instruments by category

	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Trade receivables	-	-	6,088.52	-	-	4,451.89
Cash and bank balances	-	-	698.35	-	-	772.52
Other financial assets	-	-	95.28	-	-	99.84
Derivative financial assets	-	-	-	29.49	-	-
Investments	2,280.81	44.93	-	65.30	-	-
<b>Total financial assets</b>	<b>2,280.81</b>	<b>44.93</b>	<b>6,882.15</b>	<b>94.79</b>	-	<b>5,324.25</b>
<b>Financial liabilities</b>						
Borrowings	-	-	2,179.93	-	-	705.61
Trade payables	-	-	2,489.34	-	-	2,189.75
Other financial liabilities	-	-	770.45	-	-	877.82
Lease liabilities	-	-	777.22	-	-	807.78
Derivative financial liabilities	12.46	-	-	-	-	-
<b>Total financial liabilities</b>	<b>12.46</b>	-	<b>6,216.94</b>	-	-	<b>4,580.96</b>

#### Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### (b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets/liabilities into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### i) Assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3
<b>As at 31<sup>st</sup> March 2023</b>			
Foreign exchange forward contracts- liability	-	12.46	-
<b>Total financial Liability</b>	<b>-</b>	<b>12.46</b>	<b>-</b>
Investments- asset	2,280.81	44.93	-
<b>Total financial assets</b>	<b>2,280.81</b>	<b>44.93</b>	<b>-</b>
<b>As at 31<sup>st</sup> March 2022</b>			
Foreign exchange forward contracts- asset	-	29.49	-
Current investments - asset	65.30	-	-
<b>Total financial assets</b>	<b>65.30</b>	<b>29.49</b>	<b>-</b>

### ii) Financial assets and liabilities:

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Financial assets</b>		
Trade receivables	6,088.52	4,451.89
Cash and bank balances	698.35	772.52
Other financial assets	95.28	99.84
<b>Total financial assets</b>	<b>6,882.16</b>	<b>5,324.25</b>
<b>Financial liabilities</b>		
Borrowings	2,179.93	705.61
Lease liabilities	2,489.34	2,189.75
Trade payable	770.45	877.82
Other financial liability	777.22	807.78
<b>Total financial liabilities</b>	<b>6,216.94</b>	<b>4,580.96</b>

All financial assets and financial liabilities are recorded at amortized cost the details of which are given above

#### There are no transfers amongst levels during the year

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## 34 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Group to support its operations. The Group's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Group's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Group enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets

#### (a) Credit Risk Management

##### (i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- Low credit risk
- Moderate credit risk
- High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Group provides for expected credit loss based on the following:

Asset group	Categorisation of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

#### Financial assets that expose the entity to credit risk -

Credit rating	Particulars	As at 31st March 2023	As at 31st March 2022
Low credit risk	Cash and bank balances	698.35	772.52
	Other financial assets	95.28	99.84
	Derivative financial assets	-	29.49
Moderate credit risk	Trade receivables*	6,088.52	4,451.89

\*These represent carrying values of financial assets, without deduction for expected credit losses

#### Cash & cash equivalents and bank deposits

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

### Trade receivables

To mitigate the credit risk related to trade receivables, the Group closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

## (b) Expected credit losses for financial assets (other than trade receivables)

### i) Financial assets (other than trade receivables)

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.

For other financial assets - Credit risk is evaluated based on Group knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets.

### ii) Expected credit loss for trade receivables under simplified approach

The Group recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2023, and for the years ended 31 March 2022 is insignificant.

### Reconciliation of loss allowance

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
At the beginning of year	7.42	2.97
Movement during the year	43.84	4.45
Adjusted during the year		-
<b>Total expected credit loss allowance</b>	<b>51.26</b>	<b>7.42</b>

## (B) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

### (i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### Contractual maturities of financial liabilities:

	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>31 March 2023</b>				
Borrowings	1,687.94	486.74	-	2,174.68
Trade payables	2,489.34	-	-	2,489.34
Other financial liabilities	775.71	-	-	775.71
Derivative financial liabilities	12.46	-	-	12.46
Lease liabilities	117.92	481.51	678.14	1,277.57
<b>Total</b>	<b>5,083.36</b>	<b>968.25</b>	<b>678.14</b>	<b>6,729.75</b>
<b>31 March 2022</b>				
Borrowings	291.07	479.45	-	770.51
Trade payables	2,189.75	-	-	2,189.75
Other financial liabilities	879.73	-	-	879.73
Lease liabilities	111.76	473.28	797.57	1,382.61
<b>Total</b>	<b>3,472.31</b>	<b>952.72</b>	<b>797.57</b>	<b>5,222.60</b>

### (C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

#### Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Variable rate borrowings	2,174.68	705.61
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>2,174.68</b>	<b>705.61</b>

#### Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Impact on profit after tax	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Interest rate increase by 1.00% (31 March 2022: 1.00%)*	10.78	16.24
Interest rate decrease by 1.00% (31 March 2022: 1.00%)*	(10.78)	(16.24)

\* Holding other variables, net of tax

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (ii) Foreign currency risk

The Parent company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows

Foreign currency	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Trade receivables and others</b>		
United States Dollar (USD)	41.99	31.54
Euro (EUR)	1.02	0.71
RMB	6.46	12.91
<b>Trade/other payables</b>		
United States Dollar (USD)	3.72	8.12
Euro (EUR)	0.86	0.52
Japanese Yen (JPY)	269.70	0.62
Canadian Dollar (CAD)^	0.00	-
Swiss Franc (CHF)	0.06	0.01
Mexican Pesos (MXP)	2.64	1.48
RMB	2.07	11.64
Others	0.03	0.03

^Rounded off to Nil

Indian Rupee (₹)	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Trade receivables and others</b>		
United States Dollar (USD)	3,449.95	2,390.72
Euro (EUR)	91.61	59.64
RMB	77.15	154.15
<b>Trade/other payables</b>		
United States Dollar (USD)	305.53	615.41
Euro (EUR)	76.55	44.12
Japanese Yen (JPY)	166.14	0.38
Canadian Dollar (CAD)^	0.11	-
Swiss Franc (CHF)	5.68	0.82
Mexican Pesos (MXP)	11.98	5.62
RMB	24.69	138.95
Others	2.82	3.05

^Rounded off to Nil

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Outstanding forward contracts as at the reporting date (Million USD)- Receivable	107.47	88.97
Outstanding forward contracts as at the reporting date (Million JPY)- Payable	98.21	-
Outstanding forward contracts as at the reporting date (Million EUR)-Payable	0.21	-
Outstanding forward contracts as at the reporting date (₹ in million)- Receivable	8,896.49	6,872.34
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	61.63	-
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	19.13	-



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

Impact on profit after tax	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Net currency receivables/(payables)</b>		
USD sensitivity		
₹/USD- increase by 1.00% (31 March 2022: 1.00%)*	23.53	13.29
₹/USD- decrease by 1.00% (31 March 2022: 1.00%)*	(23.53)	(13.29)
EUR sensitivity		
₹/EURO- increase by 1.00% (31 March 2022: 1.00%)*	0.11	0.12
₹/EURO- decrease by 1.00% (31 March 2021: 1.00%)*	(0.11)	(0.12)
JPY sensitivity		
₹/JPY- increase by 1.00% (31 March 2022: 1.00%)*	(1.24)	(0.00)
₹/JPY- decrease by 1.00% (31 March 2022: 1.00%)*	1.24	0.00
RMB sensitivity		
₹/RMB- increase by 1.00% (31 March 2022: 1.00%)*	0.39	0.11
₹/RMB- decrease by 1.00% (31 March 2022: 1.00%)*	(0.39)	(0.11)
CAD sensitivity		
₹/CAD- increase by 1.00% (31 March 2022: 1.00%)*	(0.00)	(0.01)
₹/CAD- decrease by 1.00% (31 March 2022: 1.00%)*	0.00	0.01
MXP sensitivity		
₹/MXP- increase by 1.00% (31 March 2022: 1.00%)*	(0.09)	(0.04)
₹/MXP decrease by 1.00% (31 March 2022: 1.00%)*	0.09	0.04
CHF sensitivity		
₹/CHF- increase by 1.00% (31 March 2022: 1.00%)*	(0.04)	(0.01)
₹/CHF- decrease by 1.00% (31 March 2022: 1.00%)*	0.04	0.01

\* Holding other variables, net of tax

## 35 CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The group monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

	31st March 2023	31st March 2022
Long term borrowings including current maturities (refer note 16)	587.50	450.00
Short term borrowings (refer note 16)	1,587.18	253.70
Less: Cash and cash equivalents (refer note 12)	(441.08)	(536.06)
<b>Net debts *</b>	<b>1,733.61</b>	<b>167.64</b>
Equity share capital (refer note 14)	5,854.05	5,843.53
Other equity (refer note 15)	17,047.95	14,159.44
<b>Total equity</b>	<b>22,901.99</b>	<b>20,002.97</b>
<b>Net Gearing ratio</b>	<b>7.57%</b>	<b>0.84%</b>

\* Excluding lease liabilities

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Dividends</b>		
<b>Equity share</b>		
Interim dividend of ₹ 1.28 per each 585,404,582 equity share	749.32	-
Final dividend of ₹ 0.77 per each 584,352,710 equity share	449.95	-
Interim dividend of ₹ 0.77 per each 584,352,710 equity share	-	449.95
	<b>1,199.27</b>	<b>449.95</b>

The Board of Directors of the Company in its meeting held on May 03, 2023 has approved and declared final dividend of ₹ 1.53/- i.e (15.3%) per equity share of the Company having face value of ₹ 10/- each for the financial year 2022-2023, subject to approval from shareholders.

### 36 SEGMENT INFORMATION

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

#### Information about geographical areas

The Group's revenue disaggregated by primary geographical markets is as follows:

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
India	10,848.36	8,030.55
Outside India	14,830.78	12,302.29
<b>Total</b>	<b>25,679.14</b>	<b>20,332.84</b>

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Revenue outside India</b>		
North America	10,267.69	5,841.26
Europe	3,594.39	3,157.64
Asia (Excluding India)	957.36	3,246.06
Others	11.34	57.33
<b>Total</b>	<b>14,830.78</b>	<b>12,302.29</b>

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Customers exceeding 10% of total revenue</b>		
No of customers exceeding 10% of total revenue	2	3
Total revenue of such customers (₹ million)	8,060.96	9,328.00

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets, Intangible assets under development and goodwill) are located into the following geographical regions:

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
India	15,623.03	14,082.47
North America	830.32	824.05
Others	334.14	408.58
	<b>16,787.49</b>	<b>15,315.10</b>

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023  
(Figures in Million ₹, unless stated otherwise)

### 37 RELATED PARTY DISCLOSURES

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

#### (a) Names of related parties and nature of relationship

##### (i) Entity exercising control of Company

Singapore VII Topco III Pte Ltd. (till 21<sup>st</sup> June 2021)

##### (ii) The entity having substantial interest in the Company

Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)

Singapore VII Topco III Pte Ltd. (with effect from 21<sup>st</sup> June 2021 till 13th March 2023)

##### (iii) Ultimate holding Company

BCP Topco I Pte Ltd. (till 21<sup>st</sup> June 2021)

##### (iv) Key Management Personnel

Name	Designation
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr. Vadapalli Vikram Verma	Chief Executive Officer (Driveline Business)
Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary
<b>Non executive Directors</b>	
Mr. Sunjay Kapur	Chairman and Non-Executive Director
Mr. Prasan Abhaykumar Firodia	Independent director
Mr. Subbu Venkata Rama Behara	Independent director
Mr. Amit Dixit	Director
Mr. Ganesh Mani	Director
Mrs. Shradha Suri	Independent director
Mr. Jeffrey Mark Overly	Independent Director
Mrs. Dipti Mehta	Independent Director
<b>Relative of KMP</b>	
Mr. Tanay Gupta	Son of Mr. Sat Mohan Gupta

##### (v) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Harpreet Motors Private Limited

##### (vi) Promoter Group

Rani Kapur - RK Family Trust

Raghuvanshi Investment Private Limited

Charu Sachdev

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Jasbir Sachdev

Ashok Sachdev

### (i) Entity having substantial interest

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Dividend paid</b>		
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	396.08	153.51
Singapore VII Topco III pte Ltd.	307.01	148.77
<b>Reimbursement of IPO expenses</b>		
Singapore VII Topco III pte Ltd.	-	359.69

### (ii) Key Management Personnel \*

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Managerial remuneration</b>		
Mr. Vivek Vikram Singh	32.03	30.85
Mr. Vadapalli Vikram Verma	29.02	30.63
Mr. Rohit Nanda	25.63	24.09
Mr. Ajay Pratap Singh	8.20	7.13
Mr. Sat Mohan Gupta	23.56	18.17
<b>Remuneration to relative of KMP</b>		
Mr. Tanay Gupta	10.27	1.75
<b>Issue of equity shares under ESOP Scheme</b>		
Mr. Vivek Vikram Singh	8.46	8.46
Mr. Vadapalli Vikram Verma	6.10	6.10
Mr. Rohit Nanda	4.57	4.57
Mr. Ajay Pratap Singh	1.10	1.52
Mr. Sat Mohan Gupta	6.10	6.10
<b>Share based payment charged in profit and loss account</b>		
Mr. Vivek Vikram Singh	6.07	13.52
Mr. Vadapalli Vikram Verma	4.37	9.74
Mr. Rohit Nanda	3.28	7.31
Mr. Ajay Pratap Singh	1.10	2.44
Mr. Sat Mohan Gupta	4.37	9.74
<b>Director Sitting Fee</b>		
Mr. Prasan Abhaykumar Firodia	0.70	0.45
Mr. B.V.R. Subbu	1.75	1.82
Mr. Jeffrey Mark Overly	2.30	1.36
Mrs. Shradha Suri	1.10	0.63

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
Mrs. Dipti Mehta	-	0.80
<b>Commission</b>		
Mr. Sunjay Kapur	24.00	24.00
Mr. Jeffrey Mark Overly	5.90	6.16
Mr. B.V.R. Subbu	2.25	6.20
<b>Dividend paid</b>		
Mr.Vadapalli Vikram Verma	0.37	0.06
Mr. Vivek Vikram Singh	0.28	-
Mr. Ajay Pratap Singh	0.02	0.01
Mr. Sat Mohan Gupta	0.31	0.04
Mr. Rohit Nanda	0.08	-
Mrs. Shradha Suri	#	#
Rani Kapur - RK Family Trust	#	-
Raghuvanshi Investment Private Limited	#	-
Charu Sachdev	#	-
Jasbir Sachdev	#	-
Ashok Sachdev	#	-
<b>Sale of Vehicle</b>		
Mr. Vivek Vikram Singh	-	0.17

### \* Break Break- up of Key management personnel remuneration

	For the year ended 31st March 2023	For the year ended 31st March 2022
Short-term employee benefits	120.61	115.83

\* Including provident fund, leave encashment and any other benefit.

\* Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

\* The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between September 14, 2021, to September 27, 2021 and between September 12, 2022, to September 14, 2022. There is however no financial impact of such payments on the Company.

# Number less than ₹ 10,000

### (iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Services received</b>		
Harpreet Motors Private Limited	-	0.01

### (c) Details of balances with related parties at year end

#### (i) Key Management Personnel

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Balances as at year end	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Payables</b>		
Mr. Vivek Vikram Singh	11.21	8.71
Mr. Rohit Nanda	6.29	4.82
Mr. Vikram Verma Vedapalli	8.94	9.60
Mr. Jeffrey Mark Overly	5.90	4.04
Mr. Ajay Pratap Singh	2.14	1.47
Mr. Sat Mohan Gupta	5.46	-
Mr. Subbu Venkata Rama Behara	2.25	-
Mr. Tanay Gupta	0.32	-

### Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured.

## 38 EARNINGS PER SHARE

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	3,952.97	3,615.43
Total number of equity shares at the beginning of the year	584,352,710	572,980,560
Issue of shares	1,051,872	11,372,150
Bonus shares issued during the year	-	-
<b>Total number of equity shares at the end of the year</b>	<b>585,404,582</b>	<b>584,352,710</b>
Effect of exercise of share options (refer note 45)	514,926	343,775
<b>Total number of equity shares (including options) at the end of the year</b>	<b>585,919,508</b>	<b>584,696,485</b>
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	584,687,932	581,529,094
<b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)</b>	<b>584,687,932</b>	<b>581,529,094</b>
Effect of exercise of share options	514,926	343,775
<b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)</b>	<b>585,202,858</b>	<b>581,872,869</b>
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	6.76	6.22
(b) Diluted earnings per share (in ₹)	6.75	6.21

## 39 EMPLOYEE BENEFITS

### A Defined contribution plans:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
a) Provident fund	85.09	86.80
b) Employees state insurance corporation	0.33	0.32
c) Punjab/Haryana labour welfare fund	0.28	0.25
d) Employee benefit fund	0.15	-
e) National Pension Scheme	11.59	8.20
	<b>97.44</b>	<b>95.57</b>



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### B Defined benefit plans:

#### (i) Gratuity

The Parent Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Holding Company through the gratuity trust has taken group gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

Details of changes and obligation under the defined benefit plan is given as below:-

#### I Expense recognised in the statement of profit and loss

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Current service cost	24.34	20.67
(ii) Interest cost	16.20	6.48
(iii) Expected return on plan assets	(6.33)	(5.07)
Net expense recognised in the statement of profit and loss	<b>34.20</b>	<b>22.08</b>

#### II Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Actuarial changes arising from changes in demographic assumptions	(2.12)	(10.43)
(ii) Actuarial changes arising from changes in financial assumptions	(9.81)	17.04
(iii) Actuarial changes arising from changes in experience adjustments	10.77	9.84
(iv) Return on plan assets greater than discount rate	(1.18)	(0.89)
Net expense recognised in other comprehensive income	<b>(2.34)</b>	<b>15.57</b>

#### III Changes in obligation

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Opening balance	265.24	219.72
(ii) Current service cost	24.34	20.52
(iii) Interest cost	8.56	15.19
(iv) Benefit payments directly by employer	(5.13)	(3.38)
(v) Actuarial (gain)/loss	(1.15)	15.57
(vi) Benefit payments from plan assets	(2.15)	(2.40)
(vii) Present value of obligation as at year end	<b>289.71</b>	<b>265.23</b>

#### IV Changes in plan assets

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Fair value of plan assets as at the beginning of the period	225.65	191.63
(ii) Interest income	14.12	11.92
(iii) Contributions by employer	23.02	26.99
(iv) Benefit payments from plan assets	(7.27)	(5.77)
(v) Actuarial gain/(loss) on plan assets	1.18	0.89
<b>Fair value of plan assets</b>	<b>256.70</b>	<b>225.65</b>

#### V Net assets / liabilities

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Present value of obligation at the end of the year	289.70	265.24
(ii) Fair value of plan assets at the end of the year	256.70	225.64
(iii) Net liabilities recognised in the balance sheet		
- Non current	26.62	0.55
- Current	14.10	39.05

### VI Experience adjustment

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Experience adjustment loss on plan liabilities	6.52	5.64

### VII Investment details

The Parent Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Parent Company and have therefore not been disclosed.

### VIII Principal actuarial assumptions

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Discount rate (per annum)	7.15%-7.30%	6.00-6.20%
Expected increase in salary costs (per annum)	8.00-9.00%	8.00-8.50%
Attrition rate	15.00-20.00%	15.00-17.00%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Retirement age	58 and 60 years	58 years

### IX Quantitative sensitivity analysis for significant assumptions is as below:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation	
	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Delta effect of +1% change in rate of discounting	(13.51)	(16.53)
Delta effect of -1% change in rate of discounting	14.44	17.70
Delta effect of +1% change in rate of salary increase	14.17	17.33
Delta effect of -1% change in rate of salary increase	(13.44)	(16.38)

### X Maturity profile of defined benefit obligation (undiscounted)

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Within the next 12 months (next annual reporting period)	56.58	43.61
Between 2 and 5 years	168.47	135.30
Between 6 and 10 years	120.38	108.86

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Total expected payments</b>	<b>345.43</b>	<b>287.77</b>

- XI** The average duration of the defined benefit plan obligation at the end of the reporting period is 4 - 6.27 years (31 March 2022: 6.30 - 9 years)
- XII** The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The expected contribution to the plan is expected to be similar to that of current year.
- XIII** Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

## 40 CONTINGENT LIABILITIES

	As at 31st March 2023	As at 31st March 2022
<b>a) Claims against the Company not acknowledged as debts</b>		
<b>i) Service tax</b>		
Cases pending before Appellate authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
<b>ii) Income Tax *</b>		
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2011-12)**	2.14	4.21
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2012-13)	3.18	3.18
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2013-14)	2.12	2.12
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.50	2.00
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)***	84.05	77.25
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)	-	2.28
Demand raised by AO for which company intend to file appeal with CIT - Appeal for AY 2018-19	6.96	3.73
<b>(iii) Central Excise Act, 1944</b>		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals. (FY 2014-15 to FY 2017-18)	14.85	14.85
<b>(iv) Goods and Services tax Act</b>		
Writ petition filed before high court (GST case)	281.97	-

\*Amount paid under protest of ₹ 24.48 million (31 March 2022: ₹ 24.48 million)

\*\* Total disputed amount of the case is ₹ 4.21 million (including interest liability) out of which ₹ 2.27 million (including interest liability) has been provided as a provision and balance amount of ₹ 2.14 million (including interest liability) is being disclosed as a contingent liability.

\*\*\* Total disputed amount of the case is ₹ 85.88 million (including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 77.25 million (including interest liability) is being disclosed as a contingent liability.

As hearing date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

- b)** There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefore. Moreover no monetary claim was filed or is pending.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

- c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Group are as under :

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Export obligation pending	3,203.19	4,429.60

### 41 CAPITAL COMMITMENTS

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	986.48	758.69

- 42 Additional information as required by Paragraph 2 of the general instruction for the preparation of Consolidated financial statements as per Schedule III of Companies Act 2013:

### 31st March 2023

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
<b>Holding Company</b>								
Sona BLW Precision Forgings Limited	98.24%	22,498.17	98.18%	3,880.90	19.34%	14.47	96.71%	3,895.37
<b>Subsidiaries- India</b>								
Comstar Automotive Technologies Services Private Limited	0.36%	82.13	0.70%	27.76	0.04%	0.03	0.69%	27.80
Sona Comstar eDrive Private Limited	0.06%	13.94	(0.01%)	(0.21)	0.00%	-	(0.01%)	(0.21)
<b>Subsidiaries- Foreign</b>								
Comstar Automotive USA LLC	3.32%	760.31	7.15%	282.77	29.30%	21.92	7.56%	304.70
Comstar Automotive Hongkong Limited	0.07%	15.82	(0.16%)	(6.36)	(28.55%)	(21.36)	(0.69%)	(27.72)
Comstar Automotive (Hangzhou) Co., Ltd	0.52%	119.29	(1.04%)	(41.07)	17.47%	13.07	(0.69%)	(27.99)
Comestel Automotive Technologies Mexicana Ltd	1.81%	414.80	5.20%	205.36	2.20%	1.64	5.14%	207.00
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.05%)	(11.11)	0.06%	2.26	(3.28%)	(2.45)	(0.00%)	(0.19)
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.71%	163.42	0.17%	6.57	43.17%	32.30	0.97%	38.87
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	(5.04%)	(1,154.75)	(10.25%)	(405.02)	20.30%	15.19	(9.68%)	(389.83)
<b>Total</b>	<b>100%</b>	<b>22,902.00</b>	<b>100%</b>	<b>3,952.97</b>	<b>100%</b>	<b>74.82</b>	<b>100%</b>	<b>4,027.79</b>

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### 31st March 2022

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
<b>Holding Company</b>								
Sona BLW Precision Forgings Limited	98.64%	19,731.55	97.79%	3,535.38	(40.15%)	(11.52)	96.70%	3,523.86
<b>Subsidiaries- India</b>								
Comstar Automotive Technologies Services Private Limited	0.27%	54.32	0.49%	17.64	(0.44%)	(0.13)	0.48%	17.51
Sona Comstar eDrive Private Limited	0.07%	14.19	(0.02%)	(0.81)	0.00%	-	(0.02%)	(0.81)
<b>Subsidiaries- Foreign</b>								
Comstar Automotive USA LLC	3.87%	773.44	6.50%	234.95	98.67%	28.32	7.22%	263.27
Comstar Automotive Hongkong Limited	0.17%	34.17	(0.10%)	(3.76)	39.87%	11.44	0.21%	7.68
Comestel Automotive Technologies Mexicana Ltd	0.98%	195.68	4.71%	170.30	27.35%	7.85	4.89%	178.15
Comstar Automotive (Hangzhou) Co., Ltd	0.79%	158.83	1.14%	41.37	22.38%	6.42	1.31%	47.80
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.06%)	(11.36)	(0.22%)	(8.13)	(1.75%)	(0.50)	(0.24%)	(8.64)
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.60%	119.96	0.03%	0.91	26.29%	7.54	0.23%	8.45
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	(5.34%)	(1,067.83)	(10.30%)	(372.42)	(72.23%)	(20.73)	(10.79%)	(393.15)
<b>Total</b>	<b>100%</b>	<b>20,002.97</b>	<b>100%</b>	<b>3,615.43</b>	<b>100%</b>	<b>28.70</b>	<b>100%</b>	<b>3,644.13</b>

### 43 LEASES

- The Group has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.
- The Group does not have any lease commitments towards variable rent as per the contract.
- Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Group must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Group shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.
- Lease liabilities are presented in the statement of financial position as follows:

	As at 31st March 2023	As at 31st March 2022
Current	117.92	111.76
Non-current	659.30	696.02

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	<b>777.22</b>	<b>807.78</b>

v) Future minimum lease payments are as follows:

Minimum lease payments due	As at 31 <sup>st</sup> March 2023		
	Lease payments	Finance charges	Net present values
Within 1 year	117.92	71.62	46.30
1-5 years	481.51	254.36	227.14
More than 5 years	678.14	174.36	503.78
	<b>1,277.57</b>	<b>500.35</b>	<b>777.22</b>

Minimum lease payments due	As at 31 <sup>st</sup> March 2022		
	Lease payments	Finance charges	Net present values
Within 1 year	111.76	67.88	43.88
1-5 years	473.28	206.24	267.04
More than 5 years	797.57	300.69	496.88
	<b>1,382.61</b>	<b>574.81</b>	<b>807.78</b>

vi) The following are amounts recognised in profit or loss:-

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Depreciation expense of right-of-use assets	83.02	86.26
Interest expense on lease liabilities	77.51	76.99
Rent expense (relating to short term leases on which lease liability is not recognised)	20.69	31.43
<b>Total</b>	<b>181.22</b>	<b>194.68</b>

vii) Total cash outflow pertaining to leases

	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Total cash outflow pertaining to leases during the year	<b>112.76</b>	<b>101.37</b>

The Group determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

## 44 REVENUE FROM CONTRACTS WITH CUSTOMERS

### (a) Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Revenue by geography</b>		
Domestic	10,848.36	8,030.55
Export	14,830.78	12,302.29
<b>Total</b>	<b>25,679.14</b>	<b>20,332.84</b>



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Revenue from operations	For the year ended 31st March 2023	For the year ended 31st March 2022
Revenue (timing)		
Revenue recognised at point in time	25,339.26	20,291.34
Revenue recognised over the period of time	339.88	41.50
<b>Total</b>	<b>25,679.14</b>	<b>20,332.84</b>

### (b) Liabilities related to contracts with customers

	As at 31st March 2023	As at 31st March 2022
Opening balance	156.36	91.66
Income recognised from advance	(421.78)	(126.92)
Advance received from customers during the year	436.28	191.62
<b>Advance from customers and contract liability (refer note 21)</b>	<b>170.87</b>	<b>156.36</b>

### (c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Company to its customers for the year ended 31 March 2023 ₹ 0.42 million (31 March 2022: ₹ 0.43 million)

### (d) Contract assets

	As at 31st March 2023	As at 31st March 2022
Opening balance	56.08	61.50
Adjusted during the year	11.46	5.42
<b>Closing balance</b>	<b>44.61</b>	<b>56.08</b>

## 45 SHARE BASED PAYMENTS

Employee Stock Option Scheme Sona BLW Precision Forging Limited- 2020 ('Sona BLW ESOP Plan-2020') was approved by the shareholders of the Sona BLW Precision Forging Limited on 30 September 2020. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2020 shall be 3,342,672 Options which shall upon exercise shall convert into maximum 3,342,672 Shares. The Sona BLW ESOP Plan entitles employees of the Group to purchase shares in the Group at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below:

Particulars	Sona BLW Precision Forging Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	01 October 2020
Vesting schedule	1,087,740 options 12 months after the grant date ('First vesting') 1,087,740 options 24 months after the grant date ('Second vesting') 1,087,740 options 36 months after the grant date ('Third vesting')
Exercise period	Stock options can be exercised within a period of 3 years from vesting date.
Number of share options granted	3,263,220  The total pool of Options that can be granted under the ESOP Plan is 3,342,672 (Thirty three lakhs forty two thousand six hundred seventy two) Options out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees.
Method of settlement	Equity

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1 October 2020.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. Total Company share based payment to employees amounting ₹ 30.18 million for the year ended 31 March 2023 (₹ 66.60 million for the year ended 31 March 2022) is recognised in the statements of profit and loss of the Company pertaining to options issued to employees of the Company. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares were not publicly traded at that time. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the profit or loss in consolidated statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	01 October 2020	01 October 2020	01 October 2020
Vesting date	01 October 2021	01 October 2022	01 October 2023
Expiry date	01 October 2024	01 October 2025	01 October 2026
Fair value of option at grant date using Black Scholes model	44.38	46.28	47.72
Exercise price	38.34	38.34	38.34
Expected volatility of returns	46.19%	46.63%	46.51%
Term to expiry	2.5 years	3.5 years	4.5 years
Expected dividend yield	1.60%	1.60%	1.60%
Risk free interest rate	4.64%	5.04%	5.23%

During the year ended 31 March 2021, the Board of Directors of the Company has approved the issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each. Accordingly number of options has been increased to twelve times of original options and fair value and exercise price of options has been reduced to one twelfth from previous values.

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Options outstanding at the beginning of the period	2,182,420	3,263,220
Number of employees to whom options were granted	62	62
Options vested	1,081,764	1,081,764
Options exercised	1,051,872	1,062,872
Options forfeited/ lapsed/ cancelled	-	-
Option expired during the year	Nil	Nil
Options outstanding	Vested:48,784	Vested:18,892
Options outstanding	Unvested: 1,081,764	Unvested: 2,163,528
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	1,051,872	1,062,872

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Money realised by exercise of options (in ₹ million)	40,328,772	40,750,512
Options outstanding at the period end	1,130,548	2,182,420
Options exercisable at the period end	48,784	18,892
Total number of options in force (excluding options not granted)	1,130,548	2,182,420
Weighted average remaining contractual life of outstanding options (in years)	3.50	4.00

Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 March 2023 is ₹ 30.18 million ( for the year ended 31 March 2022 was ₹ 66.60 million )
Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date
Employee wise details of options granted to	
(i) Key Managerial Personnel	Mr. Vivek Vikram Singh Mr. Rohit Nanda Mr. Ajay Pratap Singh Mr. Vikram Verma Vadaapalli Mr. Sat Mohan Gupta Share based payment to Key Managerial Personnel for the year ended 31 March 2023 is ₹ 19.19 million (31 March 2022 was ₹ 42.75 million)
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	None
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.

## 46 INTANGIBLE ASSETS IMPAIRMENT TESTING

### Goodwill

As on 5 July 2019, the Group acquired two entities, Comstar Automotive Technologies Private Limited ("Comstar India") and Comstar Automotive Hong Kong Limited ("Comstar Hong Kong"), pursuant to which the group had recognised goodwill amounting to ₹ 1,758.09 million and annual test for impairment of goodwill was carried out as at 31 March 2023 and 31 March 2022, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the consolidated statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 11.50%-14.50% reflecting current market assessments of the time value of money and risks

specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 2%-4% as determined by the management.

### Customer Relationships

As per note no. 5, the group had recognized an amount of ₹ 4,009.00 million as Customer relationship during the year ended 31 March 2020. Annual test for impairment of customer relationship was carried out as at 31 March 2023 and 31 March 2022, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the standalone statement of profit and loss. Carrying value as on 31st March 2023 is ₹ 3,009.49 million (March 31st 2022 : ₹ 3,276.56 million).

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 11.50%-14.50% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 2%-4% as determined by the management.

### Brand

On 1 August 2018, the Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives, pursuant to which the group had recognised brand amounting to ₹ 687.40 million. This was due to the expectation of permanent use of acquired brand. The Company tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. In March 2023 and March 2022, there was no impairment identified for the brand. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 11.50%-14.00% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 4%-5% as determined by the management.

### Technology development expenditure

As per note 5, the Group had capitalized technology development expenditure of INR 402.13 million towards the development of hybrid starter motor (BSG technology) as at 1st Feb 2020. The development expenditure incurred towards Hybrid starter motor was put to impairment test as at 31st March 2023 and 31st March 2022. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total.

The management believes that any reasonable possible changes in the key assumptions would not cause the hybrid starter motor (BSG technology) carrying amount to exceed its recoverable amount. Carrying value as on 31st March 2023 is ₹ 228.30 million (March 31st 2022 : ₹ 308.73 million).

The recoverable amount was determined based on value-in-use calculations using a discount rate of 11.5% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

As per note 5, the Group had capitalized technology development expenditure of INR 590.77 million towards the development of Electric starter motor (BLDC technology) as at 1st Feb 2020. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Electric starter motor (BLDC technology) carrying amount to exceed its recoverable amount. Carrying value as on 31st March 2023 is ₹ 335.40 million (March 31st 2022 : ₹ 453.54 million).

The recoverable amount was determined based on value-in-use calculations using a discount rate of 11.5% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

### Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

### Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

### Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

- 47** With effect from 1 April 2022, the Parent Company has designated certain forward contracts in the cash flow hedge relationship as eligible hedging instruments for the hedge of foreign currency exposure of highly probable forecasted sales in accordance with Ind AS 109, Financial Instruments. Pursuant to this, the effective portion of change in fair value of the hedging instruments has been recognised in 'cash flow hedge reserve' under other comprehensive income. Amount recognized in cash flow hedge reserve is reclassified to profit or loss as and when the hedged item affects the profit / loss or the hedges are no longer effective.

### 48 HEDGE ACCOUNTING:

#### (i) Disclosures of effects of hedge accounting on balance sheet:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Strike price range	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>As on March 31, 2023</b>								
Foreign currency risk								
(i) Foreign exchange forward contracts	8,896.49	-	11.55	April 2023 to March 2024	1:1	78.77 to 84.49	(11.55)	11.55

#### (ii) Disclosures of effects of hedge accounting on statement of profit and loss:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Line item affected on reclassification
<b>For the year ended March 31, 2023</b>			
<b>Cash flow hedge</b>			
<b>Foreign currency risk</b>			
(i) Foreign exchange forward contracts	(338.37)	-	Loss on foreign exchange
	-	-	Reclassify to revenue

The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument.

For forward contracts, hedge effectiveness is measured using hypothetical derivative method. Ineffectiveness is measured by comparing the change in the fair value of the actual derivative i.e. forward contracts designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item i.e. highly probable forecast sales. Hypothetical derivative matches the critical terms i.e. maturity date, currency and amount of highly probable forecast sales.

In hedges of foreign currency forecast sales, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arised in the hedges have been disclosed in above table.

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

### (iii) Movements in cash flow hedging reserve

Particulars	Amount
As at 1 April 2022	-
Add: Changes in fair value of forward contracts	(338.36)
Less: Amount reclassified to profit or loss	355.48
Less: Deferred tax relating to above (net)	(4.34)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>12.78</b>

## 49 MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

During the year ended 31 March 2022, the Hon'ble National Company Law Tribunal, Chandigarh Bench, vide order dated 7<sup>th</sup> January, 2022 ("Order"), has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited ("Wholly Owned Subsidiary") with Sona BLW Precision Forgings Limited ("Company") with effect from 5<sup>th</sup> July, 2019 ("Appointed Date") and the Order was filed by the Company with the Registrar of Companies, NCT of Delhi and Haryana on 28<sup>th</sup> January, 2022. Accordingly, the Company has accounted for the merger as mentioned in the Scheme retrospectively and restated numbers for period presented as prescribed in Appendix C of IND AS 103 - Business Combinations. Goodwill (including assembled workforce) and customer relationships, earlier recorded in the consolidated financial statements amounting to ₹ 1,582.24 million and ₹ 2,929 million are now recorded in standalone financial statements. Change in the tax base of customer relationship after the merger has resulted in creation of merger reserve amounting to ₹ 737.23 million.

## 50 EXCEPTIONAL ITEM

In previous year the exceptional item w.r.t Initial Public Offer related income represents the pro-rata Initial Public Offer expenses recovered from the selling shareholder recorded as an exceptional income in the Statement of Profit and Loss.

In current year Parent Company has signed a Binding Term Sheet with the shareholders of NOVELIC d.o.o. Beograd – Zvezdara (a company registered with Business Registers Agency having office in Belgrade, Serbia) ("NOVELIC") where in it has agreed to acquire at least 54% shares capital and voting rights in , subject to execution of definitive agreements and completion of certain identified conditions precedent. The exceptional item is related to diligence work of investee company.

## 51 OTHER STATUTORY INFORMATION

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any transactions with companies struck off other than below.

Relationship with struck off companies:

Name of struck off company (31 March 2023)	Nature of transactions	Transactions during the year	Balance outstanding	Relationship
Metalworking Lubricants India Private Limited	Purchase	0.04	0.04	Supplier of Goods
Competent Engineers Private Limited	Purchase	0.76	-	Supplier of Goods

There were no transactions with struck off companies during the last financial year.

- (iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or



## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

**52** The Company completed its maiden Initial Public Offer of 190,721,649 Equity Shares of the face value of ₹ 10/- each at an issue price of ₹ 291/- per Equity Share, comprising offer for sale of 180,412,371 shares by selling shareholders and fresh issue of 10,309,278 shares. The Equity Shares of the Company were listed on 24 June 2021 on Bombay Stock Exchange and National Stock Exchange of India Limited. Singapore VII Topco III Pte. Ltd., one of earstwhile promoters of the Company sold their 13.60% and 20.50% stake on 18th August 2022 and 13th March, 2023 respectively. As a result of this transaction Singapore VII Topco III Pte. Ltd. no longer holds any stake in the company.

### 53 The utilisation of the net Initial Public Offering proceeds is summarised below:

Particulars	Objects of the issue as per prospectus	Utilisation upto 31 March 2022	Unutilised amount as on 31 March 2022
Repayment and Prepayment of identified borrowings	2,411.17	2,411.17	-
General Corporate Purposes	523.13	523.13	-

Of the unutilised net Fresh IPO Proceeds, there is no balance lying in Monitoring Agency Account and Public Offer Account.

### 54 RECONCILIATION OF QUARTERLY BANK RETURN

Quarter	Particulars	FY 2022 - 23		FY 2021 - 22	
		Amount as per books of account	Amount as reported in the quarterly return/ statement #	Amount as per books of account	Amount as reported in the quarterly return/ statement #
Quarter 1	Trade Receivable	4,723.00	4,692.20	2,224.24	2,205.86
Quarter 1	Inventory	3,079.86	3,080.31	1,097.81	1,097.82
Quarter 1	Trade Payables	1869.69*	1,869.69	643.8*	628.29
Quarter 2	Trade Receivable	5,173.45	5,131.79	2,646.84	2,535.07
Quarter 2	Inventory	3,099.90	3,100.81	1,115.32	1,172.13
Quarter 2	Trade Payables	2,209.78	2,184.46	801.28*	802.83
Quarter 3	Trade Receivable	5,155.57	5,123.70	2,391.82	2,273.52
Quarter 3	Inventory	2,873.42	2,874.73	1,391.00	1,390.99
Quarter 3	Trade Payables	1,815.75	1,830.54	775.96*	775.88
Quarter 4	Trade Receivable	5,864.48	5,864.48	4,374.88**	4,238.12**
Quarter 4	Inventory	2,683.67	2,683.67	3,006.75**	2,983.2**
Quarter 4	Trade Payables	2,308.48	2,308.48	1,579.80**	1,616.31**

#### Notes:-

- i) HDFC, SBI, CITI and Yes Banks are represented as Working capital lenders.

#The difference in the trade receivables between the books of accounts and the amount reported to banks is on account of adjustment of bill discounting for a specific debtor. Rest of the differences are not significant.

\* Above information is given as per the norms of working capital lenders

\*\* Q1,2&3 FY22 Quarter figure are pre merger (refer note 49)

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

**55** Previous year's figures has been regrouped and/ or reclassified wherever necessary to confirm to the current year's groupings and classifications. The impact of such reclassification/regrouping is not material to the financial statements.

**56** Authorisation of Consolidated financial statements

The Consolidated financial Statements for the year ended 31 March 2023 were approved by the Board of Directors on 03rd May 2023.

The accompanying summary of accounting policies and significant explanatory notes form an integral part of these Consolidated financial statements.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

For and on behalf of the Board of Directors of

**Sona Blw Precision Forgings Limited**

**Sunjay Kapur**

Non-Executive Chairman

DIN: 00145529

**Vivek Vikram Singh**

Managing Director and

Group Chief Executive Officer

DIN: 07698495

**Rohit Nanda**

Group Chief Financial Officer

**Ajay Pratap Singh**

Company Secretary

Membership No. FCS 5253

Place: New Delhi

Date: May 03, 2023

Place: Gurugram

Date: May 03, 2023

## Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

### Form No. AOC-1

1	Name of the subsidiary	(Figures in Million ₹, unless stated otherwise)									
		Comstar Automotive Technology Services Private Limited	Comstar Automotive USA LLC	Comstar Automotive Hong Kong Ltd	Comstar Automotive Technologies (Hangzhou) Co., Ltd	Comstar Automotive Technologies Mexico No. 1, LLC	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Comstar Hong Kong Mexico No. 1, LLC	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Sona Comstar eDrive Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023	31 <sup>st</sup> Mar,2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	USD - 82.17	USD - 82.17	USD - 82.17	RMB - 11,9475	USD - 82.17	USD - 82.17	MXN - 4,53882	MXN - 4,53882	INR
4	Share capital	1.30	13.68	121.00	0.01	156.83	-	0.07	114.79	15.00	
5	Reserves & surplus	80.78	746.64	(105.19)	414.79	(39.82)	-	(11.18)	36.03	(1.06)	
6	Total assets	10.28	772.55	96.71	669.36	262.32	-	167.23	195.90	14.08	
7	Total liabilities	5.85	127.24	237.81	369.35	145.31	-	178.34	45.08	0.14	
8	Investments	77.64	114.99	156.91	114.79	-	-	-	-	-	
9	Turnover (incl. forex gain/loss)	47.45	1,699.66	-	1,242.55	307.98	-	384.79	-	-	
10	Profit/ (Loss) before taxation	37.08	369.01	(6.36)	205.36	(40.81)	-	3.34	14.44	(0.21)	
11	Provision for taxation	9.31	86.24	-	-	0.25	-	1.08	7.87	-	
12	Profit/ ( Loss) after taxation	27.76	282.77	(6.36)	205.36	(41.07)	-	2.26	6.57	(0.21)	
13	Proposed Dividend	100%	100%	100%	100%	100%	100%	99%	99%	100%	
14	% of shareholding	100%	100%	100%	100%	100%	100%	100%	99%	100%	

For and on behalf of the Board of Directors of  
**Sona Blw Precision Forgings Limited**

**Sunjay Kapur**  
Non-Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
Membership No. FCS 5253

Place: Gurugram  
Date: May 03, 2023



**SONA COMSTAR**

**SONA BLW PRECISION FORGINGS LIMITED**

Registered Office- Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004

CIN: L27300HR1995PLC083037 Email – [investor@sonacomstar.com](mailto:investor@sonacomstar.com)

Tel: +91-124-4768200; Website – [www.sonacomstar.com](http://www.sonacomstar.com)

Notice is hereby given that the 27<sup>th</sup> (Twenty Seventh) Annual General Meeting (“AGM”) of the members of **Sona BLW Precision Forgings Limited (“Company”)** will be held on **Wednesday 19<sup>th</sup> July, 2023 at 12:00 Noon**, through video conferencing (“VC”) / other audio-visual means (“OAVM”) to transact the following businesses.

The proceedings of the 27<sup>th</sup> AGM shall be deemed to be conducted at the Registered Office of the Company at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004, which shall be the deemed venue of the AGM.

**ORDINARY BUSINESS**

**Item no. 1:**

**To consider and adopt the audited Standalone Financial Statements and audited Consolidated Financial Statements of the Company for the Financial Year ended on 31st March, 2023 together with the Reports of the Auditors and Board of Directors thereon.**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** the audited Standalone Financial Statements and Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2023 and the Reports of the Auditors and Board of Directors thereon, as circulated to the Members, be considered and adopted.”

**Item no. 2:**

**To declare final dividend of INR 1.53 (Rupee One and fifty-three paise only) per equity share of the Company having face value of INR 10/- (Rupees Ten only) each, for the Financial Year ended on 31st March, 2023.**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** the final dividend of INR 1.53 (Rupee One and fifty three paise only) per equity share of the Company having face value of INR 10/- (Rupees Ten only) each, for the Financial Year ended on 31<sup>st</sup> March, 2023, as recommended by the Board of Directors at their meeting held on 3<sup>rd</sup> May, 2023 be and is hereby declared.”

**Item no. 3:**

**To resolve not to fill the vacancy resulting due to retirement by rotation of Mr. Ganesh Mani (DIN: 08385423), Non-Executive Nominee Director of the Company.**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** the vacancy resulting due to retirement by rotation of Mr. Ganesh Mani (DIN: 08385423), Non-executive Nominee Director of the Company, on the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company, be not filled.”

**SPECIAL BUSINESS**

**Item no. 4:**

**To approve the Sona Employee Stock Option Plan 2023 (“Plan” or “ESOP 2023”) and grant of stock options to the Eligible Employees of the Company under the ESOP 2023**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 62(1) (b) and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory amendment thereto or re-enactment thereof), provisions of Foreign Exchange Management Act, 1999, the rules and regulations framed thereunder and any rules, circulars, notifications, guidelines and regulations issued by the Reserve Bank of India (“FEMA”), applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI (SBEB & SE) Regulations”), the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), provisions of any regulations/ guidelines prescribed by the Securities and Exchange Board of India (“SEBI”) and other applicable laws for the time being in force, relevant provisions of the Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines / Circulars in that behalf and subject further to such other approval(s), consent(s), permission(s), and / or sanction(s) as may be necessary from the appropriate regulatory authority(ies) / institution(s) and such conditions and modifications as

may be prescribed / imposed by the appropriate regulatory authority(ies) / institution(s) while granting such approval(s), consent(s), permission(s) and / or sanction(s) and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded for approval of 'Sona Employee Stock Option Plan 2023' ("**Plan**" or "**ESOP**") and thereby, authorizing the Board of Directors (hereinafter referred to as the "**Board of Directors**" which term shall be deemed to include any Committee, including the Nomination & Remuneration Committee, which the Board of Directors has constituted to exercise its powers, including the powers, conferred by this resolution) to create, grant and offer 7,610,402 (Seven million six hundred and ten thousand four hundred and two only) options (hereinafter referred to as "**Options**") and to issue and allot, upon exercise of Options, such number of shares that, in aggregate, does not exceed 1.3% (one point three percent) of the issued share capital as on the effective date of the Plan, in one or more tranches, from time to time, to or for the benefit of such person(s) who are in the employment or service of the Company (together with the stock options proposed to be created / offered / issued / allotted to or for the benefit of such persons who are in employment of the Company or Company's identified subsidiaries or associates, in terms of the Plan, present and future, whether working in India or outside India, including any director who is in whole-time employment (other than employees / directors who are promoters or belonging to the promoter group, independent directors and a director who, either himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% (ten per cent) of the outstanding equity shares of the Company) as the Board may decide, ("**Eligible Employees**"), subject to their eligibility as may be determined under the Plan, where one Option upon exercise shall convert into one fully paid-up equity share of the face value of INR 10/- (Rupees Ten Only) per share ("**New Share(s)**"), subject to payment / recovery of requisite Exercise Price and applicable taxes, and on such terms and conditions as may be fixed or determined from time to time in accordance with the Companies Act, 2013 or other applicable provisions of any law as may be prevailing at that time on such terms and in such manner as the Board of Directors may decide in accordance with the provisions of the applicable laws and the provisions of the Plan.

**RESOLVED FURTHER THAT** the New Shares to be issued and allotted by the Board and/or Nomination and Remuneration Committee in the manner aforesaid shall rank *pari passu* in all respects with the then existing equity shares of the Company including dividend entitlement.

**RESOLVED FURTHER THAT** the Plan shall be administered by the Nomination & Remuneration Committee of the Company who shall have all the necessary powers as defined in the Plan and is hereby designated as Compensation Committee for the plan, in pursuance of the SEBI (SBEB & SE) Regulations for the purpose of administration and implementation of the

Plan and all references to Board or Board of Directors herein shall include the Nomination and Remuneration Committee constituted by the Board to exercise its powers including the powers conferred by this resolution.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger, sale of division/ undertaking or other re-organisation, the ceiling aforesaid in terms of the number of New Shares reserved under the Plan shall be adjusted with a view to facilitate fair and reasonable adjustment to the Eligible Employees as per provisions of the SEBI (SBEB & SE) Regulations and such adjusted number of the New Shares shall be deemed to be the ceiling as originally approved.

**RESOLVED FURTHER THAT** in case the shares of the Company are either sub-divided, split or consolidated, then the number of New Shares to be allotted and, to the extent allowed, the exercise price payable by the Option grantees under the Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present equity share of the Company having face value of INR 10/- (Rupees Ten Only) per New Share bears to the revised face value of the equity shares of the Company after such sub-division, split or consolidation, without affecting any other rights or obligations of the said Option grantees.

**RESOLVED FURTHER THAT** the Company shall conform to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, under the SEBI (SBEB & SE) Regulations and any other applicable laws and regulations to the extent relevant and applicable to the Plan.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Nomination & Remuneration Committee be and is hereby authorised to approve the grant letter, application form, and other related documents in terms of the Plan, to grant Options to Eligible Employees (including deciding the number of options to be granted to Eligible Employees), to allot New Shares upon exercise of Options by Eligible Employees, to take necessary steps for listing of the New Shares allotted under the Plan on the National Stock Exchange of India Limited and the BSE Limited and/or any other stock exchanges where the shares of the Company are listed in due compliance with SEBI (SBEB & SE) Regulations and other applicable laws, rules, and regulations, also authorized at any time to modify, change, vary, alter, amend, suspend or terminate the Plan and to do all such acts, deeds matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Plan and do all other things incidental and ancillary thereof.

**RESOLVED FURTHER THAT** the Board of Directors and/ or the Nomination & Remuneration Committee be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including but not limited to appointing Advisors, Merchant Bankers, Consultants or Representatives, being incidental for the effective implementation and administration of the Plan and to make applications to the appropriate authorities, for their requisite approvals and take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution.”

**Item no. 5:**

**To approve the grant of stock options to the Eligible Employees of the Company’s subsidiary or its associate Company, in India or outside India under the Sona Employee Stock Option Plan 2023**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 62(1) (b) and other applicable provisions of the Companies Act, 2013, if any read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), provisions of the Foreign Exchange Management Act, 1999, the rules and regulations framed thereunder and any rules, circulars, notifications, guidelines and regulations issued by the Reserve Bank of India (“**FEMA**”), and applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“**SEBI (SBEB & SE) Regulations**”), the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), provisions of any regulations/ guidelines prescribed by the Securities and Exchange Board of India (“**SEBI**”) and other applicable laws for the time being in force, relevant provisions of the Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines / Circulars in that behalf and subject further to such other approval(s), consent(s), permission(s), and / or sanction(s) as may be necessary from the appropriate regulatory authority(ies) / institution(s) and such conditions and modifications as may be prescribed / imposed by the appropriate regulatory authority(ies) / institution(s) while granting such approval(s), consent(s), permission(s) and / or sanction(s), and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this

resolution) to extend the benefits of ‘Sona Employee Stock Option Plan 2023’ (“**Plan**” or “**ESOP 2023**”) including the grant of options (hereinafter referred to as “**Options**”) and issuance of the Equity Shares (“**New Shares**”) thereunder, to the Eligible Employees of the Company’s identified subsidiaries or associates, in India or outside India, from time to time, on such terms and in such manner as the Board of Directors may decide in accordance with the provisions of the applicable laws and the provision of the Plan.

**RESOLVED FURTHER THAT** the New Shares to be issued and allotted by the Board and/or Nomination and Remuneration Committee in the manner aforesaid shall rank *pari passu* in all respects with the then existing equity shares of the Company including dividend entitlement.

**RESOLVED FURTHER THAT** the Plan shall be administered by the Nomination & Remuneration Committee of the Company who shall have all the necessary powers as defined in the Plan and is hereby designated as Compensation Committee for the plan, in pursuance of the SEBI (SBEB & SE) Regulations for the purpose of administration and implementation of the Plan and all references to Board or Board of Directors herein shall include the Nomination and Remuneration Committee constituted by the Board to exercise its powers including the powers conferred by this resolution.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger, sale of division/ undertaking or other re-organisation, the ceiling aforesaid in terms of the number of New Shares reserved under the Plan shall be adjusted with a view to facilitate fair and reasonable adjustment to the eligible employees as per provisions of the SEBI (SBEB & SE) Regulations and such adjusted number of the New Shares shall be deemed to be the ceiling as originally approved.

**RESOLVED FURTHER THAT** in case the shares of the Company are either sub-divided, split or consolidated, then the number of New Shares to be allotted and, to the extent allowed, the exercise price payable by the Option grantees under the Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present equity share of the Company having face value of INR 10/- (Rupees Ten Only) per New Share bears to the revised face value of the equity shares of the Company after such sub-division, split or consolidation, without affecting any other rights or obligations of the said Option grantees.

**RESOLVED FURTHER THAT** the Company shall conform to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, under the SEBI (SBEB & SE) Regulations and any other applicable laws and regulations to the extent relevant and applicable to the Plan.



**RESOLVED FURTHER THAT** the Board of Directors and/or the Nomination & Remuneration Committee be and is hereby authorised to approve the grant letter, application form, and other related documents in terms of the Plan, to grant Options to Eligible Employees (including deciding the number of options to be granted to Eligible Employees), to allot New Shares upon exercise of Options by Eligible Employees, to take necessary steps for listing of the New Shares allotted under the Plan on the National Stock Exchange of India Limited and the BSE Limited and/or any other stock exchanges where the shares of the Company are listed in due compliance with SEBI (SBEB & SE) Regulations and other applicable laws, rules, and regulations, also authorized at any time to modify, change, vary, alter, amend, suspend or terminate the Plan and to do all such acts, deeds matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Plan and do all other things incidental and ancillary thereof.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Nomination & Remuneration Committee be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including but not limited to appointing Advisors, Merchant Bankers, Consultants or Representatives, being incidental for the effective implementation and administration of the Plan and to make applications to the appropriate authorities, for their requisite approvals and take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution.”

**Item no. 6:**

**To ratify the remuneration of the Cost Auditors of the Company for the Financial Year 2023-24**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the remuneration of INR 225,000 (Indian rupees two hundred and twenty five thousand) plus applicable taxes thereon, besides reimbursement of out-of-pocket expenses on actuals incurred in connection therewith, payable to M/s. Jayaram & Associates, Cost Accountants (Firm Registration No. 101077), appointed by the Board of Directors as Cost Auditors of the Company, based on recommendations of Audit Committee, to conduct the audit of the applicable cost records of the Company for the Financial Year 2023-24.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committees), be and is hereby authorised to do all acts and take all such steps as may be necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

By Order of the Board  
**SONA BLW Precision Forgings Limited**

**Ajay Pratap Singh**

Vice-President (Legal), Company Secretary  
and Compliance Officer  
Membership No. F5253

**Place:** Gurugram

**Date:** May 3, 2023

**Registered Office:**

Sona Enclave, Village Begumpur Khatola, Sector 35,  
Gurgaon-122004

CIN: L27300HR1995PLC083037

Email – [investor@sonacomstar.com](mailto:investor@sonacomstar.com)

Website: [www.sonacomstar.com](http://www.sonacomstar.com)

Tel: +91-124-4768200

**NOTES:**

1. A statement under Section 102 of the Companies Act, 2013 (“**Act**”) and/or as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 concerning the special business under Item Nos. 4, 5 & 6 of the Notice is annexed herewith. Further, additional information in respect of Item No. 3 of the Notice is also annexed herewith.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“**MCA**”) has vide its circular dated 28<sup>th</sup> December, 2022, 5<sup>th</sup> May, 2022, 14<sup>th</sup> December, 2021 read with circulars dated 13<sup>th</sup> January, 2021, 5<sup>th</sup> May, 2020, 8<sup>th</sup> April 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as “**MCA Circulars**”) and SEBI vide its circulars dated 5<sup>th</sup> January, 2023, 13<sup>th</sup> May, 2022 read with 15<sup>th</sup> January, 2021 and 12<sup>th</sup> May, 2020 (collectively referred to as “**SEBI Circulars**”) permitted the holding of the Annual General Meeting (“**AGM**”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and MCA Circulars, the 27<sup>th</sup> AGM of the Company is being held through VC / OAVM. The Members can attend and participate in the 27<sup>th</sup> AGM through VC / OAVM.
3. **Pursuant to the above referred MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.**

However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.

4. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent through electronic mode only to those Members whose e-mail address is registered with the Company's Registrar and Share Transfer Agent / Depository Participants as on **Friday, 16<sup>th</sup> June, 2023**. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website at [www.sonacomstar.com](http://www.sonacomstar.com), websites of the Stock Exchanges, that is, BSE Limited (**BSE**) and National Stock Exchange of India Limited (**NSE**) at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively and on the website of NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
5. The Board of Directors of the Company has appointed Mr. Ankit Singhi (FCS No. - 11685; CP No. 16274), and failing him, Mr. Nitesh Latwal (ACS No. – 32109; CP No. 16276) Partners of M/s. PI & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.
6. The Scrutinizer will, after the conclusion of e-voting at the AGM, scrutinize the votes casted at the Meeting, votes casted through remote e-voting and make a consolidated Scrutinizer's Report and submit the same to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the results (consolidated) within two working days from the conclusion of the AGM.
7. The result declared along with the Scrutinizers Report shall be displayed at the Registered office as well as Corporate Office of the Company and immediately after the declaration will also be placed on the Company's website at [www.sonacomstar.com](http://www.sonacomstar.com) and on the website of NSDL e-voting at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and the same shall be communicated to BSE Limited and the National Stock Exchange of India Limited ("**NSE**").
8. The Members can join the AGM through VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Chairman, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
9. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and the SEBI and MCA Circulars, the Company is providing facility of remote e-voting and e-voting at the AGM to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.
11. For receiving all communication (including Annual Report) from the Company electronically, members are requested to register/update their email address.

**Manner of registering / updating email addresses:**

**A) For members holding shares in physical mode:**

Members holding shares in physical mode who have not registered/ updated their email addresses with the Company, are requested to register/update the same by providing the signed Form ISR-1 to Company's RTA. Members can also write to the Company/RTA at [investor@sonacomstar.com](mailto:investor@sonacomstar.com) / [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) respectively along with the copy of signed Form ISR-1 mentioning all the details including Folio Number, name and address of the Member, Permanent Account Number ("**PAN**"), Email address, Mobile Number etc.

**B) For members holding shares in dematerialized mode:**

Members holding shares in dematerialized mode are requested to register/ update their email Addresses/ Electronic Bank Mandate by contacting their respective Depository Participants.

12. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
13. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on the **record date (cut-off date) i.e., Wednesday, 12<sup>th</sup> July, 2023**, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only. Once the vote on a resolution is casted by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote through remote e-voting shall not be allowed to vote again at the Meeting.

14. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, Annual Report along with the AGM Notice and all other documents as referred in the Notice and explanatory statement, including certificate from the Secretarial Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 will be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. **Wednesday 19<sup>th</sup> July, 2023** and also during the AGM. Members seeking to inspect such documents can send an email at [investor@sonacomstar.com](mailto:investor@sonacomstar.com).

15. The final dividend for the year ended 31<sup>st</sup> March, 2023 as recommended by the Board, if approved at the AGM, will be paid to those members whose names will appear in the Company's Register of Members or as the Beneficial Owner as per the record of depositories as on **Friday 30<sup>th</sup> June, 2023**.

Members are requested to update/register Electronic Bank Mandate for the purpose of receiving the dividends directly in their bank account(s) on payout date.

#### **Manner of registering / updating Electronic Bank Mandate:**

##### **A. For members holding shares in physical mode:**

Members holding shares in physical mode who have not updated their mandate for receiving the dividends directly in their bank account(s) on payout date through Electronic Clearing Services or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their Bank Account electronically, by sending the signed Form ISR-1 to Company/RTA in compliance with the SEBI circular dated 16<sup>th</sup> March, 2023, along with the following details/document by email to [investor@sonacomstar.com](mailto:investor@sonacomstar.com)/[einward.ris@kfintechcom](mailto:einward.ris@kfintechcom) respectively;

- i) Name and branch of Bank in which dividend is to be received and bank account type;
- ii) Bank Account Number allotted by your Bank after implementation of core banking solutions;
- iii) 11 digit IFSC Code; and
- iv) Self-attested scanned copy of cancelled cheque bearing the name of the members or the first holder, in case shares are held jointly.

##### **B. For members holding shares in dematerialised mode:**

Members holding shares in dematerialised mode are requested to register/ update Electronic Bank Mandate by contacting their respective Depository Participants.

16. Members holding shares in dematerialised form may please note that bank details as furnished by the respective depositories will be used for the purpose of distribution of dividend to members. For members who have not updated their bank account details, dividend warrants / demand drafts / cheques will be sent out to their registered addresses. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialised mode) and with the Company's Registrar and Transfer Agent ("**RTA**") (where shares are held in physical mode) by providing the signed Form ISR-1 which is available on the website of the Company at <https://sonacomstar.com/investor-relations>. The Company or the Share Transfer Agent will not act on any direct request from such members for change/deletion in bank details.

17. SEBI vide its circular dated 16<sup>th</sup> March, 2023 has mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. On or after 1<sup>st</sup> October 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at <https://sonacomstar.com/investor-relations>.

18. In accordance with the provisions of Section 72 of the Act and SEBI circulars, the facility for nomination is available for the members of the Company in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting the Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form No. ISR-3 or Form No. SH-14, as the case may be. The said forms are available on the Company's website at <https://sonacomstar.com/files/Investor-FAQ.pdf>. Members are requested to submit the said details to their respective Depository participant, in case the shares are held by them in dematerialized form and to the Company/RTA, in case the shares are held by them in physical form.

#### **COMMUNICATION ON TAX DEDUCTION AT SOURCE ON DIVIDEND DISTRIBUTION**

Shareholders may note that pursuant to changes in the Income Tax Act, 1961 ("IT Act"), as amended by the Finance Act,

2020, dividend Income is taxable in the hands of shareholders and the Company is required to deduct Tax at Source ("TDS") at the time of making the payment or distribution of dividend to the shareholders at the prescribed rates. Tax shall be deducted at source @ 10 % for resident shareholders with valid Permanent Account Number ("PAN"); or @ 20% for resident shareholders without PAN or invalid PAN (as per Sec. 206AA of IT Act). Further, the TDS rate of 10% is subject to provisions of Section 206AB of the IT Act (effective from 1<sup>st</sup> July, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in Section 206AB of the IT Act, tax is required to be deducted, at the higher of the following rates, in case of payments to the 'specified person'.

- a) At twice the rate specified in the relevant provision of the IT Act; or
- b) At twice the rate or rates in force; or
- c) At the rate of 5%.

The term 'Specified Person', as defined in Section 206AB of the IT Act means a person who has not filed the return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted for which the time limit of filing the return of income under sub-section (1) of Section 139 has expired; and the aggregate of the tax deducted at source and the tax collected at source in his/her case is INR 50,000 or more in each of these two previous years.

Further, TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the IT Act, if such valid certificate is provided.

However, no TDS shall be deducted on the dividend payable to:

#### A) Individual shareholders, if:-

- the amount of such dividend or as the case may be, the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year **does not exceed INR 5,000/-**, or their **income is below the taxable limit** and **declaration is received** from such shareholders in Form 15G (for individual resident, who is of the age of below 60 years, click here for Form 15G <https://sonacomstar.com/investor/corporate-announcements>) or in Form 15H (for individual resident, who is of the age of 60 years or more, click here for Form 15H <https://sonacomstar.com/investor/corporate-announcements>)

#### B) Insurance Companies (viz. LIC, GIC etc.), Mutual Funds and Alternative Investment Funds (incorporated in India), where the following documents, complete in all respects, are received from them:

Category of shareholder	Exemption applicability/Documentation requirement
Mutual Funds	<ol style="list-style-type: none"> <li>1. A self-declaration that they are governed by the provisions of Section 10(23D) of the Income-tax Act, 1961;</li> <li>2. Self-attested copy of SEBI registration certificate; and</li> <li>3. Self-attested copy of PAN.</li> </ol>
Insurance Companies	<ol style="list-style-type: none"> <li>1. A self-declaration that they are covered by the second proviso to Section 194 of the Income-tax Act, 1961 and has full beneficial interest with respect to the shares owned by it;</li> <li>2. Self-attested copy of IRDA registration certificate; and</li> <li>3. Self-attested copy of PAN.</li> </ol>
Category I and II Alternative Investment Fund ("AIF")	<ol style="list-style-type: none"> <li>1. A self-declaration that the income of the AIF is exempt under Section 10(23FBA) of the Income-tax Act, 1961 and that they are governed as Category I or Category II AIF under the SEBI regulations;</li> <li>2. Self-attested copy of SEBI registration certificate; and</li> <li>3. Self-attested copy of PAN.</li> </ol>
Other non-individual resident shareholder	<ol style="list-style-type: none"> <li>1. A self-declaration that dividend receivable by them is exempt from tax under Section 196 or other relevant provisions of the Income-tax Act, 1961; and</li> <li>2. Self-attested copies of documents in support of the claim.</li> </ol>

In case of non-resident shareholder, taxes shall be withheld as per section 195 and section 196D of the IT Act, at the rates, as applicable. As per the relevant provisions of the IT Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the IT Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

Further, as per Section 90 of the IT Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this



purpose, to avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:

- a) Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish (a) name; (b) email id; (c) contact number; (d) address in residency country; and (f) Tax Identification Number of the residency country (for format click <https://sonacomstar.com/investor/corporate-announcements>)
- b) Self-attested copy of Tax Residency Certificate (“TRC”) (for the period April 2023 to March 2024) obtained from the tax authorities of the country of which the shareholder is a resident.
- c) Self-declaration in Form 10F (for format click <https://sonacomstar.com/investor/corporate-announcements>).
- d) Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (for the period April 2022 to March 2023) (for format click <https://sonacomstar.com/investor/corporate-announcements>).
- e) In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.
- f) In case of shareholder being tax resident of a foreign country or specified territory where the Double Taxation Avoidance Agreement between India and that foreign country or specified territory, as the case may be, prescribes additional conditions (for example Article 24 of the India-Singapore Tax Treaty) for the shareholder to avail any beneficial tax treatment, please furnish relevant evidences demonstrating eligibility to avail such beneficial tax treatment (for example letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore DTAA). It is recommended that shareholder should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by the relevant DTAA.

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

**Note:** The non-resident who does not have the permanent establishment is excluded from the scope of a “Specified Person definition” as provided under section 206AB of the IT Act.

The Tax Exemption Forms from resident shareholders and Forms & Documents from non-resident shareholders for availing the benefit of Tax Treaty Rate, as stated above, to be uploaded on the link <http://ris.kfintech.com/form15/forms.aspx?q=0> on or before **Monday, 10<sup>th</sup> July, 2023**.

Kindly note that no communication/documents on the tax determination/ deduction shall be considered post 11:59 PM (IST) of **Monday, 10<sup>th</sup> July, 2023**.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents, shareholder would still have an option of claiming refund of the excess tax deducted at the time of filing their income tax return by consulting their tax advisors.

#### **No claim shall lie against the Company for such taxes deducted.**

Credit of TDS will be available for verification in Form 26AS to those shareholders who have registered valid PAN as above, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>. The TDS Certificate, if applicable, will be e-mailed to your registered e-mail address in due course of time, post payment of the aforesaid dividend.”

Further, in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), Such shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.

#### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING/ E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on **Sunday, 16<sup>th</sup> July, 2023 at 9:00 A.M.** and ends on **Tuesday, 18<sup>th</sup> July, 2023 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date **i.e. Wednesday, 12<sup>th</sup> July, 2023** may cast their vote electronically. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **Wednesday, 12<sup>th</sup> July, 2023**.

#### **Vote electronically using NSDL e-voting system?**

The way to vote electronically on NSDL e-voting system consists of “Two Steps” which are mentioned below:




## Step 1: Access to NSDL e-voting system

### A) Login method for e-voting and joining virtual meeting for Individual members holding securities in demat mode

In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-voting facility provided by listed Companies, individual

members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their Mobile number and Email id in their demat accounts in order to access e-voting facility.

#### Login method for Individual members holding securities in demat mode is given below:

Type of members	Login Method
Individual Members holding securities in demat mode with <b>NSDL</b> .	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer/Laptop or on a mobile. On the e-Services home page click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under <b>"IDeAS"</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on <b>"Access to e-voting"</b> under e-voting services and you will be able to see e-voting page. Click on company name or <b>"e-voting service provider i.e. NSDL"</b> and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select <b>"Register Online for IDeAS Portal"</b> or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer/Laptop or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or <b>"e-voting service provider i.e. NSDL"</b> and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Members/Individuals can also download NSDL Mobile App <b>"NSDL Speede"</b> facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center;"> <p>NSDL Mobile App is available on</p>    </div> </li> </ol>
Individual Members holding securities in demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers, so that the user can visit the e-voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the evoting is in progress and also able to directly access the system of all e-voting Service Providers.</li> </ol>
Individual Members (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.



**Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no: 022 - 48867000 and 022 - 24997000
Individual Members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cDSLindia.com">helpdesk.evoting@cDSLindia.com</a> or contact at 022-23058738 or 022-23058542-43

**B) Login Method for e-voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-voting website?**

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer/ Laptop or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

**5. Password details for members other than Individual members are given below:**

- a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you in a manner as mentioned below. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email-id is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your ‘User ID’ and your ‘initial password’.
  - (ii) If your email ID is not registered, please follow steps mentioned below in process for those members whose email ids are not registered.

**6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:**

- a) Click on **“Forgot User Details/Password”** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Click on **“Physical User Reset Password”** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to **“Terms and Conditions”** by selecting on the check box.
8. Now, you will have to click on **“Login”** button.
9. After you click on the **“Login”** button, Home page of e-voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies **“EVEN”** in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select **“EVEN”** of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on **“VC/OAVM”** link placed under “Join General Meeting”.
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for members

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [info@piassociates.co.in](mailto:info@piassociates.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-voting"** tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Pallavi Mhatre – Senior Manager, NSDLat NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### Process for those members whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by email to [investor@sonacomstar.com](mailto:investor@sonacomstar.com).
2. In case shares are held in demat mode, please provide DP-ID and CL-ID (16 digit DP-ID + CL-ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) to [investor@sonacomstar.com](mailto:investor@sonacomstar.com). If you are an Individual members holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual members holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-voting facility provided by Listed Companies, Individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

### THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for **Access to NSDL e-voting system**. After successful login, you can see link of **“VC/OAVM link”** placed under **“Join General meeting”** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please

note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the meeting through laptops for better experience.
3. Further members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at [investor@sonacomstar.com](mailto:investor@sonacomstar.com) at least 48 hours before the date of AGM. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
6. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

## ADDITIONAL INFORMATION IN RESPECT OF ITEM NO. 3 OF THIS NOTICE

Mr. Ganesh Mani (DIN: 08385423), has been serving as Non-Executive Nominee Director, on the Board of your Company since July 5, 2019.

Pursuant of Section 152(6) read with Section 152(7) of the Companies Act, 2013 (“**the Act**”), Mr. Ganesh Mani, is liable to retire by rotation at 27<sup>th</sup> AGM of the Company. Although being eligible for re-appointment, Mr. Ganesh Mani has expressed his unwillingness to be re-appointed and has not offered himself for re-appointment at the 27<sup>th</sup> AGM, owing to his pre-occupation. Accordingly, Mr. Ganesh Mani (DIN: 08385423), would cease to hold office as Director of the Company on the conclusion of the 27<sup>th</sup> AGM of the Company.

The Board of Directors (“**Board**”) places on record their earnest appreciation to the invaluable contributions, support and guidance extended by Mr. Ganesh Mani to the Board and the management of the Company during his tenure as director of the Company.

The Board of your Company comprises of 8 (eight) directors as on May 3, 2023, with an optimal mix of Executive and

Non-Executive Directors, with half being Independent Directors. Considering the current composition of Board being adequate with diverse mix of experience, skills, expertise and acumen and in compliance with the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board of Directors of your Company, on the recommendation of the Nomination and Remuneration Committee, at its meeting held on May 3, 2023, has decided that the vacancy caused due to retirement of Mr. Ganesh Mani as director be not filled for the time being. The composition of the Board would continue to remain statutorily compliant.

Except Mr. Ganesh Mani, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 3 of this Notice for approval of members of the Company.

# EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

## ITEM NO. 4 AND 5

The Company has an existing Employee Stock Option Plan 2020 ("ESOP 2020") in place with last and final vesting occurring on 01<sup>st</sup> October, 2023. The Board of Directors of the Company has approved a new employee stock option plan with objective, amongst others, to retain its talented workforce, enhance employee performance, and incentivize employees for the overall growth of the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee ("Committee"), in its meeting held on **Wednesday 3<sup>rd</sup> May 2023**, has approved the 'Sona Employee Stock Option Plan 2023' ("Plan" or "ESOP 2023") for the benefit of Employees as defined in the Plan. In terms of Regulation 6(1) of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB & SE) Regulations") and Section 62 and other applicable provisions of the Companies Act, 2013, the issue of Equity Shares under an Employee Stock Option Plan requires approval of the shareholders by way of a Special Resolution. The Special Resolution set out in Item No. 4 & 5 is to seek your approval. Further, as per Regulation 6(3)(c) of the SEBI (SBEB & SE) Regulations, approval of the shareholders by way of separate Special Resolution is also required for grant of Options to Eligible Employees of Company's identified subsidiary and/or its associate company, if any, in India or outside India from time to time, on such terms and in such manner as the Board of Directors may decide in accordance with the provisions of the applicable laws and the provisions of the Plan.

The main features and other details of the Plan as per the Regulation 6(2) of the SEBI (SBEB & SE) Regulations, are as under:

1. **Brief Description of the Plan:** The Plan Shall be called as 'Sona Employee Stock Option Plan 2023'. The objectives of this Plan are as under:
  - a) Retention of Employees;
  - b) Enhanced performance of Employees;
  - c) Wealth creation for Employees;
  - d) Rewarding performance of Employees;
  - e) Incentivizing Employees;
  - f) Commonality of interest of Employees working exclusively with the Company or its identified subsidiaries or associates;

- g) Encourage Employees to align their individual performance with the Company's objectives.

2. **The total number of Stock Options to be granted under the Plan:** The maximum number of Options that may be granted under the Plan shall be 7,610,402 (Seven million six hundred and ten thousand four hundred and two only), that, upon exercise, shall convert into equity shares of the Company, which will not exceed 1.3% of the issued and paid up equity share capital of the Company having face value of INR 10/- (Rupees Ten only) each, as on the effective date of the Plan.
3. **Identification of classes of Employees entitled to participate in the Plan:** The eligibility to participate in this Plan is subject to such criteria as may be decided by the Committee at its discretion, including, but not limited to the performance of the Employee, band of the Employee, criticality of the role, period of service with the Company, future potential or any other criteria, as the Nomination and Remuneration Committee determine. The Plan will be applicable to the Employees of the Company based on Key Performance Indicators ("KPIs") which are role specific (e.g., Consolidated level targets for group level management team and business level targets for respective business management teams). The following are the significant KPIs of the management team which are cascaded down to the whole organisation:

S. No.	Key Performance Indicators
1	Earnings Before Interest and Taxes (EBIT) Target - Consolidated/Business-wise
2	New Order Intake – Consolidated/Business-wise
3	EV Order Intake – Consolidated/Business-wise
4	New Product Launches - Progress on Technology Roadmap
5	Safety
6	Enhancing Compliance and Corporate Governance standards

Further, the subsidiaries of the Company are also part and parcel of the overall business growth of the Company and catering the demand of global customer of the Company. Therefore, it is important that the Plan is also extended to identified employees of the subsidiaries and associates, if any, to align with the business objectives of the Company, as the business performance of the subsidiaries is also reflected in the consolidated performance of the Company.

For the purpose of the Plan, the Employee shall mean:

- i. an employee designated by the Company, who is exclusively working, in India or outside India; or
- ii. a director of the Company, whether a whole-time director or not, including a non-executive director who is not a Promoter or member of the Promoter Group, but excluding an independent director of the Company; or
- iii. an employee of the Company including its identified Subsidiaries or Associates, if any, in India or outside India, does not include:
  - a. an employee who is a Promoter or a person belonging to the Promoter Group; or
  - b. a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

#### 4. Requirement of Vesting and period of Vesting:

- i. Subject to applicable laws and the Plan, the Options granted shall have time-based Vesting. The Options granted shall vest for a period not less than 1 (one) year (except where Vesting is triggered for reasons as mentioned in the Plan). All the Options granted on any date, shall vest equally in 4 (four) years from the date of grant of Options.
- ii. In the event of death or permanent disablement of an Eligible Employee, while in employment, all unvested Options shall vest immediately.
- iii. In the event of voluntary resignation and/or mutual separation, all unvested options shall lapse immediately.
- iv. In the event of termination for Cause, the vested options that have not been exercised and the unvested options, if any, shall lapse immediately.
- v. In the event of termination for any other reason, all the unvested Options, if any, shall lapse immediately.

#### 5. Maximum period within which the Options shall be vested:

All the Options granted on any date shall vest not later than a maximum of **4 (four) years** from the date of grant of Options as may be determined by the Committee.

#### 6. Exercise Price or Pricing Formula:

The Exercise Price of the Vested Options shall be the Fair Market Value of the Share as on the Grant Date of the Options, as determined by the Committee and provided in the Letter of Grant in pursuance of the Plan.

“Fair Market Value”/ “FMV” on any date of determination will be the latest available closing price of the equity share on such date on a Recognized Stock Exchange in India.

**Explanation** - If Shares of the Company are listed on more than one Recognized Stock Exchange, then the closing price on the Recognized Stock Exchange having higher trading volume shall be considered as the FMV.

#### 7. Exercise period and process of Exercise:

The Exercise Period shall be of maximum 3 (three) years from the date of vesting of the Options.

The Options shall be deemed to have been exercised when an Eligible Employee makes an application in writing to the Company or by any other means as decided by the Committee, for the issue of Shares against the Options vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of Exercise.

#### 8. Appraisal process for determining the eligibility of the Employees to the Plan:

The Company through the Committee may offer the Options to a grantee in accordance with the terms and conditions under the Plan for the time being in force.

The process for determining the eligibility to participate in this Plan is subject to such criteria as may be decided by the Nomination and Remuneration Committee at its discretion, including, but not limited to the performance of the Employee, band of the Employee, criticality of the role, period of service with the Company, future potential or any other criteria, as the Nomination and Remuneration Committee determine. The Company measures performance of the employees based upon Key Performance Indicators (**KPIs**) which are role specific (e.g., Consolidated level targets for group level management team and business level targets for respective business management teams).

The Company has fixed the significant KPIs to the management team which are then cascaded down to the whole organisation, which includes the following:

- Earnings Before Interest and Taxes (EBIT) Target - Consolidated/Business-wise;
- New Order Intake – Consolidated/Business-wise;
- EV Order Intake – Consolidated/Business-wise;
- New Product Launches - Progress on Technology Roadmap;
- Safety;
- Enhancing Compliance and Corporate Governance Standards.



**9. The maximum number of Options to be granted per Employee and in aggregate:**

The maximum number of Options to be granted per Employee shall not exceed 1,522,080 (One million five hundred and twenty-two thousand and eighty only), which is 20% of the total Options under the Plan.

The maximum number of Options that may be granted under the Plan shall be 7,610,402 (Seven million six hundred and ten thousand four hundred and two only), that, upon exercise, shall convert into equity shares of the Company, which will not exceed 1.3% of the issued equity share capital of the Company having face value of INR 10/- (Rupees Ten only) each, as on the effective date of the Plan.

**10. The maximum quantum of benefits to be provided per Employee under the Plan:**

Apart from grant of options as stated above, no monetary benefits are contemplated under the Plan.

**11. Whether the Plan(s) is to be implemented and administered directly by the Company or through a Trust:**

This ESOP 2023 shall be administered by the Committee working under the powers delegated by the Board of Directors and Shareholders.

**12. Whether the Plan involves new issue of shares by the Company or secondary acquisition by the Trust or both:**

The Plan shall be implemented through direct route for extending the benefits to the Eligible Employees by the way of issuance of New Shares of the Company.

The Plan shall be administered by the Compensation Committee.

**13. The amount of loan to be provided for implementation of the Plan by the Company to the Trust, its tenure, utilisation, repayment terms, etc:**

Not applicable since the Plan is proposed to be implemented through direct route.

**14. The maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the Trust for the purposes of the Plan:**

Not applicable under the Plan.

**15. Disclosure and accounting policies:**

The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB & SE) Regulations or as may be prescribed by regulatory authorities from time to time.

**16. The method which the Company shall use to value its Options:**

To calculate the employee compensation cost, the Company shall use fair market value method to value the Options granted.

**17. Statement with regard to Disclosure in Director's Report:**

The Board shall make all the relevant disclosures in the Director's Report in relation to this Plan as are required under the Companies Act, 2013 and as per Regulation 14 of SEBI (SBEB & SE) Regulations.

**18. Period of lock-in:**

There is no lock-in period in the Plan.

**19. Terms & conditions for buyback, if any, of specified securities:**

The Committee has the powers to determine the procedure for buy-back of Options granted under the Plan, if to be undertaken at any time by the Company and the applicable terms and conditions, in accordance with the Applicable Laws.

'Sona Employee Stock Option Plan 2023' and other documents referred to in the aforesaid resolutions are available for inspection at the registered office of the Company.

None of the Directors, Key Managerial Personnel of the Company and any relatives of such Director, Key Managerial Personnel are in anyway concerned or interested in the resolution except to the extent of Equity Shares held by them in the Company or the Options that may be granted under the Plan.

Accordingly, the Board recommends the passing of the resolutions set out as Item No. 4 and 5 of the notice for the approval of the members as a **Special Resolution**.

**ITEM NO. 6**

The Board of Directors in its meeting held on Wednesday 3<sup>rd</sup> May, 2023 based on the recommendation of the Audit Committee, has approved the appointment of M/s. Jayaram & Associates, Cost Accountants, (Firm Registration No.: 101077), as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year 2023-24 at a remuneration of INR 225,000 (Indian rupees two hundred and twenty five thousand) plus applicable taxes thereon besides reimbursement of out-of-pocket expenses on actuals incurred in connection therewith, payable to the Cost Auditor for Financial Year 2023-24.

M/s. Jayaram & Associates, Cost Accountants, have confirmed that they hold a valid certificate of practice under Section 6(1) of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the remuneration payable to Cost Auditors is required to be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item no. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2023-24.

None of the Directors and Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution as set out in item No.6 of the Notice for the approval of the members as an **Ordinary Resolution**.

By Order of the Board  
**SONA BLW Precision Forgings Limited**

**Ajay Pratap Singh**

Vice-President (Legal), Company Secretary  
and Compliance Officer  
Membership No. F5253

**Place:** Gurugram

**Date:** May 3, 2023

**Registered Office:**

Sona Enclave, Village Begumpur Khatola, Sector 35,  
Gurgaon-122004

CIN: L27300HR1995PLC083037

Email – [investor@sonacomstar.com](mailto:investor@sonacomstar.com)

Website: [www.sonacomstar.com](http://www.sonacomstar.com)

Tel: +91-124-4768200;

## Information's at a glance

Sr. No	Particulars	Details
1.	Day, Date and Time of AGM	<b>Wednesday, 19<sup>th</sup> July, 2023, 12:00 Noon (IST)</b>
2.	Mode	Video Conference (VC)/Other Audio-Visual Means (OAVM)
3.	Participation through Video-Conferencing	Members can login from 12:00 Noon (IST) on the date of AGM at <a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a>
4.	Helpline email-id and contact Number for e-voting and AGM participation	<b>NSDL:</b> - <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no: 022 - 4886 7000 and 022 - 2499 7000. <b>CDSL:</b> - <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43.
5.	Submission of Questions / Queries Before AGM	Questions/queries shall be submitted 48 hours before the time fixed for AGM i.e. by 12:00 Noon (IST) on <b>Wednesday 19<sup>th</sup> July, 2023</b> by any of the following process: <ul style="list-style-type: none"> <li>• Email to <a href="mailto:investor@sonacomstar.com">investor@sonacomstar.com</a> mentioning name, demat account number/folio number, registered email ID, mobile number, etc.</li> <li>• Members holding shares as on the cut-off date i.e <b>Wednesday 12<sup>th</sup> July, 2023</b>, may also visit <a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> and click on "Post Your Queries" and post queries/ views/ questions in the window provided, by mentioning name, demat account number/ folio number, email ID and mobile number.</li> </ul> <p>Members can also post their questions during AGM through the "Ask A Question" tab which is available in the VC/OAVM Facility as well as in the one way live webcast facility.</p>
6.	Speaker Registration Before AGM	Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at <a href="mailto:investor@sonacomstar.com">investor@sonacomstar.com</a> at least 48 hours before the date of AGM. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
7.	Recorded transcript	Will be made available post AGM at <a href="http://www.sonacomstar.com">www.sonacomstar.com</a>
8.	Total Dividend for FY23 recommended by Board	INR 2.81 (Rupees two and eighty-one paise only) (%) per Equity Share of the face value of Rs. 10 each/-
9.	Record date for final Dividend	Record date for final Dividend is <b>Friday 30<sup>th</sup> June, 2023.</b>
11.	Information of tax on Dividend 2022-23	<a href="http://www.sonacomstar.com">www.sonacomstar.com</a>
12.	Cut-off date for e-voting	Wednesday 12 <sup>th</sup> July, 2023.
13.	Remote E-voting start time and date	Sunday 16 <sup>th</sup> July, 2023 at 9:00 A.M.
14.	Remote E-voting end time and date	Tuesday 18 <sup>th</sup> July, 2023 at 5:00 P.M.
15.	Remote E-voting website of KFin	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a>
17.	Email Registration & Contact Updation Process	<b>Demat shareholders:</b> Contact respective Depository Participant.  <b>Physical Shareholders:</b> Send Form ISR-1 and other relevant forms to KFinTech at Selenium, Tower-B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana India – 500 032 or at the email ID <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> .

## Corporate Information

### BOARD OF DIRECTORS

#### **Sunjay Kapur**

Chairman and Non-Executive Director

#### **Vivek Vikram Singh**

Managing Director and Group Chief Executive Officer

#### **Amit Dixit**

Non - Executive Director (Nominee)

#### **Ganesh Mani\***

Non - Executive Director (Nominee)

#### **Shradha Suri**

Independent Director

#### **Prasan Abhaykumar**

Firodia Independent Director

#### **Subbu Venkata Rama Behara**

Independent Director

#### **Jeffrey Mark Overly**

Independent Director

#### **Rohit Nanda**

Group Chief Financial Officer (CFO)

#### **Ajay Pratap Singh**

Vice President (Legal)

Company Secretary and Compliance Officer

\* Term is upto the conclusion of 27<sup>th</sup> AGM of the Company.

### STATUTORY AUDITORS

#### **Walker Chandiook & Co LLP, Chartered Accountants**

21<sup>st</sup> Floor, DLF Square, Jacaranda Marg,  
DLF Phase II, Gurugram, Haryana - 122002, India  
Tel: +91 124 462 8000  
E-mail: arun.tandon@walkerchandiook.in  
Firm Registration Number: 001076N/N500013  
Peer Review Number: 011707

### SECRETARIAL AUDITORS

PI & Associates, Company Secretaries D-26,  
South Extn. Part I, New Delhi - 110049

### REGISTERED AND CORPORATE OFFICE

Sona Enclave, Village Begumpur Khatola,  
Sector 35, Gurugram, Haryana - 122004, India  
CIN: L27300HR1995PLC083037  
E-mail id:- investor@sonacomstar.com  
Tel: +91-124-4768200  
Website: www.sonacomstar.com





**SONA COMSTAR**

**SONA BLW PRECISION FORGINGS LIMITED**

**Registered Office:**

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