

Date: - 14th August, 2021

BSE Ltd. Regd. Office: Floor - 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	National Stock Exchange of India Ltd. 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 2020-21.

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



End: As above



SONA COMSTAR

Electrifying tomorrow



Annual Report 2020-21

Electrifying tomorrow

As one of the leading manufacturers and suppliers of automotive technology products, we have our sights set firmly on helping to bring the future of mobility to global consumers faster. A diversified presence across geographies and vehicle segments keeps us in touch with myriad consumer and market needs and evolving preferences. We integrate this knowledge into our offerings to consistently deliver best-in-class products that exceed consumer expectations which helps us to build lasting bonds within the automotive industry.

In our own determined ways, we are working towards ensuring a brighter and more sustainable future: one that will be digitally-driven and innovation-oriented. Our unmatched R&D focus and prowess across software and hardware applications will keep us ahead of the curve in a changing world. A customer-centric, growth-focused approach will ensure strong business development and consistent market share gains. Robust financials and industry-leading metrics will keep us in a position to make a positive difference to all our stakeholders.

KEY HIGHLIGHTS FY 2020-21

Revenue INR15,663 mn 51% y-o-y growth	EBITDA INR4,410 mn 28.2% EBITDA margin	PAT INR2,151 mn 13.7% PAT margin
International Revenue INR11,160 mn 75% of sales of goods	Battery EV INR2,057 mn 13.8% of sales of Goods	Total R&D expenditure INR915 mn

Forward-looking statement
This document contains statements about expected future events and financial and operating results, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions which are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as number of factors could cause assumptions, not to be accurate, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management’s discussion and analysis of this Annual Report 2020-21.

HIGHLIGHTS

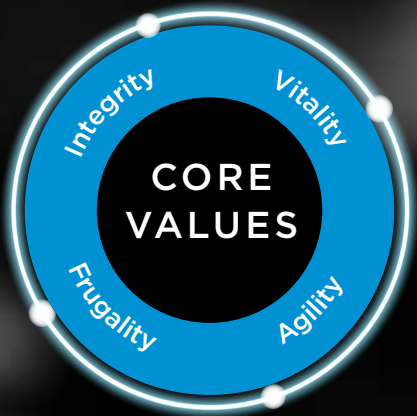
Among the top five listed auto component manufacturers in India by market capitalisation	One of the leading manufacturers and suppliers to global EV markets
Strong research and development and technological capabilities in both hardware and software development	Strong business development with high visibility on future revenue growth
Consistent financial performance with industry-leading metrics	Highly experienced Board of Directors and management team
One of the leading global automotive technology companies, gaining market share rapidly, diversified across key geographies, products, vehicle segments and customers	

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CORPORATE IDENTITY

Geared for sustainable growth



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

Sona Comstar is one of India’s leading automotive technology companies and has emerged as a major industry player since its inception in 1995.

We design, develop and distribute highly engineered, mission-critical automotive systems and components with next-generation applications.

We are among the few companies around the world with the ability to design high power density, lightweight EV systems that meet stringent standards of durability and performance.

DIFFERENTIATORS THAT KEEP US RESILIENT

Our business and its aspirations are continuously propelled by inherent strengths that set our proposition apart.

Manufacturing units

We operate nine state-of-the-art manufacturing facilities across the India, USA, Mexico, and China. Our established global presence helps us serve our customers with greater agility.

Wide product range

For OEMs across the US, Europe, India and China, across both electrified and non-electrified powertrain segments, we are engaged in the production of the following:

- Differential assemblies
- Differential gears
- Conventional and micro-hybrid starter motors
- BSG systems
- EV traction motors (BLDC and PMSM)
- Motor control units

Our products find application across all vehicle categories, including conventional passenger vehicles, commercial vehicles, off-highway vehicles, electric cars, electric light commercial vehicles, and electric two- and three- wheelers.

Research and development

We are a technology- and innovation-driven organisation with a strong focus on R&D. We operate three state-of-the-art R&D centres in Gurugram and Chennai. These centres are constantly engaged in the development of mechanical and electrical hardware systems, components and application software solutions to cater to the evolving needs of our customers and deliver progressive green technologies for a better future of mobility.

Experienced leadership

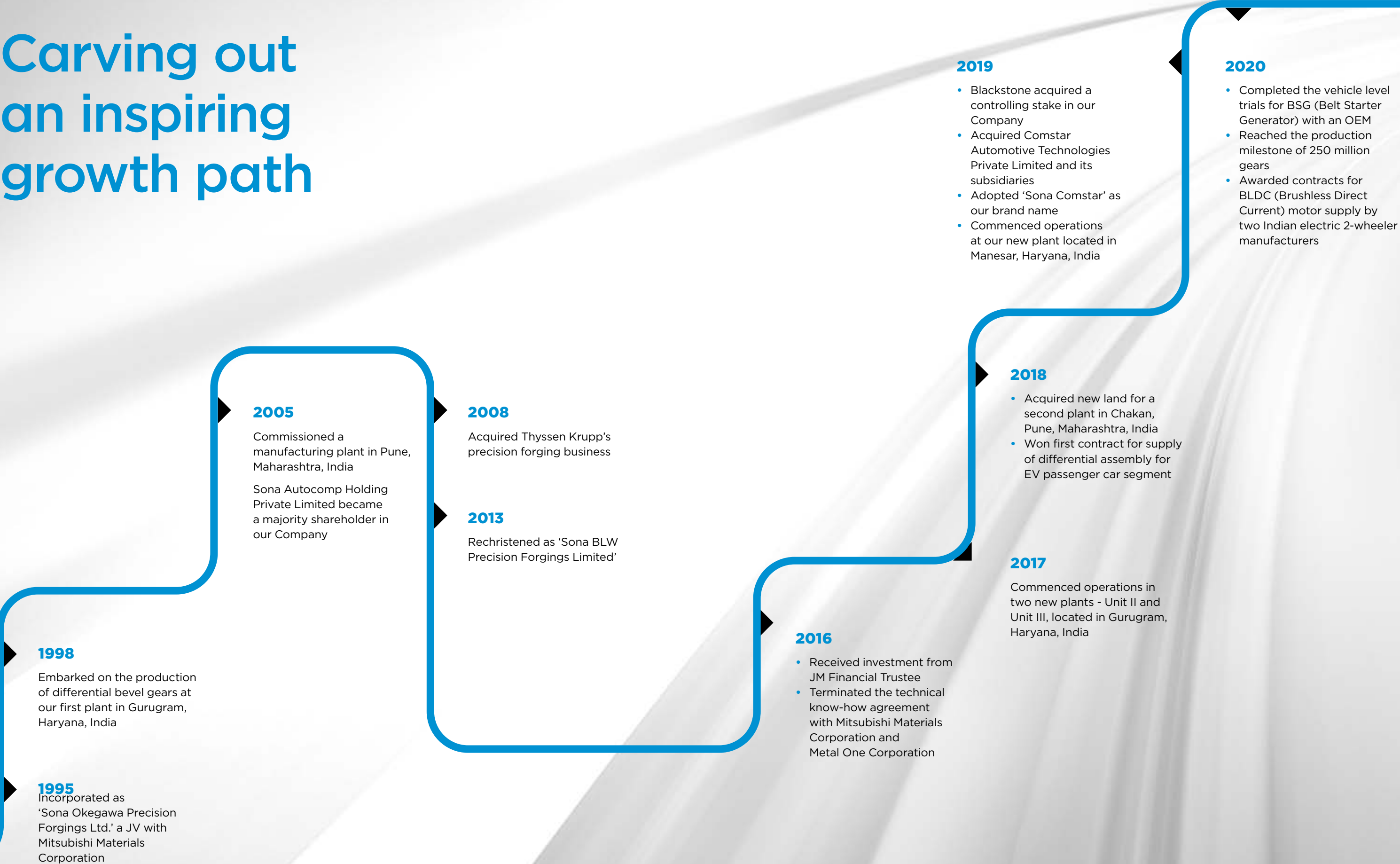
Our Company’s Chairman is Mr. Sunjay Kapur, who has over 21 years of experience in the automotive industry. He is backed by an experienced and professional management team led by Mr. Vivek Vikram Singh, Managing Director and Group CEO. Blackstone, a leading global investment firm, is the largest shareholder of our Company.

3
R&D CENTRES

9
MANUFACTURING FACILITIES

JOURNEY

Carving out an inspiring growth path

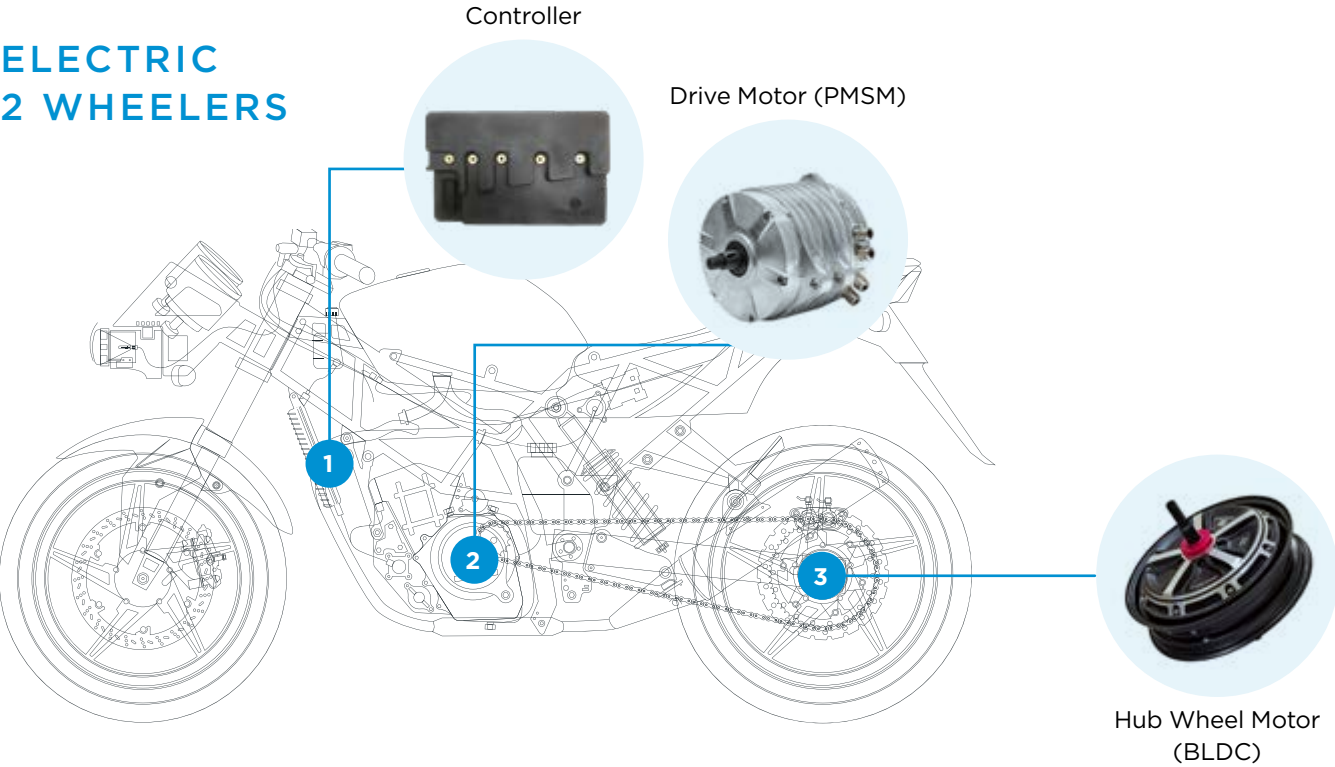


PRODUCT OFFERINGS

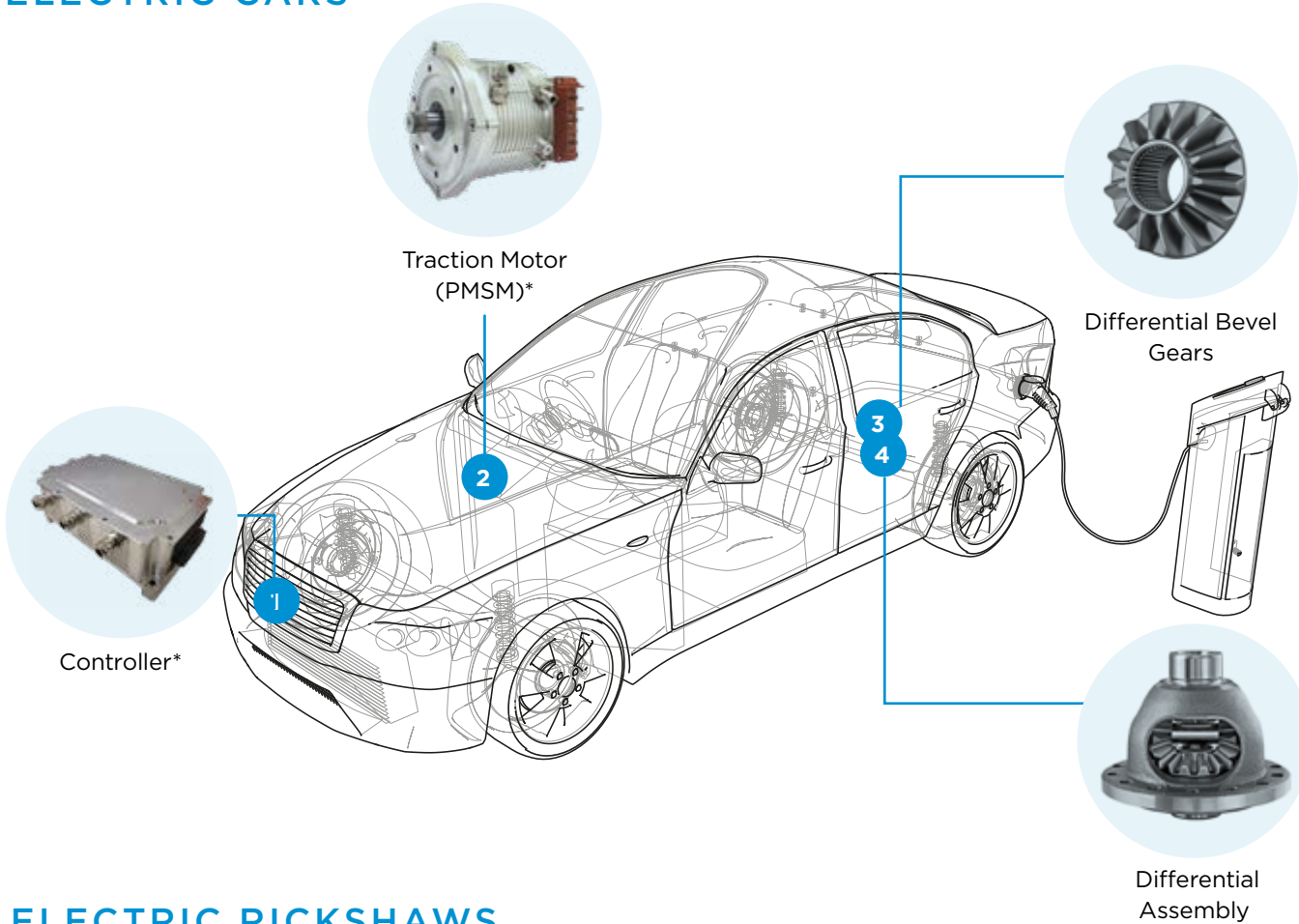
A diversified portfolio of best-in-class offerings

Our ability to deliver diverse and customised mission-critical products for all types of electric vehicles, passenger vehicles, commercial vehicles, and off-highway vehicles makes us a one-stop automotive technology solution provider globally.

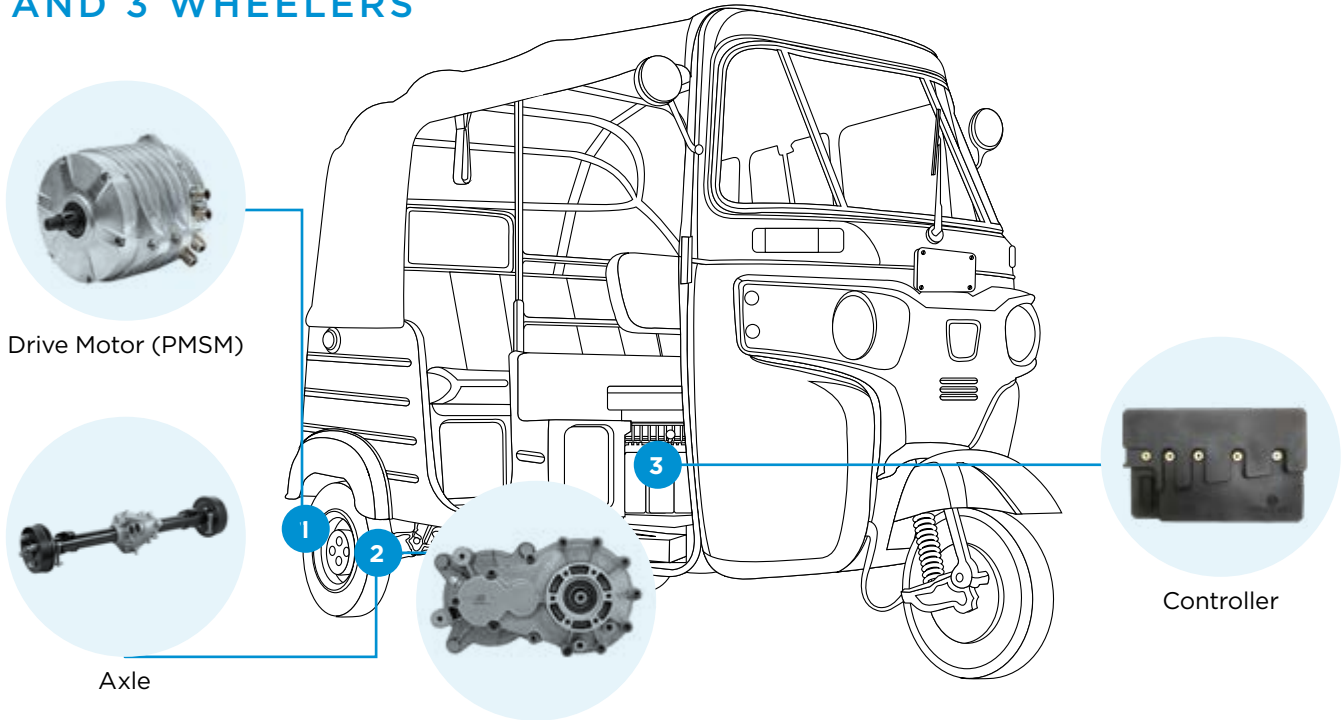
ELECTRIC 2 WHEELERS



ELECTRIC CARS

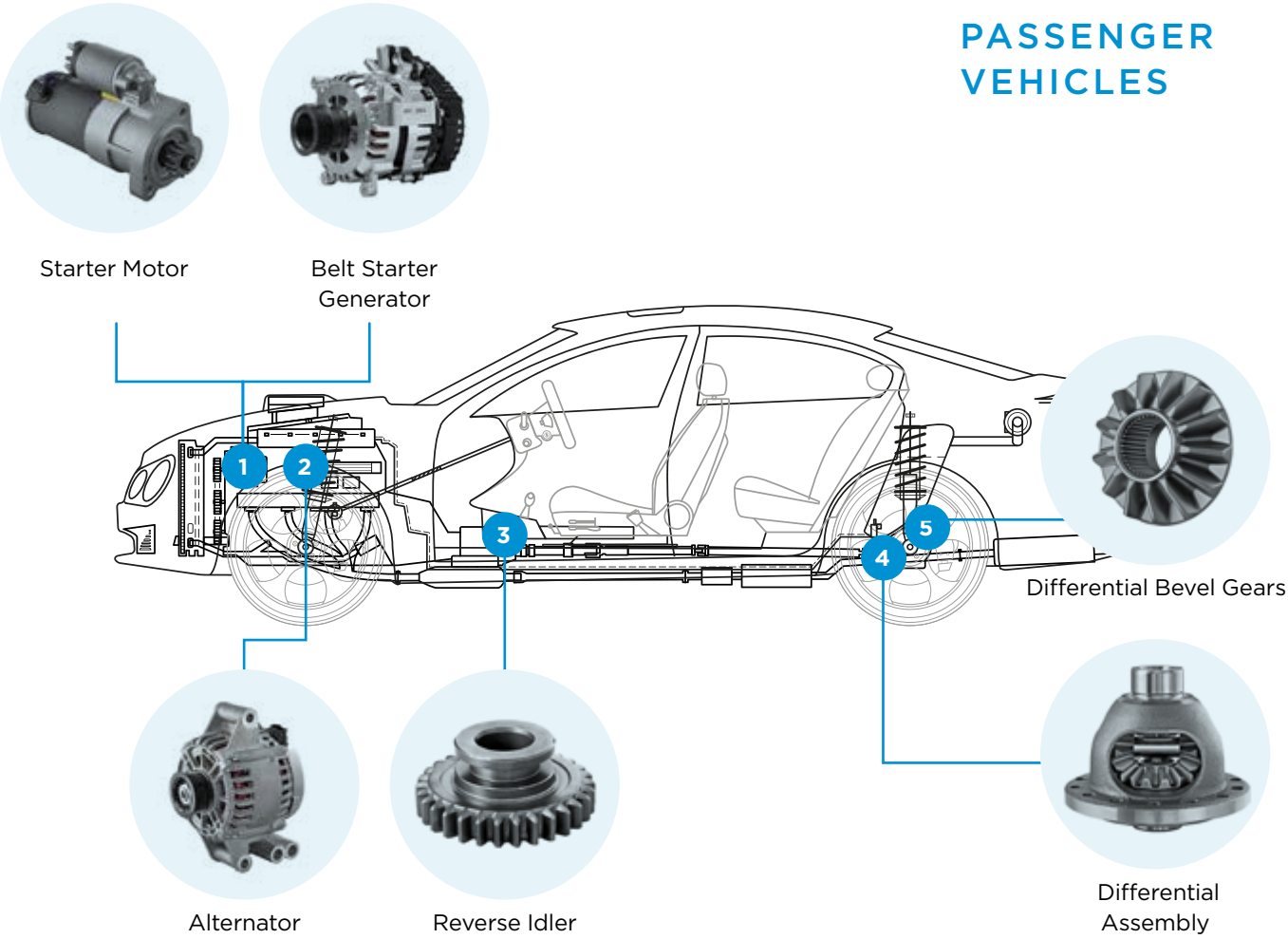


ELECTRIC RICKSHAWS AND 3 WHEELERS

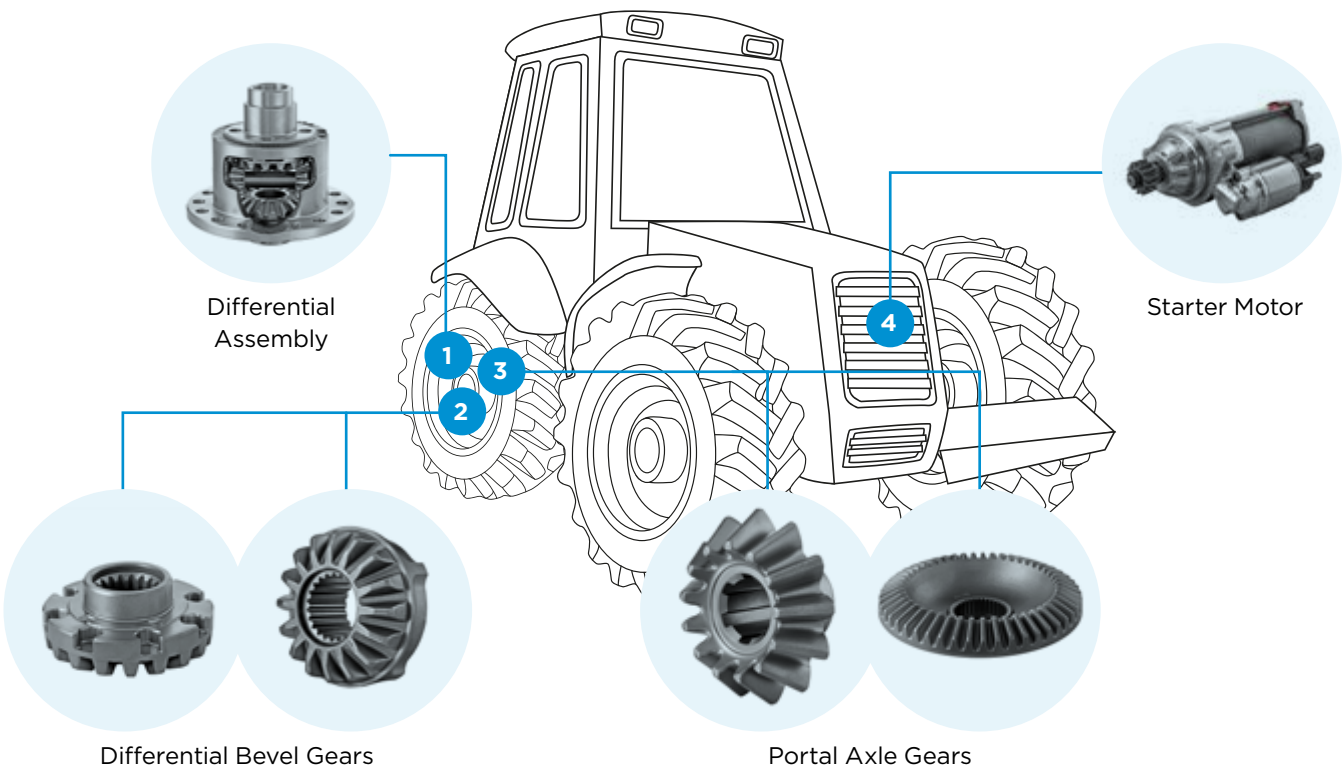


Note:
Product Images and technical drawings are for representation purpose only.
* Products under technical validation at the customer

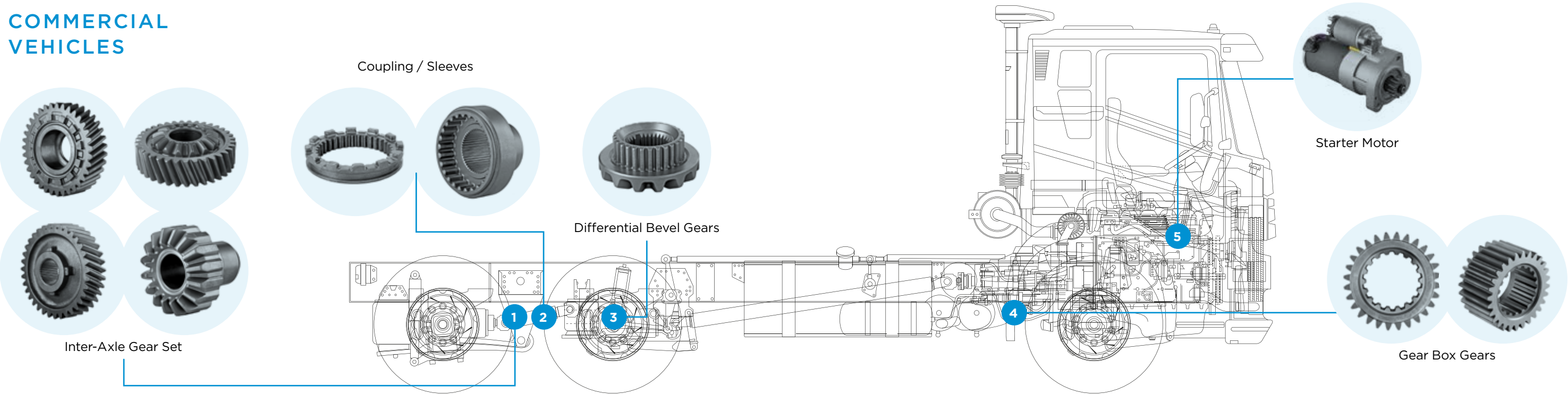
PRODUCT OFFERINGS



OFF HIGHWAY VEHICLES



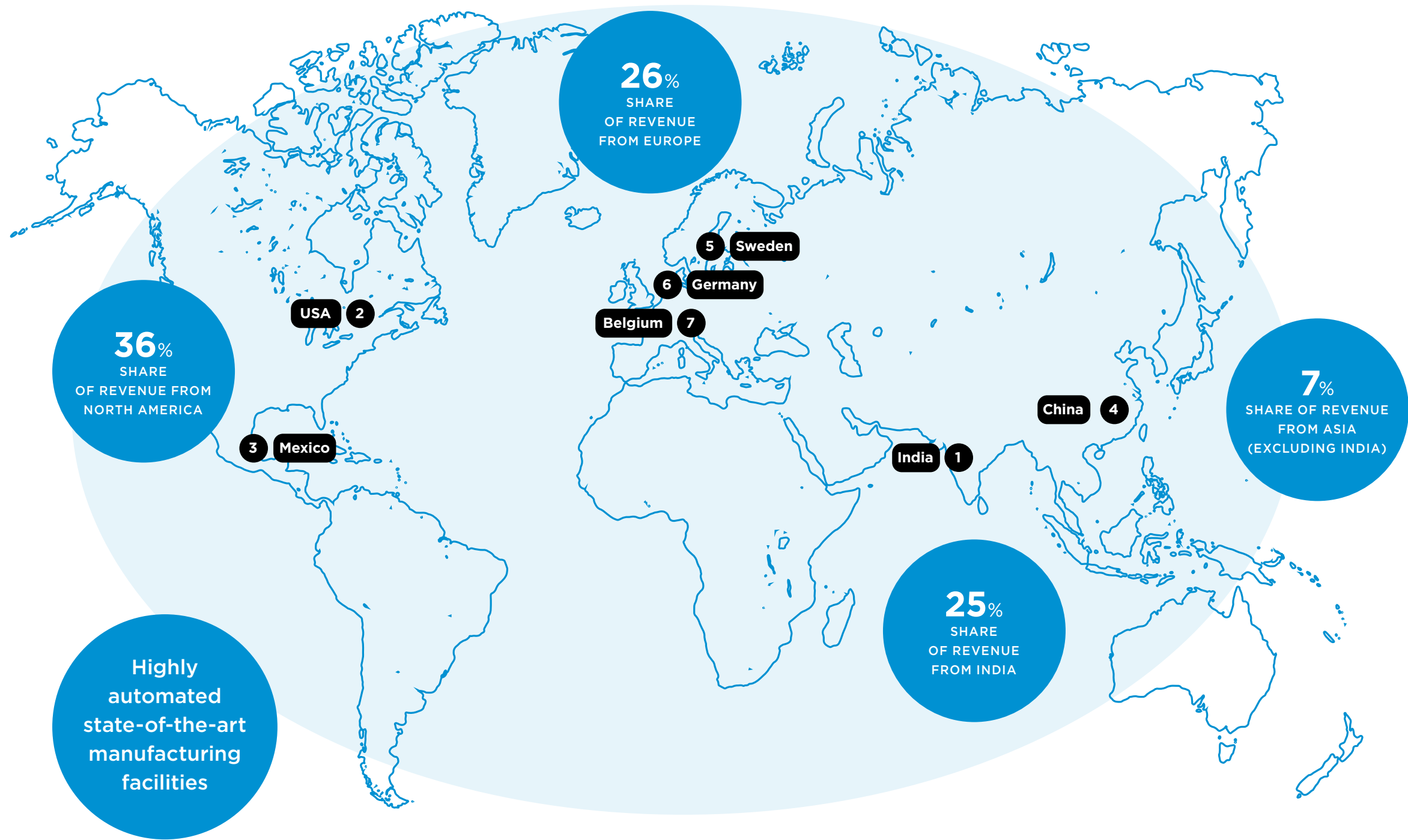
COMMERCIAL VEHICLES



PRESENCE

Going the extra mile. Staying close to the customer.

We think on our feet and understand the increasing need to remove logistical imbalances in our value chain. Our focus thus has been on expanding our presence across the world to become a trusted name within the global automotive technology market.



1 India
Manufacturing plant
Gurugram
Chennai
Manesar
Pune
Capacity
28.7 mn gears
3.8 mn starter motors
530K differential assemblies
9.3 mn gears
Warehouse: Hosur, Pune, Sanand, Rudrapur, Mehsana

2 USA
Manufacturing Plant:
Tecumseh, MI
Capacity:
1 mn starter motors
Warehouse: Ypsilanti

3 Mexico
Manufacturing Plant:
Irapuato
Capacity:
1 mn starter motors

4 China
Manufacturing Plant:
Hangzhou
Capacity:
1 mn starter motors

5 Sweden
Sales office: Gothenburg
6 Germany
Warehouse: Cologne

7 Belgium
Warehouse: Genk

CORE COMPETENCIES

Geared for sustainable growth

Diversified presence across geographies and segments

We are well-placed to overcome cyclical downturns in the automotive industry as we have strategically diversified our areas of presence across all segments.

We avoid concentrating dependence on any single product, geography or vehicle segment; validated in the fact that our revenue is distributed across geographies and segments.

Largest manufacturer of differential gears for passenger vehicles, commercial vehicles and tractor OEMs in India, with market share of

PASSENGER VEHICLES

55%-60%

COMMERCIAL VEHICLES

80%-90%

TRACTOR OEMS

75%-85%

Among the top two exporters of starter motors from India and top 10 global starter motor suppliers in CY 2020.

Our presence

Besides nine manufacturing and assembly facilities across India, USA, Mexico, and China we have eight warehouses across India, USA, Germany and Belgium.

5%

GLOBAL MARKET SHARE
IN DIFFERENTIAL GEARS
IN CY 2020

3%

GLOBAL MARKET SHARE
IN STARTER MOTORS,
CY 2020

(Source: Ricardo Report, CRISIL)

Prominence in Electric Vehicles (EVs)

We supply differential gears and differential assemblies to global EV manufacturers since 2016 and 2018, respectively. We also design and manufacture state-of-the-art traction motors and motor control units including brushless DC (BLDC) motor and Permanent Magnet Synchronous Motors (PMSM) for electric two-wheelers and three-wheelers.

We are among the leading suppliers of BLDC motors in the Indian two-wheeler and three-wheeler EV market.

Our team is also involved in developing a 48V belt-driven starter generator (BSG) motor for hybrid PVs, for which we have successfully completed vehicle level demonstration for select global OEMs.

The powertrain evolution from IC engine vehicles to EV vehicles is also increasing our realisation per vehicle.

Strong foothold in an evolving market

Being globally well-positioned to combine the capabilities of our motor and driveline segments and deliver enhanced value to our EV customer base has been a winning differentiator for us.

We are continuously working to improve our capabilities and the quality of our products through new technologies and manufacturing efficiencies. Making the planet more sustainable inspires us, and we have been working towards bringing customer-centric, EV-specific products to the market.

8.7%

GLOBAL MARKET SHARE IN
BATTERY EV DIFFERENTIAL
ASSEMBLIES, CY 2020

15

NEW DEVELOPMENT
PROGRAMMES ACTIVE
as on 31st March 2021

(Source: Ricardo Report, CRISIL)

Technological superiority

Technological know-how has been our primary growth catalyst over the years, and constant R&D progress is critical for our business.

We have spent an aggregate of INR 1,563 million (including comstar) on R&D development in the last 3 years, including INR 915 million in FY2020-21, which is 5.8% of our overall revenue.

Invested in maximising R&D potential

Our evolutionary R&D facilities in Gurugram, India and Chennai, India are equipped with cutting-edge technologies as well as advanced design softwares. Our portfolio is further enriched with several intellectual property rights in the form of patents and licences for projects. We have been granted one new patent in USA, China and United Kingdom, individually, and hold assignment of license rights to eight patents in USA.

INR571 mn

SOFTWARE
DEVELOPMENT EXPENSE
IN FY 2020-21

15*

PATENTS AWAITING
APPROVAL IN INDIA
as on 31st March 2021

* includes Comstar

Customer-centricity

Customer-centricity is at the heart of our business model and we have worked to form solid, enduring bonds with some of the leading OEMs across the world. We collaborate with our customers from the conceptualisation stage right till delivery and strive to enhance the value we offer every time.

We conduct frequent meetings with our customers to receive feedback on our performance across parameters of quality, delivery and cost, among others.

Several industry recognitions have been bestowed upon us for our unblemished track record of customer satisfaction. As on 31st March 2021, we have been awarded 58 programmes from 27 customers across our product portfolio from Indian as well as international customers.

WE HAVE LONG-STANDING
RELATIONSHIPS OF
>15 years
WITH 13 OF OUR TOP 20
CUSTOMERS

CHAIRMAN'S COMMUNIQUE

Becoming a one-stop, local solution. Globally.



As the pandemic-induced lockdown resulted in interrupted or stalled business activities, mass-panic and muted consumer sentiment became prevalent in the first half of the year. However, backed by the government's proactive measures, the situation started improving towards the second half of the year, and the economy began to regain normalcy. This strength of spirit gives us hope around the consumers' ability to adapt to changing market dynamics.

The prolonged lull in the automotive industry, notwithstanding, there are several aspects that keep us optimistic about the future. We are currently living in what can be called India 2.0, which has evolved drastically over the last few years, and is well on its way towards a digital revolution. The Government's focus on empowering domestic manufacturers through the 'Atmanirbhar Bharat' movement also augurs well for us.

The impending EV boom in the country strengthens our confidence, with the government and private players ensuring the incorporation of EVs across the country. Favourable government initiatives like FAME II subsidies of up to INR 3 lakh for EVs in commercial use, reduction of GST rate to 5%, waiver of road tax and registration in several states, and income tax benefits of up to INR 1.5 lakh for individuals, are projected to drive the demand for EVs over the foreseeable future.

Sectoral challenges notwithstanding, macroeconomic factors like the increasing population, spend on infrastructure, growing middle-class and improving lifestyle choices will be a constant driver of growth over the long term.

We are industry leaders in the manufacturing of auto components for two-wheelers, three-wheelers and four-wheelers.

Our manufacturing facilities span the globe and our in-house technological capabilities ensure that we are always ahead of the curve.

Besides these, our growing presence will help us capitalise on the untapped market potential of Indian as well as European, Chinese and American EV markets.

We are essentially a technology- and research-driven enterprise always looking to improve our in-house capabilities. We implemented digitalisation to the extent possible to ensure that we are able to reach to the optimum levels of manufacturing efficiency across our manufacturing units.

Since the time we began our journey, we have always reiterated that our employees are our biggest asset. Aimed at keeping a closer watch on their well-being, we launched the Sona Health App. Vaccination drives for our employees and their family members were also arranged by our team.

I would like to end on a note of gratitude for all our stakeholders for the indomitable spirit demonstrated by them during these unprecedented times. This is the beginning of a new journey, with a successful IPO that assures us of the confidence reposed in our business and inherent strengths that will solidify our presence as leaders in the global industry.

Regards,

Sunjay Kapur
Chairman and Non Executive Director

Making the best out of the worst

“It was the best of times, it was the worst of times... it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness” these lines from Charles Dickens have never felt more apt than in the year that just went by.

Encapsulating FY 2020-21

What started as a year staring at the abyss, with complete shutdowns of all plants concluded as the best financial year in our history. It also became the year we launched the maximum number of new products and debuted successfully on the public markets. Our revenue grew 51% over the previous year, despite a challenging operating environment. Most importantly, we got a few steps closer to our mission of becoming India's most respected and valuable auto technology company. Today, we are among a handful of automotive suppliers globally to have all three – large EV revenue share at 14%; good scale translating into high growth; and remarkable financial performance.

We started supplying motors to electric vehicle makers for the first time, while the differential assembly sales to EVs also entered a higher orbit, as a result of which our revenue from sales to electric vehicles rocketed by almost eight times from -INR 234 million to INR 2,057 million, and our market share of global BEV differential assembly market has gone from almost zero to 8.7% in FY 2020-21.

Navigating a difficult reality

There was a cost however. The last year took something from each one of us. Many of us, including myself, were infected by the COVID-19 virus and it took a toll on our physical and mental health. Our HR, Manufacturing and Operations teams put in immense efforts in keeping our factories running, while implementing best-in-class safety measures. For fifteen months, we were successful in keeping the virus from claiming any of our own 3200 people. We finally faltered against the virus a couple of months ago, when despite our best efforts, we lost one of our colleagues, Murali Kumar. His loss reminded us that there is no vaccine against fate. I would unflinchingly trade all our achievements of the last year if there was a way to reverse all of this pain and loss. Nevertheless, I am extremely proud of the little light we could bring to our community, be it serving nearly 1 million meals to the poor, or the 20 biPaps donated to hospitals and above all our exemplary track record in managing the health and safety of our workforce.

Strategy going forward

The future of mobility has arrived. With the three principal stakeholders- the governments, the customers and the automakers; fully embracing electrification, it has now become immutable and inevitable.

We are approaching a brave new world of new problems in designing and manufacturing “born Electric” platforms, new ways to solve them and new powertrain products to do that with. We took this plunge quite early and invested in R&D to come up with the right products, at the right cost. Our EV journey

started in 2016 with gears for electric vehicles, and has now progressed to differential assemblies, BSG systems, BLDC and PMSM motors as well as complete electrified axles for new-age electric vehicles. This has been possible because of our unrelenting efforts to provide our customers with high power density products to handle the enhanced requirements of EVs.

Another passion we ardently pursue, besides electrification, is global market share growth, with an urge to be competitive, truly matter on the world stage. Today, we serve 6 of the world's top 10 car makers; 3 of the top 10 truck makers and 8 of the top 10 tractor makers.

Our customers have embraced us for consistency and quality of performance and enabled us to command 5% of the world's differential gears market and 3% of the world's starter motor market in CY 2020.

We currently have a strong order book, having been awarded purchase orders for 58 programmes for 27 customers which have either recently begun or will commence in the next few quarters, strongly setting us up for future growth in global market share for all our main products.

Marching ahead with determination

“All our plans, strategies, targets and ambitions, rest on the foundation of our values, of Integrity, Vitality, Frugality and Agility. For us, these are much more than words on a wall in our corporate office, they are truly everything we live by at Sona Comstar. We believe in doing the right thing, irrespective of the cost it may entail. As we turn a new leaf in the growth story of our Company, we request the support, faith and collaboration of our invaluable stakeholder fraternity.”



Vivek Vikram Singh
MD & Group CEO

CFO COMMUNIQUE

Charging ahead with resilience

Fiscal 2021 also turned out to be a historic one for Sona Comstar, as we navigated cautiously through the uncertain times. Even at the bleakest of moments, the strength of our balance sheet gave us the confidence that we would be amongst the first ones in our industry to come out of this global crisis.

Dear Stakeholders,

Fiscal 2021 was a historic one in every sense. It began with the onset of a global pandemic, unprecedented in scale and impact in nearly a century. Countries across the globe imposed lockdowns as we stared at one of the greatest economic uncertainties of the modern times.

What we have witnessed thereafter is a testament to the uncanny ability of the human race to bounce back from the greatest set-backs. Despite the sad loss of lives to COVID-19 across the globe, we are now learning to live with the virus and perhaps there's no choice in the immediate future either. Multiple vaccines have been developed and rolled out at a global scale within a miraculously short span of time, potentially saving millions of lives. Though the virus continues to haunt various parts of globe, the confidence with which we are facing it now is far greater than it was less than a year ago.

Automotive industry, to begin with, was thought of as one of the potentially big losers in this new environment since people suspected a lower need of mobility due to lockdowns and propagation of people working from home permanently. But as we have learnt to live with the virus and people are trying to lead their lives in the new normal, an increasing need is being felt for personal mobility which amongst other factors is driving up the demand for automobiles.

Key developments for us:

Fiscal 2021 also turned out to be a historic one for Sona Comstar, as we navigated cautiously through the uncertain times. Even at the bleakest of moments, the strength of our balance sheet gave us the confidence that we would be amongst the first ones in our industry to come out of this global crisis. In retrospect, this confidence was not unfounded. We eventually ended the year registering our best performance both in terms of Revenue and Profit after tax (adjusted for exceptional items).

By upgrading our long-term rating to AA-, India Ratings validated our strong fundamentals and robustness of our business model. The merger of Comstar India, acquired on 5th July 2019, with Sona continues to be a work in progress as the matter is under consideration of NCLT Chandigarh. We also embarked on an important journey during the year to get listed, which was completed successfully on 24th June 2021. Our mission is to be India's most respected and valuable Auto Technology company and listing is an important milestone in this journey of ours. We now have 32.7% public shareholders which casts an even greater responsibility on us.

This was also a year in which our investments and belief in our EV focussed business started to unfold at scale. Our Revenue from Sale of Goods for EV vehicles surged to 14% of the total Revenue from merely 2% in the year before. We also started to manufacture and

supply BLDC motors during this year after our intensive R&D efforts. Our total R&D spend for Fiscal 21 was 5.8 % of our revenue, however going forward it will be driven by the R&D projects we undertake from time to time and, therefore, may not be consistent across the years. BLDC motors business is small as of now but the incentives from Central and State Governments coupled with the necessary regulatory push are expected to bring 2 wheeler EV market in India to life over the next few years. We intend to continue our focus on growth in our EV revenue and global market share in various products that we manufacture.

The Company reported a revenue of INR 15,663 million in Fiscal 2021 against INR 10,380 million in Fiscal 2020, showing a growth of 51%. Although part of this increase was caused by inclusion of the revenue from Comstar entities in Fiscal 2020 from the date of their acquisition on 5th July 2019, yet the revenue from sale of goods grew at a healthy 28% even after adjusting for this abnormality. We also managed to improve

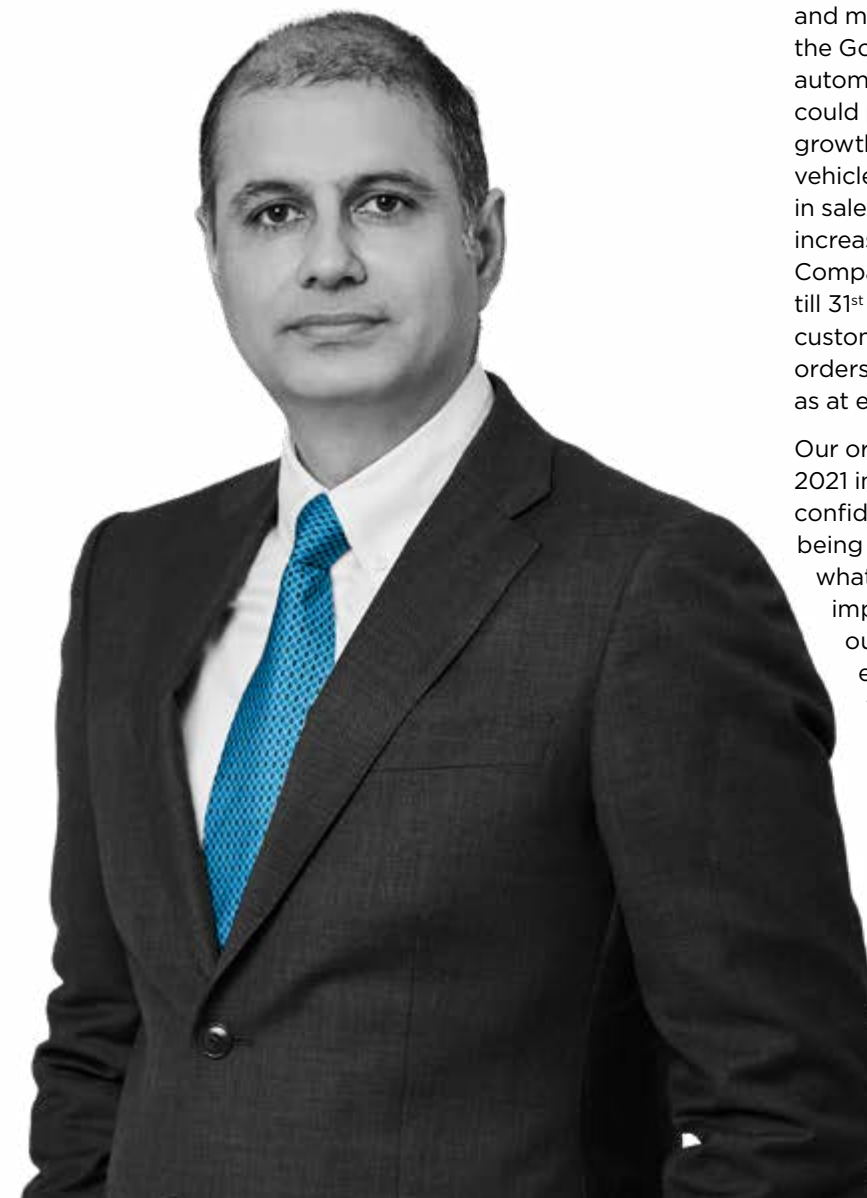
our EBITDA margin compared to the previous year. However our PAT came in lower at INR 2,152 million in Fiscal 2021 compared to INR 3,653 million because of exceptional gain of INR 2368 million and certain one-time tax adjustments in Fiscal 2020. It was also adversely impacted by an exceptional expense of INR 139 million on account of IPO expenses during Fiscal 2021. We generated INR 1,427 million Free Cash Flow from operations and deployed INR 2,189 million in Capex during the year. We had a net consolidated debt of INR 3,387 million, as on 31st March 2021, which is about 0.8x times our EBITDA.

Looking ahead with cautious optimism

Foreseeable macro headwinds for the automotive industry are the risks arising from resurgence of COVID-19, semi-conductor chip shortage and continued rise in metal prices. The biggest tailwinds are expected to emanate from the massive fiscal and monetary stimulus measures rolled out by the Governments worldwide and the low base of automobile sales in 2020. Industry trends which could potentially be supportive of the Company's growth are intensified pace of electrification of light vehicles across US, Europe, and China, acceleration in sale of EV 2 and 3 wheelers in India and the increasing trend towards multi axle vehicles. The Company has won 58 new orders from 27 customers till 31st March '21 (including 15 EV orders from 10 customers), out of which 24 orders (including 8 EV orders) were already under commercial production as at end of last fiscal year.

Our order book and performance in Fiscal 2021 in spite of the pandemic, give us a lot of confidence about facing the future. So without being complacent, we are cautiously optimistic of what lies ahead for us. Last but not the least, it is important for us to express our gratitude to all our employees who have worked tirelessly to ensure the continuity of our business during this unprecedented year. I also thank all our shareholders for bestowing their faith in our exciting journey ahead.

Rohit Nanda
Group CFO



KEY PERFORMANCE INDICATORS

Underlining progress with robust outcomes

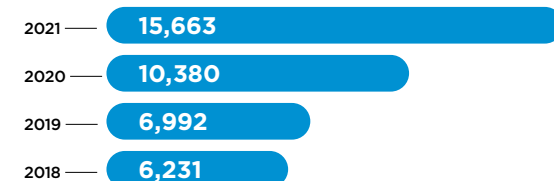
We are among the leading automotive component manufacturers in the country, validated by our strong performance across both financial as well as non-financial parameters.

PROFIT AND LOSS

REVENUE

₹ in million

15,663

EBITDA MARGIN[®]

%

28.2



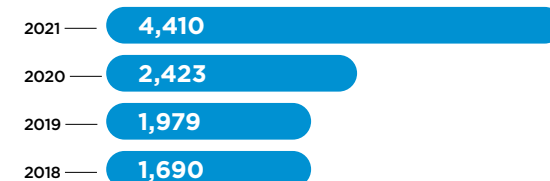
[®]EBITDA margin = EBITDA from continuing operations / Revenue from operations from continuing operations.

► Please refer to Page 49 for detailed analysis

EBITDA^{*}

₹ in million

4,410

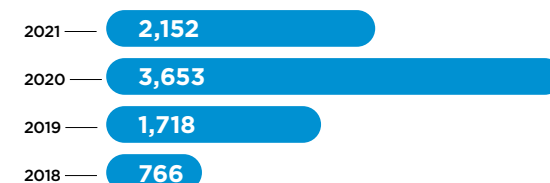


^{*}EBITDA for the year from continuing operations

PAT[#]

₹ in million

2,151



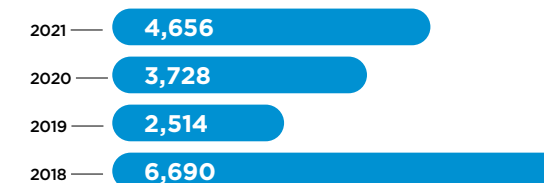
[#]2018, 2019 & 2020 include profit / loss from discontinued operations.

BALANCE SHEET

GROSS BLOCK[§]

₹ in million

4,655

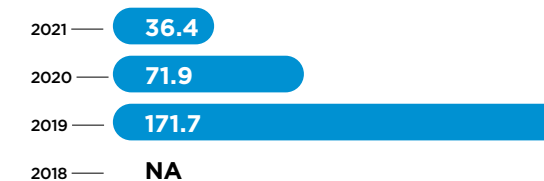


[§]Property, plant and equipment only

RETURN ON EQUITY[^]

%

36.4

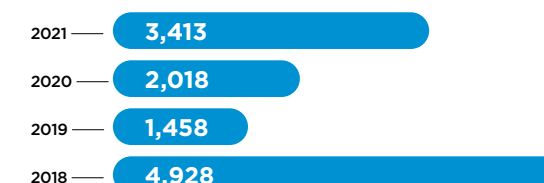


[^]PAT / tangible net worth

NET DEBT[&]

₹ in million

3,413



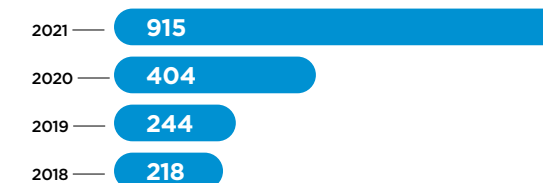
[&]Long term debts and Short term borrowing less Cash and cash equivalents.

NON-FINANCIAL

R&D INVESTMENTS^{**}

₹ in million

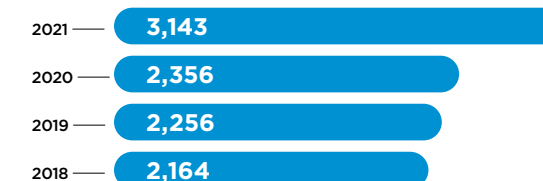
915



^{**} includes Comstar

TOTAL EMPLOYEES^{**}

3,143



^{**} includes Comstar

TRAINING HOURS PER PERSON^{**}

hours

40



^{**} includes Comstar

ALLOCATION TOWARDS CSR INITIATIVES^{**}

₹ in million

53



^{**} includes Comstar

OPPORTUNITY LANDSCAPE

Bolstered
by a global
electrification
movement

Even as the automotive industry continued to navigate volatilities, a sustained trend has been the accelerated adoption of EVs. In line with this, the whole world is headed towards an electrification boom, which is projected to alter the automotive experience for good.

The global outlook

Recovery from the automotive recession following September 2018, attributable to substantially lower credit availability, decreasing demand of the infrastructure and the mining sector, migration to BS-VI norms and muted consumer sentiment, was disrupted due to the pandemic. However, the automotive industry stayed stable through this due to a culmination of tailwinds like global supply-chain rebalancing, government incentives to increase exports and technology interventions, which helped create opportunities across levels of the automotive value chain.

Electrification of vehicles

Fortified by the increasing awareness of environmental issues, the Government of India placed greater emphasis on the introduction of EV vehicles in the industry.

The thrust on electrification of vehicles increased exponentially over the last few years and can be attributed to:

- | | |
|---|--|
| Rising awareness of climate change | Increasing public awareness about the need to reduce CO₂ emissions and use of fossil fuels |
| Government policies and fiscal support towards vehicle electrification | Introduction of stringent emission and fuel economy norms by multiple countries |

Major developments over the past two years

- | | | |
|---|---|---|
| Introduction of EVs with higher range | Installation of captive chargers by fleets | Installation of multiple charging points in several cities |
| Significant reduction in the prices of EVs due to favourable government initiatives
like FAME II subsidies of up to INR 3 lakh for EVs in commercial use, reduction of GST rate to 5%, waiver of road tax and registration in several states, and income tax benefits of up to INR 1.5 lakh for individuals | | |

Both the Government as well as private players boarded the electrification wagon, while OEMs have started installing of home charging points to address customer needs. The result of these initiatives, coupled with the impact of the rising fuel prices, will drive the demand for EVs over the foreseeable future; Indian EV sales is projected to grow at an annual growth rate of 26% between FY 2020-21 and FY 2022-23.

(Source: Fitch)

STRATEGIC PRIORITIES

Building on a futuristic framework for progress

Our strategic objectives have been carefully articulated keeping in focus the evolving mobility needs of customers and stakeholders we work with. We measure the progress achieved on these goals every year, and regard it as the rulebook to navigating a turbulent year.



Strategic priorities

Capitalising on market opportunities in the growing electric vehicle (EV) space

[PG 26](#) —>

Significantly increasing our global market share from existing systems and components

[PG 28](#) —>

Greater emphasis on R&D to develop new and innovative systems and components

[PG 30](#) —>

CAPITALISING ON MARKET OPPORTUNITIES

Well-positioned to capitalise on EV opportunities

The increasing awareness around climate change and growing consumer consciousness led to the emergence of the EV drive across the world, and we are attractively positioned to capitalise on this evolving reality.

As global economies take active interest in eco conservation, a shift towards greener pastures has been noticed in most industries, including the automobile industry.

Battery Electric Vehicles (BEVs) growth proposition

Of all the propulsion technologies available in the market, the BEVs have been the standout and have reported a CAGR of ~46% between 2015 and 2020 and is projected to grow at a CAGR of ~36% between 2020 and 2025.

(Source: Ricardo Report, CRISIL)

OUR POSITION

We have a diversified product basket, comprising all types of electrified powertrains. We have been consciously trying to increase the share of our revenue from the EV market, which would also validate our commitment and emphasis towards becoming a greener company.

Significant strides have been made in technology and product innovation at Sona Comstar and we will gain greater market share by catering to the needs of EV OEMs across the following three product groups:



Differential assemblies and differential gears

The electric drivetrain segment is projected to pose the most attractive opportunities across the entire automotive supply chain, slated to reach a market value of US\$ 56 billion by 2025, a growth of 4x compared to US\$ 14 billion in 2018. In response, we leveraged our deep knowledge in precision forging technologies and developed differential assemblies and differential gears with core design features that meet the demands of increasing vehicle electrification, such as high-power density, improved fuel efficiency and reduced weight.

Our efforts helped us increase market share and receive new EV programmes for the production of differential assemblies and differential gears for supply to EV manufacturers across North America, Europe, China and India. The focus will remain on adding newer EV customers to our portfolio and increasing the share of our business with existing customers through proactive marketing initiatives.

(Source: Ricardo Report, CRISIL)



48V BSG motor

The global hybrid market is projected to grow nearly 4x by 2025 and account for ~21% of the propulsion split for passenger vehicles. Global automotive markets like China, Europe and the USA have already introduced stringent fuel economy and emission norms, leading to OEMs and suppliers across the globe and alternative technologies that can meet future Corporate Average Fuel Efficiency (CAFE) norms.

We developed our 48V BSG motor for hybrid PVs, which will lead to the reduction in fuel consumption and CO₂ emissions, thereby meeting the requirements of the CAFE norms. We have successfully completed the demonstration of the 48V BSG system. Leveraging our expertise, we are focused on being the frontrunners in providing hybridisation solutions to OEMs across the globe.



EV traction motors (BLDC and PMSM) and motor control units

There has been a significant increase in the global demand for hybrid and battery electric PVs, electric two-wheelers and electric three-wheelers. We are designing and manufacturing traction motors and motor control units for electric three-wheelers and two-wheelers, and are the pioneers of BLDC motors for electric two-wheelers and three-wheelers in India. We believe that we are attractively placed in this segment and by leveraging our market position, we will be able to increase our market share significantly in the foreseeable future.

INCREASING MARKET SHARE

Retaining and widening our loyalty base

In the last 25 years, our Company has established a solid presence globally, but we are always striving to do better. Our sights are set on becoming the undisputed market leader in the EV systems and components space and are focused on increasing our market share globally.

Our manufacturing and assembly facilities span three continents and are strategically located to serve existing customers and cater to the customised needs of new customers.

OUR POSITION

Increasing share from existing systems and components

Our market share of differential gears, starter motors and BEV differential assemblies increased to 5%, 3% and 8.7%, respectively. We plan on expanding our presence in the European market for driveline products and in the Chinese market for micro-hybrid starter motors for PVs and LCVs as well as our 48V BSG systems for hybrid PVs.

Multi-axle vehicle drives

The global as well as Indian automotive industry is experiencing a growing market preference for multiple axle vehicles in passenger vehicles, commercial vehicles and tractors. A light commercial vehicle (LCV) has six differential gears in a two-wheel-drive configuration. In contrast, an M&HCV has two sets of six differential gears each, along with an inter-axle differential consisting of nine gears in a four-wheel-drive configuration to support the torque requirement of respective vehicle segments.

(Source: Ricardo Report, CRISIL)

Therefore, in a four-wheel-drive configuration, the M&HCV truck has a total of 20 differential gears. There has been a gradual shift in the demand for four-wheel-drive vehicles, particularly in the utility vehicle segment, which will result in higher per-vehicle gear content. We expect this trend towards the preference for multi-axle vehicles to increase the demand for our differential gears over the foreseeable future.

Integrated powertrain systems in EVs

Integrated drive units have three key components - differential assembly, high voltage traction motors, and high voltage inverters. We are engaged in the manufacturing of electric drive motors and inverters for electric 2-wheelers and hybrid passenger vehicles, as well as differential assemblies for battery electric passenger vehicles. We are among the few companies globally with the capability to integrate the three key constituents of the electric powertrain into a single matched unit, thereby offering efficient and compact solutions to OEMs across the world.

TECHNOLOGY AND R&D FOCUS

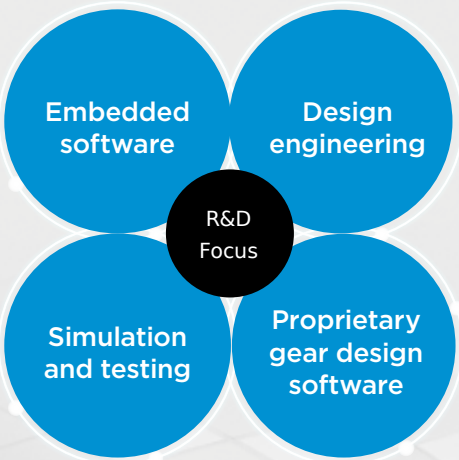
Gaining an edge with technological know-how



“Our technology-driven approach and a particular focus on R&D is what differentiates us from our peers.”

Kiran Manohar Deshmukh, Group CTO

We invest in growing and refining our R&D capability to ensure that we have the requisite strengths to stay ahead of the competition. Our R&D investments are significantly higher in comparison to industry standards.



Ready for the Electric Revolution

Driveline division
In the driveline division, our main product is differential bevel gears. We were the first company in India to manufacture gears using the precision forming process. Our material yield is much higher than the gears manufactured using traditional methods because we form the gear teeth and do not cut them from a blank. The internal grain flow of formed gears is aligned with the tooth profile, making these teeth far superior to the teeth of machined gears.

We have developed an in-house proprietary gear design software that helps us create gear tooth profiles optimised for specific customer needs. Our over two decades of experience has resulted in several improvements spanning the processes of forging, machining, heat treatment, and surface treatment.

It is not surprising that the differential gears of electric cars must be much stronger, more precise, and power-denser than those used in ICE vehicles. The electric motors of EVs are typically mounted on the axle, and the entire power of the motor is immediately available to the differential gears. Unlike ICE vehicles, the electric motor can attain its full torque at almost zero speed. Electric cars are inherently silent, so they demand high NVH characteristics from the components of their drivetrains. In the quest to increase the range of electric vehicles, car makers are always looking for ways to reduce the weight of the parts without adversely affecting their performance.

Thanks to our precision forming technology, we can provide to our electric vehicle OEMs the differential drive units that are:

- Stronger and more durable,
- Quieter, and
- Lighter in weight.

Electric division
We are primarily engaged in the manufacturing of starter motors for light, passenger, and commercial vehicles. We share long-standing relationships with some of the leading OEMs that have manufacturing plants and consumers worldwide. Our high-performance starter motors withstand extreme temperature conditions experienced in Europe and North America.

Given the recent shift towards the electrification of drivetrain, we have focused our R&D efforts towards developing drive motors and controllers for different types of hybrid and electric vehicles. A significant component of these efforts has been in developing the hardware and software for the controllers. We have invested heavily in enabling algorithms, cybersecurity, On-Board Diagnostics, Over-The-Air updates, and other capabilities.

~126%
INCREASE IN R&D EXPENDITURE
IN FY 2020-21 COMPARED TO THE
PREVIOUS YEAR (INCLUDING COMSTAR)

INITIATIVES FY 2020-21

Product introductions

- Drive motors for two-wheelers and three-wheelers
- Controllers for EVs and Hybrids
- Belt-driven Starter Generator (BSG) for hybrid cars

Manufacturing Processes

- Focused on digitising our operations through the Industry 4.0 Initiative
- Incorporated SAP across our plants in Gurugram and Manesar, gaining access to real-time data and leading to substantial reduction in breakdowns
- Implemented AI-based visual inspection of gears, resulting in the elimination of human errors in assessment and reduction of human resources
- Introduced Machine Learning techniques for optimising the heat treatment process control based on the raw material properties
- Established various analytical tools that enhanced efficiencies across all business verticals

WORKFORCE

Supporting the dreamers that bring our vision to life

The safety and well-being of our employees have always been our top priority. This reflected in our actions ever more strongly in a year that was riddled with challenges and tragedies. Our proactive adoption of new ways of working reiterated our commitment to fostering a fulfilling warm culture.

In a year that estranged our employees due to social lockdowns, we significantly amplified our employee engagement initiatives. Our HR department stayed in constant touch with all employees and kept tabs on their health and well-being.

Sona Comstar Health Application

We introduced Sona Comstar Health Application during the year, which tracked employees who were infected or residing in a containment zone. Employees were only allowed entry at the gates if the application gave a green signal. This helped us curb the outbreak across our manufacturing units. Employees who were infected were granted special leaves through this application.

Health and safety

To ensure that the employees who stayed back at the manufacturing units were provided a safe working environment, we regularly sanitised all our plants and provided them with separate immunity kits. We also catered to their food and medical needs.

Training and development

At Sona Comstar, learning never stops. Since most of our employees shifted to the work-from-home model, we transferred our training and development initiatives to online platforms. In FY 2020-21, we provided our employees access to about 90 on-line courses.

356

WEBINARS (EXTERNAL AND INTERNAL) CONDUCTED IN FY 2020-21

5,807

EMPLOYEE PARTICIPATION IN FY 2020-21

10,663 hours

TRAINING HOURS DEVOTED IN FY 2020-21



Vaccination drive

We collaborated with various renowned hospitals to provide free vaccination for our employees and their family members.

4,046

PEOPLE VACCINATED (INCLUDING FAMILY MEMBERS)

as on 30th June 2021



CORPORATE SOCIAL RESPONSIBILITY

Making tomorrow better. For everyone.

As an industry leader at the helm of bringing the future of mobility to the world, we set an example by always opting for the empathetic and social approach. Our CSR interventions involving education, healthcare, livelihood and self-sustenance training are focused on bringing opportunities for our stakeholders and the communities we influence.

Pillars of our CSR interventions

<p>Samridh Bharat</p>	<p>Swasth Bharat</p>
<p>Surakshit Bharat</p>	<p>Saksham Bharat</p>



Samridh Bharat Programme

The programme focuses predominantly on environmental sustainability and the conservation of the country’s natural wealth.

- | | | | |
|--|--|--|---|
| Championing projects that promote innovations and incubations in mobility solutions, aimed at reducing dependence on fossil fuels. | Collaborating and contributing to programmes launched by eminent universities and institutions to promote innovation-driven startups in technology | Sponsoring projects and research programmes to combat air pollution including stubble burning, through a collaborative and solution oriented approach. | Supporting organisations working for conserving nature and combating degradation of the environment |
|--|--|--|---|

Initiatives

We collaborated with the Centre for Innovation, Incubation and Entrepreneurship (CIIE), Indian Institute of Management, Ahmedabad (IIM-A) to create a start-up ecosystem space to incubate and support early-stage innovative start-ups to promote sustainability, improve quality of life and introduce cost effective solutions by supporting:

- Development of incubation infrastructure at CIIE
- 8 early-stage start-ups working in (Industry 4.0 Tech, Agri-Tech, Clean Tech and Civic Tech sector) with catalytic seed support

We also partnered with the Foundation for Innovation and Technology Transfer (FITT), an industry interface of Indian Institute of Technology, Delhi, to promote commercialisation of science and technology. This project focuses on conducting research in technology to promote innovations and incubations aimed at promoting sustainable development, that will reduce the carbon footprint of the automotive industry over the foreseeable future.

- Requisite physical infrastructure to incubators
- Funding to support to take ideas to proof of concept/product prototyping and IP stage
- Mentoring support from IIT Delhi faculty and experts
- Providing constant support throughout the entire process

Start-ups supported in the first year of the programme

- Quanteon Powertrain Private Limited
- inGO Electric Private Limited

INR 20.5 mn
AMOUNT COMMITTED/SPENT
TOWARDS THESE PROGRAMMES

CORPORATE SOCIAL RESPONSIBILITY



Swasth Bharat Programme

Through this initiative, we are ensuring that people residing in and around our manufacturing facilities have access to adequate healthcare and sanitation facilities.

- Health outreach programmes for underprivileged people, children and communities
- Supporting the development of infrastructure in healthcare centres, hospitals and dispensaries
- Collaborating with agencies working in disaster management, epidemics and pandemics, among others, including relief, rehabilitation and reconstruction activities
- Supplying drinking water facilities to government schools and local bodies
- Creating awareness through health programmes, camps and events
- Advocating programmes dedicated to improving women and child healthcare and nutrition

Initiatives

The pandemic-induced lockdown caused unrest across the entire country. However, the weaker sections of society, comprising contractual labourers and daily wage workers, were hit harder than others. Majority of these individuals do not have access to government relief measures due to the lack of documentation.

Aware of this reality, we partnered with Kaushalya Foundation to provide cooked meals and essential items like packets of dry ration and hygiene kits, among others to the underprivileged people in the areas of Delhi NCR, Bihar, Mumbai, Bangalore, Chennai, Manesar and in villages near Gurugram like Begampur Khatola and Narsinghpur, among others.

Besides this, we also installed RO systems with water cooler in Begumpur Khatola Government Senior Secondary School, Gurugram, Haryana. This will provide >1,000 students and faculty members access to clean and cold drinking water, especially during the scorching summer season.



505,000

MEALS PROVIDED TO THE UNDERPRIVILEGED PEOPLE, FY 2020-21

INR4.5 mn

AMOUNT SPENT UNDER THIS PROGRAMME

INR0.45 mn

AMOUNT SPENT FOR THE INSTALLATION OF RO SYSTEM AND WATER COOLER



Surakshit Bharat Programme

This programme undertakes measures to ensure the safety and well-being of veterans, their family members and senior citizens.

- Supporting army veterans, war widows and their dependants
- Collaborating with organisations working for the welfare of martyrs, war veterans, disabled soldiers and their dependants
- Setting up old-age homes, day care centres and other facilities for senior citizens and those belonging to the lower strata of society



Saksham Bharat Programme

The programme focuses on holistic national development in domains of education, sports and gender equality, among others.

- Providing employment opportunities and skill development programmes for the youth across diverse fields
- Supporting livestock and agriculture development programmes for farmers
- Empowering women through self-help groups and promoting livelihood and employment opportunities
- Conducting training sessions to promote Paralympic and Olympic sports in rural India
- Creating awareness on the importance of education and providing vocational training to children, women, senior citizens and differently abled individuals

Initiatives undertaken

We are of the belief that education is the biggest driver of development. During the year under review, we installed a 75-inch smart television with a pre-installed interactive panel in Begumpur Khatola Government Senior Secondary School, Gurugram, Haryana. This will provide the students with access to different online interactive learning materials available on various platforms.

INR0.46 mn

AMOUNT SPENT UNDER THIS INITIATIVE

Read more about our CSR initiatives on <https://sonacomstar.com/investor/corporate-social-responsibilities>

BOARD OF DIRECTORS



Mr. Sunjay Kapur

Chairman and
Non-Executive Director

- 21+ years of experience in the auto industry
- Previously MD of Sona Koyo Steering Systems Ltd. (now JTEKT India Ltd.) currently VP of ACMA

2 3 5 6



Mr. Vivek Vikram Singh

Managing Director
& Group CEO

- 15+ years experience
- India's 40 under Forty hottest business leaders -ET awards (2018)
- PGP from IIM Ahmedabad

4 5 6




**Mr. Prasan
Abhaykumar Firodia**

Independent Director

- 12+ years of experience in the auto industry
- Managing Director of Force Motors Ltd.

1 3 4



Mrs. Shradha Suri

Independent Director

- 20+ years of experience in the auto industry
- Chairperson and Managing Director of Subros Ltd.

3 4



Mr. Amit Dixit

Nominee Director

- Senior MD, Head of Asia for Blackstone Private Equity
- MBA from Harvard, MS from (Stanford) B.Tech (IITB)

2



Mr. Ganesh Mani

Nominee Director

- MD at Blackstone Private Equity (India)
- B.Tech from IIT Bombay

1 3 5 6



**Mr. Venkata Rama
Subbu Behara
(B V R Subbu)**

Independent Director

- Auto industry veteran
- Formerly President of Hyundai Motor India Ltd.

1 2



Mr. Jeffrey Mark Overly

Independent Director

- Formerly Operating Partner at Blackstone Group
- 35+ years of experience across manufacturing and operations

1 2 4 5

Board Committee

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

Member
Chairperson

OUR LEADERSHIP

MANAGEMENT TEAM



Mr. Vivek Vikram Singh
Managing Director &
Group CEO



Mr. Sat Mohan Gupta
CEO, Comstar
Automotive



Mr. Kiran Manohar Deshmukh
Group CTO



Mr. V Vikram Verma
CEO, Driveline Division



Mr. Rohit Nanda
Group CFO

RECOGNITIONS

Validation of our customer-centricity

Awards received from our customers

<p>2011</p> <p>JLR Supplier Excellence Award from JLR</p> <p>Award of Excellence from a global OEM of PVs and CVs</p>	<p>2016</p> <p>World Excellence Award - Gold from a North American OEM of PVs and CVs</p>	<p>2018</p> <p>Supplier Excellence Award- In Recognition of Partner Level Performance from TMA (John Deere)</p> <p>Drive Customer Centricity from Dana</p>
<p>2019</p> <p>Superior performance in the field of Comprehensive Excellence from Maruti Suzuki</p> <p>Quality Excellence Award from an Indian OEM of PVs, CVs and EVs</p>	<p>2020</p> <p>Exceptional support during Challenging Times (COVID-19) from an Indian OEM of PVs, CVs and EVs</p>	

MANAGEMENT DISCUSSION AND ANALYSIS

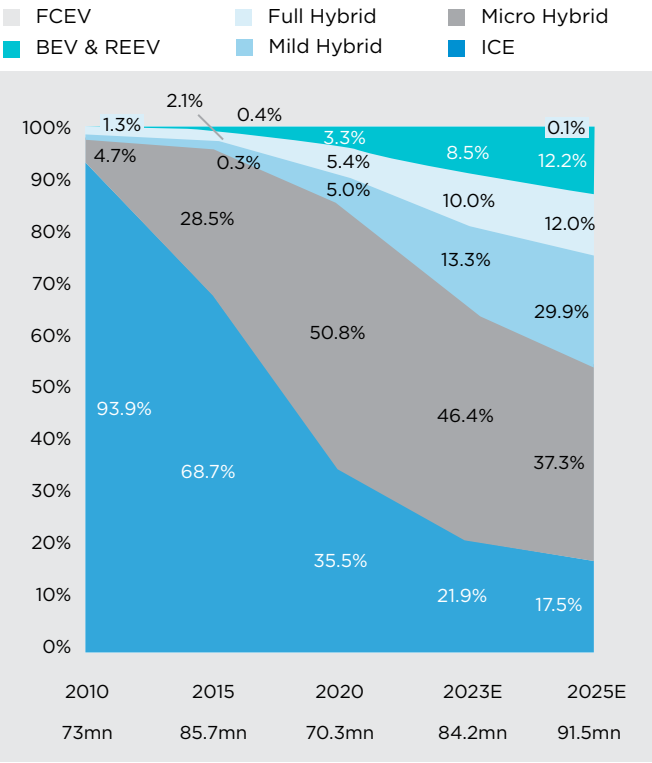
INDUSTRY OVERVIEW

Electrification - The biggest emerging trend

Electrification is clearly emerging as the biggest trend in the automobile industry. Driven by stringent emission and fuel economy (CAFE) regulations across the globe, pure ICE vehicles will no longer be a viable propulsion choice for passenger vehicles. Hence, pure ICE will continue to decline. Ricardo expects the share of pure ICE vehicles in CY 2025 to be approximately 18% of the total global production.

Depending of the severity of CAFE norms across the regions, OEMs have a choice of micro (12V start-stop), mild/full hybrids, BEVs (Battery Electric Vehicles) and FCEVs (Fuel Cell Electric Vehicles) to meet corporate average fuel economy.

Global Propulsion Split - Passenger Vehicle Production Volume



Ricardo expects that Micro hybrid (12V Start-Stop) to be a standard offering across passenger vehicles and hence will account for significant share (approximately 38%) of the propulsion split in CY 2025. China and Europe will see a decline in micro hybrids in CY 2025 as the technology will not offer enough benefit to meet stricter FE.

Mild and full hybrids are expected to account for approximately 32% of the propulsion split in CY 2025 with mild hybrids being the dominant technology. Mild hybrids offer the quickest route to electrification with limited complexity (compared to full hybrid) and substantial fuel economy benefit. Approximately 80% of mild hybrid volumes in CY 2025 will be in Europe and China.

Among the available propulsion technologies BEV has been the fastest growing at CAGR of approximately 46% between CY 2015 to 2025. As fuel economy norms get more stringent over time and countries introduce legislation to ban fossil fuel vehicles, the proportion of BEVs will increase over time. It is expected to grow at approximately 36% CAGR between CY 2020 to 2025. In CY 2025 Ricardo expects BEVs to account for approximately 12% (approximately 11 million units) of the global production.

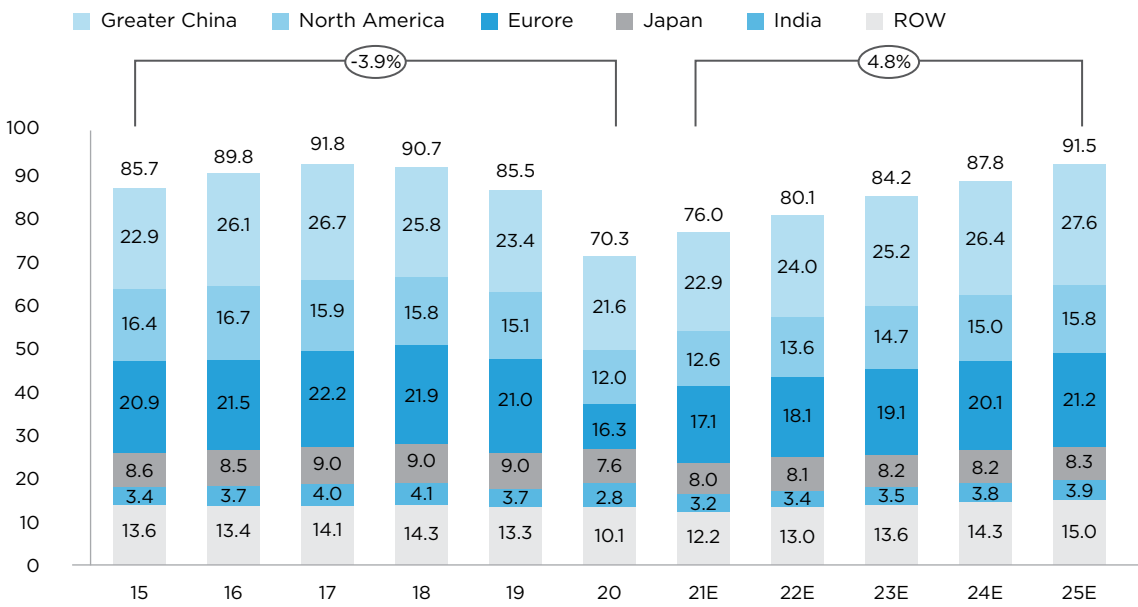
In CY 2020, global production of BEVs (Battery Electric Vehicle) stood at approximately 2.3 million units. Tesla accounted for approximately 21% of the share while Renault Nissan & Volkswagen accounted for approximately 12% and approximately 10% respectively. For the next five years, automakers have announced plans to release more than 200 new electric car models.

Electrification in India is expected to be led by three-wheelers and two-wheelers; with electric two-wheelers expected to grow at a CAGR of 70% to 74% between FY 2021 to 2026 and electric three-wheelers to grow at a CAGR of approximately 46% between CY 2021 and CY 2025.

Global light vehicle market

Global light vehicle production has remained flat between 2015 and 2019, according to the Ricardo report (Refer Note 1). However, vehicle production declined by approximately 18% in CY 2020 due to the COVID-19 pandemic. Countries across the world have resorted to unprecedented fiscal and monetary stimulus to cushion the economic impact of COVID-19 and to speed up recovery. This is expected to support recovery in production and sale of light vehicles across major markets.

Global Light Vehicle Production



Source: OICA - International Organisation of Motor Vehicle Manufacturers, Ricardo Analysis

The CY 2021 growth is expected to be primarily driven by the Chinese market. Overall global volumes are expected to reach approximately 92 million in CY 2025 with China, Europe and North America continuing to account for approximately 70% of the global production volumes.

Note 1: The information in this section is derived from the report titled "Assessment of Indian market potential for specific precision forged and electrical components" dated January 2021 (the "CRISIL Report"), prepared by CRISIL Research, a division of CRISIL Limited ("CRISIL") and report titled "Global and Indian Automotive Market Overview" dated 15th February 2021 prepared by Ricardo ("Ricardo Report" and together with the CRISIL Report, "Industry Reports"). We commissioned the Industry Reports, which are paid reports, for the purpose of confirming our understanding of the industry exclusively in connection with the IPO in June 2021.

COMPANY OVERVIEW

Sona BLW Precision Forgings Limited (SBPF) was incorporated in 1995 as Sona Okegawa Precision Forgings Limited at New Delhi, India. In 2013, the Company was renamed Sona BLW Precision Forgings Limited.

SBPF is among India's leading automotive technology companies. It designs, manufactures and supplies highly-engineered, mission-critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across US, Europe, India and China, for both electrified and non-electrified powertrain segments. The Company has nine manufacturing and assembly facilities across India, USA, Mexico and China, of which six are located in India.

In CY 2020, the Company was among the top ten players globally in the differential bevel gear market on the basis of overall volumes of differential bevel gears supplied to PVs, CVs and tractors. It was also among the top ten global starter motor suppliers based on their exposure to the PV segment and market share in CY 2020.

The Company is a global supplier and around 75% of its revenues are dependent upon international geographies. It is also one of the two largest exporters of starter motors from India.

Management Discussion and Analysis

With a strong focus on research and development (“R&D”), it develops mechanical and electrical hardware systems, components as well as base and application software solutions, to meet the evolving demands of its customers. It is one of the few companies globally, with the ability to design high power density EV systems handling high torque requirements with a lightweight design, while meeting stringent durability, performance and NVH specifications, enabling EV manufacturers to enhance the vehicle range, acceleration and overall efficiency.

SBPF is a technology- and innovation-driven Company guided by an experienced Board of Directors and a professional management team with expertise in the automotive industry and a proven track record of performance.

With product offerings spanning across all types of conventional and electrified powertrains, the Company is one of the few automotive technology manufacturers that are well-positioned to gain from conventional platforms as well as the evolving high growth industry trend of electrification.

OPPORTUNITIES

“Electrification” – Capturing market opportunity in the growing EV space

The global trend towards electrification of vehicles continues to expand. According to the Ricardo Report, the key drivers of vehicle electrification include climate change and public awareness of the importance to reduce CO₂ emissions and other pollutants, ban on fossil fuel vehicles by some countries, government support and fiscal incentives that support the trend towards vehicle electrification, stringent emission and fuel economy norms introduced by several countries to combat the impact of climate change and encourage alternate cleaner fuels, increasing investment in charging infrastructure for EVs and decline in battery price contributing towards adoption of EVs. Among the available propulsion technologies, BEV has been the fastest growing at CAGR of approximately 46% between CY 2015 to 2020 and is expected to experience increased market penetration growing at a CAGR of approximately 36% between CY 2020 to 2025, according to the Ricardo Report. Our product offerings span all types of electrified powertrains. Our commitment and focus towards ESG will continue increasing going forward

as we plan to increase the EV share of our revenue. We seek to continue to cement our commitment and focus towards compliance with ESG norms, as we plan to increase the share of our income derived from sale of goods in the EV market. As part of our growth strategy, we plan to increase our market share in both the Indian and overseas markets by catering specifically to EV OEMs, across three product groups as follows:

- Differential assemblies and differential gears: The Ricardo Report states that according to the Deloitte 2019 Global Automotive Supplier Study, electric drivetrain is expected to be the fastest growing segment of the entire automotive supply chain and will grow approximately four times from US 14 billion in 2018 to US 56 billion in 2025 globally. Anticipating this market shift to electric mobility, we have developed our differential assemblies and differential gears with core design features that meet the demands of increasing vehicle electrification such as high power density, improved fuel efficiency and reduced weight. We have been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018, and according to the Ricardo Report, our global market share of BEV differential assemblies in CY 2020 was 8.7%. These efforts have led to new business awards and further position us to compete in the global marketplace. As at 31st March 2021, we had 11 EV programme awards for production of differential assemblies and differential gears for supply to EV manufacturers across North America, Europe, China and India, of which five programmes are currently under regular production. We expect to benefit from the growing trend towards electrified drivetrains by further increasing our customer base and expanding our share of business with existing EV customers.
- 48V BSG motor: OEMs and suppliers are competing to develop and market new and alternative technologies that can meet future Corporate Average Fuel Efficiency (“CAFÉ”) norms, leading to a growth in the hybrid vehicle market. The global mild hybrid market is expected to grow by approximately four times by CY 2025, accounting for approximately 20.9% of the propulsion split for PVs in CY 2025, according to the Ricardo Report. Key global markets such as China, Europe and US have made significant commitments through

stringent fuel economy and emission norms. According to the Ricardo Report, proportion of BEVs is also dictated by the NEV credit regime in the China market and China’s ambition to lead the global automotive electrification. In China, the share of mild hybrids is expected to grow from an insignificant share to approximately 25% in CY 2025, according to the Ricardo Report. We are responding, in part, to such shift in market demand, through the development of our 48V BSG motor for hybrid PVs with features that enable fuel savings as well as reduction in CO₂ emissions which will help to meet the CAFE norms. We have successfully completed vehicle level demonstration of the 48V BSG system to selected global OEMs, and it is currently undergoing rigorous testing in compliance with international specifications. We aim to remain at the forefront of providing technologically advanced hybridisation solutions through expanding our customer base for increasing the sales of our BSG hybrid motors globally.

- EV traction motors (BLDC and PMSM) and motor control units: With the growing market shift towards electrification of vehicles, the demand for hybrid and battery electric PVs, electric two-wheelers and electric three-wheelers are growing rapidly in India and globally. According to the Ricardo Report, the full hybrid market is expected to grow by approximately three times in terms of absolute volume by CY 2025, accounting for approximately 12.0% of the propulsion split for PVs in CY 2025 and the BEV market is expected to grow by around five times by 2025, accounting for approximately 12.2% of the propulsion split for PVs in CY 2025. Further, according to the CRISIL Report, the two-wheeler EV sales are expected to expand at a CAGR of 70% to 74% over FY 2021 to 2026 and according to Ricardo Report, the electric three-wheeler segment is expected to grow at a CAGR of approximately 46% between CY 2021 and 2025 to reach 400,000 units in sales. Since we design and manufacture traction motors and motor control units for electric vehicles, with PMSM motors for EV and hybrid PVs and BLDC motors for electric two-wheelers and electric three-wheelers, we are well-positioned to benefit from the expected growth in the Indian EV market across all vehicle categories. We pioneered the

launch and commenced supply of BLDC motors for Indian electric two-wheelers and electric three-wheelers since November 2020. As part of our growth strategy to establish market leadership in the Indian EV segment, we aim to further increase our customer penetration and acquire new customers for our traction motors and controllers.

Increasing market share globally

- Achieving significant global share from existing systems and components: We have increased our global market share of differential gears and starter motors to 5.0% and 3.0%, respectively in CY 2020 from 4.5% and 2.5%, respectively in CY 2019 and our global market share of BEV differential assemblies was 8.7% in CY 2020, according to the Ricardo Report. As part of our strategy, we intend to penetrate the European market for supplying differential assemblies and differential gears, where we currently have limited market share for our driveline products. We also plan to expand our presence in China for supply of our micro-hybrid starter motors for PVs and LCVs as well as our 48V BSG systems for hybrid PVs, as we expect to benefit from China’s growing position as a leading market for EV manufacturers. As part of our growth strategy, we set-up an assembly plant in China in 2015 and Mexico in 2017, with an aim to capture higher market share in the Chinese and North American markets.
- Benefiting from the industry trend towards multi-axle vehicle drives in India: The automotive industry, in India, as well as globally, is experiencing a growing market preference for multiple axle vehicles, in PVs, CVs as well as tractors according to the CRISIL Report. As stated in the CRISIL Report, a light commercial vehicle (“LCV”) has six differential gears in a two-wheel-drive configuration, whereas a M&HCV has two sets of six differential gears each, along with an inter-axle differential consisting of nine gears in a four-wheel-drive configuration to support the torque requirement of respective vehicle segments. Therefore, in a four-wheel-drive configuration, M&HCV truck has total of 20 differential gears. According to the CRISIL Report, a gradual shift in demand towards four-wheel-drive vehicles, particularly in the utility vehicle segment, will likely result in higher per-vehicle gear content.

Management Discussion and Analysis

We expect this trend towards preference for multi-axle vehicles to significantly increase the demand for our differential gears and aim to achieve our growth objectives by capitalizing on this shift in market preference for multiple axle vehicles.

- Benefiting from integrated powertrain systems in EVs: According to the Ricardo Report, we are among the limited number of players who are well placed to combine our motor and driveline capabilities to offer a compelling value proposition to our EV customer base. Integrated drive units have three key components namely, differential assembly, high voltage traction motors and high voltage inverters. Since we already manufacture electric drive motors and inverters for electric 2-wheelers and hybrid PVs, as well as differential assemblies for battery electric passenger vehicles, we are in a unique position 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

According to the Ricardo Report, with the advent of electrification, the vehicle level bill of materials will be different from the current ICE vehicle and accordingly, revenue realisation of various components such as differential bevel gears, differential assembly, starter motors, BSG and traction motors is expected to undergo a paradigm shift. We aim to capture the growth trend in revenue realisation per component with increasing electrification by continuously investing in R&D to develop and deliver new and innovative systems and components. With our customers continuously focusing on weight reduction in EVs to enhance the range, augment the vehicle’s acceleration and improve overall efficiency, we have been developing solutions and alternatives for improving the power density and lightweighting of our differential assemblies and EV Traction Motors (BLDC and PMSM) and motor control units through our R&D efforts. With the evolving vehicle electrification trend, a key area of our focus is on integrating the powertrain and the drivetrain components by creating an integrated drive unit. Control systems and software are becoming a critical part of powertrains. We have developed extensive in-house capability to develop embedded systems and application software, along with integration capabilities to offer our customers a complete solution.

The Ricardo Report states that, we are among the limited number of players who are well placed to combine our motor and driveline capabilities to offer a compelling value proposition to our EV customer base. According to the Ricardo Report, this complexity presents a unique opportunity in electrification for companies such as our Company, who are committed to building capabilities and products by bringing different elements (mechanical, electrical and software) of the puzzle together under one roof.

Although the core of our strategy is to continue to achieve growth organically through investment in our technological capabilities, business development skills and customer relationships, we continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances that may provide us with complementary technologies that have a similar financial profile.

THREATS, CONCERNS, AND RISKS

The Company has put in place a strong mechanism to anticipate and manage risks. The Company’s robust systems, processes, standards, code of conduct, organisation structure and appropriate review mechanisms not only governs how it conducts its business but actively monitors, manages and mitigates all these associated risks.

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

Risk from a prolonged lockdown and potential disruption due to COVID-19 or any other pandemic or event of similar nature:

The outbreak of COVID-19 was recognised as a pandemic by the World Health Organisation (“WHO”), on 11th March 2020. In response to the COVID-19 pandemic, the governments of many countries, including India, US, Europe and China had taken preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations, and advising or requiring individuals to limit their time outside of their homes. Over more than a year, we have seen waves of pandemic rising and ebbing out across various geographies disturbing normal life, destroying customer demand, disrupting operations and supply chains across the world adversely affecting various industries including automotive industry. While we have managed to run our operations to service our customers to their needs and satisfaction so far and also grow in revenue and profitability in the last over

this period. However, any prolonged lockdown caused by COVID-19, in the future, may have the potential to disrupt businesses.

Dependence on global markets:

The business of the Company is dependent on the performance of the automotive sector globally, including key markets such as US, Europe, India and China. Any adverse changes in economic and political conditions affecting these markets can adversely impact business, results of operations and financial conditions.

Change in regulations and industry trends:

Automotive industry is subject to environmental and other regulations, any adverse impact on the industry in general and our customers in particular due to any change in such regulations can affect the Company’s business. Further, there’s a gradual shift happening in the industry away from pure ICE dependent vehicles, an acceleration in this trend will have adverse effects on the ICE dependent business of the Company.

Risk Mitigation, Internal control systems and their adequacy

SBPF believes that an effective management of the existing and emerging risks is vital for realising its objectives. The Company has a well-covered risk management framework that works at different levels across the institution. The internal control systems of the Company are regularly tested for design, implementation and operating effectiveness. Overall, the organisation structure of SBPF is strong and effective for managing and reporting on risks.

SBPF’s risk management process encompasses a wide spectrum of strategic, operational, financial and compliance risks that it is exposed to. The necessary steps to identify and review new and emerging risks are consistently undertaken by SBPF. Also, the major risks identified by the businesses and functions are systematically addressed through mitigating actions on an on-going basis. This process goes a long way in minimising surprises, enhance decision-making for the Company and actively work to reduce the impact and likelihood of identified risks.

OUTLOOK

Over the years, SBPF has widened its offerings to bring focus on the electrification trend which is sweeping the automotive landscape. The Company has fortified its R&D capabilities and has built an experienced and able team with expertise in its areas of focus. It serves large global OEM and Tier-1 customers and boasts of a rich track record of delivering high-quality automotive systems and components for EV as well as conventional powertrains.

Growth in EV segment and global market share would be the cornerstones of the Company’s growth strategy. Recovery in the global automotive market after 3 years of contraction should act as a tailwind. Electrification is set to gain further traction and projections by renowned industry publications indicate acceleration in the customer preference for electrification due to multiple factors such as improved infrastructure, reduced total cost of ownership and fiscal incentives among others over the coming years. We feel, SBPF is well positioned to gain from this megatrend.

FINANCIAL OVERVIEW

Consolidated Income Statement Summary

Particulars	₹ million		
	Consolidated		
	FY21	FY20	y-o-y (%)
Revenue from operations	15,663	10,380	51%
Total Expenditure	11,253	7,957	41%
EBITDA	4,410	2,423	82%
Other Income	23	58	(60%)
Finance Cost	325	260	25%
Depreciation	969	671	44%
Adjusted PBT*	3,139	1,550	(103%)
PBT	3,000	3,918	(23%)
Tax	848	265	220%
PAT	2,152	3,653	(41%)
EPS (Diluted)	3.8	7.2	(48%)

Adjusted PBT is PBT plus exceptional expense or minus exceptional income

Management Discussion and Analysis

Revenue from operations:

FY 2020-21 was the best year for the Company, despite the COVID-19 setback, both in terms of Revenue and PBT (adjusted for exceptional items). FY 2019-20 included near nine months financials of Comstar beginning with the date of its acquisition 5th July 2019, as against full year impact in FY 2020-21. The Consolidated revenue in FY 2020-21 grew by 28% over FY 2019-20 even after considering Pro-forma adjustment to Revenue of Comstar for the period prior to its acquisition in FY 2019-20. Significant growth in the EV revenue, ramp up of volume in some new customer programmes

and growth in tractor segment in India were the main contributors to this growth.

Expenditure

The total expenditure increased by 41% to INR 12,547 million in FY 2020-21 as compared to INR 8,888 million during FY 2019-20 primarily due to increase in revenue resulting from growth witnessed by the Company for reasons mentioned hereinbefore and also because of the full year impact of the acquisition of the Comstar Entities during FY 2020-21 as compared to the impact of nearly nine months for, FY 2019-20 commencing from 5th July 2019.

Expenditure Break-up	As on March 2021	% of Total Income	As on March 2020	% of Total Income	YoY change (FY21 vs. FY20)
Material Cost*	6,453	41%	4,456	43%	45%
Employee Cost	1,475	9%	1,027	10%	44%
Finance Cost	325	2%	260	2%	25%
Depreciation	969	6%	671	6%	44%
Other Expenses	3,325	21%	2,474	24%	34%
Total Expenses	12,547	80%	8,888	85%	41%

- Material Cost includes cost of materials consumed and changes in inventories of finished goods and work-in progress

Material cost

Cost of materials consumed primarily includes the cost of raw materials, such as special steel alloy bars, iron castings, steel blanks and bolts for manufacturing differential gears and differential assemblies and steel forgings, copper enamelled wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components and other proprietary parts for manufacturing starter motors and BLDC motors. Material Cost accounted for 41% and 43% of our total income for Fiscals 2021 and 2020, respectively. Material cost can vary depending upon the product mix of sales.

during FY 2020-21 as compared to the impact of only nine months for FY 2019-20 commencing from 5th July 2019.

Finance Costs

Our finance costs increased by 25% to INR 325 million for FY 2020-21 from INR 260 million for FY 2019-20 primarily due to an increase in our interest on loans by 20% to INR 213 million in FY 2020-21 from INR 177 million in FY 2019-20 and increase in interest on lease liabilities by INR 31 million. Interest expenses increased primarily due to increase in borrowings (excluding deferred payment liabilities and lease liabilities) by INR 606 million to primarily finance capital expenditure for expansion of our capacity at Manesar plant.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 44% to INR 969 million for FY 2020-21 from INR 671 million for FY 2019-20 of which, 22% increase was due to additions to our property, plant and equipment resulting into higher depreciation and 18% increase was due to higher amortisation of intangible assets primarily on account of full year impact of amortisation of intangibles

generated on the acquisition of the Comstar Entities during FY 2020-21 and capitalisation of intangibles under development for BSG and BLDC in the last quarter of FY 2020-21.

Other expenses

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

Manufacturing expenses mainly consist of expenses in relation to sub-contracting costs, 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 - others.

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

Our other expenses accounted for 21% and 24% of our total income for FY 2020-21 and FY 2019-20, respectively.

Exceptional Items

Exceptional Item of INR 139 million during FY 2020-21 represents IPO related expenses incurred by the

Company until 31st March 2021 charged to our profit and loss account. During FY 2019-20, exceptional item of INR 2,368 million represented income on account of write-back of accumulated losses upon deconsolidation of erstwhile subsidiary Sona B.V.

Tax expense

In FY 2020-21, our tax expense was higher by INR 583 million at INR 848 million as against INR 265 million for FY 2019-20, due to increased profits before tax in FY 2020-21 and also because FY 2019-20 had lower tax expense on account of adjustment in the accumulated deferred tax liabilities on account of adoption of a lower corporate tax rate and certain one-time tax adjustments.

EBITDA, PBT and PAT

As a result of the foregoing factors our EBITDA for the year FY 2020-21 increased to INR 4,410 million from INR 2,423 million for FY 2019-20 and Adjusted PBT for the year FY 2020-21 increased to INR 3,139 million from INR 1,550 million for FY 2019-20. Our PAT for the year FY 2020-21 decreased to 2152 million from INR 3,653 million for FY 2019-20 primarily due to exceptional income of INR 2368 and certain one time tax adjustments in FY 2019-20 and exceptional expense of INR 139 million on account of IPO expenses in FY 2020-21.

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

Description	As on March 2021	As on March 2020
Long-term Debt	2,518	2,222
Short-term borrowing	1,145	846
Total Debt	3,663	3,068
Cash and cash equivalents	249	1,050
Net Debt	3,413	2,018

The Company's total debt stood at INR 3,663 million as of 31st March 2021 as against INR 3,068 million as on 31st March 2020. The net cash and cash equivalents available with the Company as on 31st March 2021 were INR 249 million and the net debt amounted to INR 3,413 million.

Management Discussion and Analysis

Key Financial Ratios

The key financial ratios of the Company are given as below:

Key Financial Ratios (Standalone)	FY21	FY20
EBITDA margin*(%)	28.2%	23.3%
PAT Margin* (%)	13.7%	35.0%
Net Debt to Equity	0.3	0.2
Net Debt to EBITDA*	0.8	0.8
Return on Equity* (%)	36.4%	71.9%
Return on Capital employed* (%)	34.8%	20.6%
Net Working Capital* Turnover	3.1	3.3
Interest Coverage Ratio*	10.6	6.7
Current Ratio	1.7	1.4

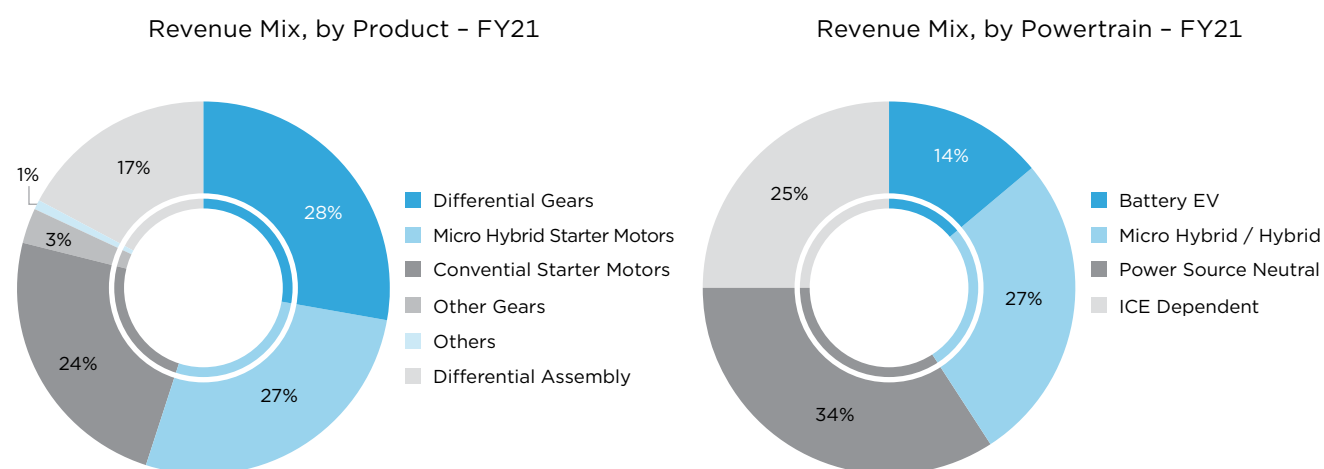
- EBITDA Margin % : In FY 2019-20 EBITDA margin is lower due to certain one-time adjustments amounting to INR 318.98 million to P&L account.
 - PAT margin % : PAT margin for both FY 2019-20 and FY 2020-21 have effect of exceptional income and exceptional expense respectively. Also PAT for FY 2019-20 has lower tax due to certain one-time tax adjustments.
 - Similarly Net Debt to EBITDA, Return on Equity, Return on Capital Employed, Net working capital turnover and Interest coverage ratio have been impacted by such one-time adjustments.
- Net Debt to EBITDA is calculated as Total Debt less Cash and cash equivalents/EBITDA
 - ROE (%) is calculated as PAT/tangible net worth
 - ROCE(%) is calculated as Earning before Interest, Other Income, Tax & Exceptional Items/tangible capital employed
 - Net working Capital Turnover is calculated as Sales/ Net Working Capital
 - Interest Coverage Ratio is calculated as Earning before Depreciation, Interest, Other Income, Tax & Exceptional Items/Finance cost

Basis of calculation of the ratios:

- Net Debt to Equity is calculated as Total Debt less Cash and cash equivalents/Equity
- Current Ratio is calculated as Current Asset/ Current Liabilities

SEGMENT - WISE OR PRODUCT - WISE PERFORMANCE

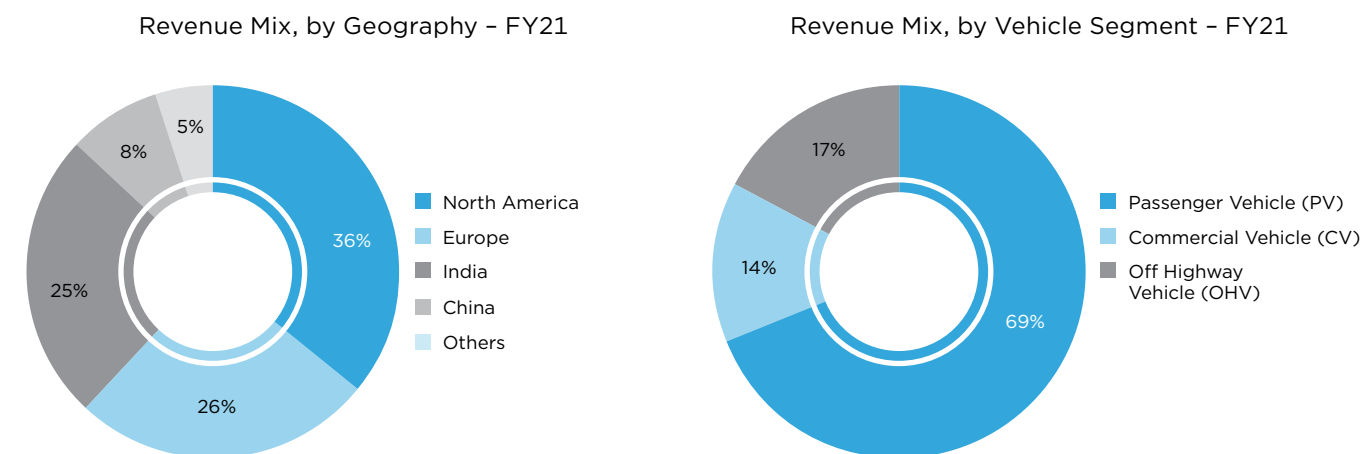
Diversified presence across product categories and powertrain segment



In product segments, 28% of FY 2020-21 revenues came from Differential gears, 17% came from Differential Assembly, 27% from Micro Hybrid Starter Motors and 24% from Conventional Starter Motors.

In terms of powertrain, Battery EV contributed 14% of FY 2020-21 revenue, micro hybrid/Hybrids contributed 27%, Power source neutral contributed 34% and ICE contributed 25%.

Diversified presence across geographies and automotive segments



Being a global supplier, 75% of the revenue of Sona BLW was dependent upon geographies outside India and remaining 25% from India. Key regions for the Company are North America (contributed ~36% revenue in FY 2020-21), Europe (contributed ~27%), India (contributed 25%) and China (contributed 8%).

In terms of vehicle segments, Passenger Vehicles (PV) contributed 69% of FY 2020-21 sales, Off highway vehicles contributed 17% and Commercial Vehicle (CV) contributed 14%.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company is able to attract top talent due to its inclusive culture and the immense opportunities available for nurturing their talent. SBPF provides utmost importance to its human capital and efficient and comprehensive management of its human resources is a key focus area. The people strategy is aligned with the Company's overall ambition to be a pioneering technology leader in the global auto industry.

The firm has built an effective Human Resources department which supports the business in achieving sustainable and responsible growth by creating a conducive work environment for its employees.

Apart from building progressive policies, the focus is on creating an inclusive work culture and building a strong talent pipeline. Persistent attention is given towards

providing an inclusive environment to promote diversity in gender, age and culture, including opportunities for global mobility, also form a part of the proactive plan to manage talent in key functions.

Another significant area of focus remains to train and create enough learning opportunities for its workforce. Therefore, efforts to develop workforce and build the right capabilities in the organisation has been consistently undertaken by the Company.

The Company has undertaken various measures, including implementation of policies for career enhancement to professional level for operators, industry relations policies to improve employee and employer relationship and hiring of trainees and temporary manpower to meet our requirements. For the Company, these initiatives have gone a long way in it being able to maintain an excellent track record of harmonious industrial relations.

Management Discussion and Analysis

The Industrial Relations of the Company remained cordial and peaceful during the year under review. The total employee strength of the Company stood at 2,999 employees, comprising of 1,081 on-roll and 1,918 off-roll employees as on 31st March 2021.

Awards & Rewards Program

There were ample programs like On the Spot Awards, Star of the Month, Star of the Year, Suggestion scheme, which were there in place for appreciating and encouraging the employees; also, these programs instilled a sense of ownership and betterment in their areas of work.

In the pandemic year, we realised the importance of team work which is so engrained in our work ethos, we started a new program, ₹ROWE Star’ (Result Oriented Work Environment) to honour and encourage the best teams in the organisation.

Employee Engagement

Employee Communication is given utmost importance, in earlier years we had an internal monthly business magazine giving an update on various automotive developments and industry updates. In the recent past, we had started an employee magazine wherein articles about employees and their families were highlighted; other than this there were many online engagement programs which were run for both employees and their families to offset the absence of onsite engagement programs because of COVID. It helped the organisation and peers/colleagues to know each other better and that improved better harmony between departments.

Lot of encouragement is given to internal and external process improvement competitions, (Kaizen, Poka-yoke, 5S, TQM etc.).

As an organisation, we value employee’s association with us; employees who have completed long service with us for 5, 10, 15, 20, 25 years and so on were appreciated with an award along with letter of thanks

to their family members. A long tenure shows a gesture of trust and that drive the organisation to achieve its milestones. We have more than 20+ % of the population who have been with us for more than a decade.

Other than this, we also give utmost importance to keep the work environment engaging by conducted Employee Engagement programs every month in addition to regular events like Women’s Day celebration, Birthday celebrations, Safety meetings, Quarterly meeting with CEO and Monthly Meetings with Leaders.

Learning and Development

We have been conducting many internal and external training programs for employees and their family members which includes 125+ training programs during the 2020, 500+ free online learning courses and other department specific training programs like SIX Sigma, Labour law etc., were also conducted. Some LDP programs like VLFM were also conducted with an external training body for key resources.

Trainings were not only conducted to improve skills and knowledge of the employees, we take care of employee wellbeing by providing yoga sessions, health talks and mental wellbeing workshops which helps employees to realise self-actualisation.

In the changing business needs, new skills requirements become scarce in the job market, it is been handled by the Training Initiative, where any employee can learn any skills.

Medical check-ups and camps were organised during the year to promote physical well-being of the employees. Our teams connected with employees and their families to support them to cope with the impact of the pandemic through appropriate mechanisms. Health was a key area of focus during the year due to the COVID-19 pandemic. Protocols were implemented in keeping with regulatory guidelines and best practices to promote COVID appropriate behaviour among employees.

The Company also undertook COVID-19 screening camp/Medical insurance/Vaccination camps.

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 which 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.

DIRECTORS' REPORT

To The Members,

The Board of Directors have pleasure in presenting their Twenty Fifth (25th) Annual Report along with the audited financial statements (Standalone and Consolidated) of the Company for the Financial Year ended 31st March 2021.

1. FINANCIAL HIGHLIGHTS & PERFORMANCE

The financial performance of the Company (Standalone and Consolidated) for the Financial Year ended 31st March 2021 is as under:

Particulars	Standalone		Consolidated	
	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020
Total Income	8,438.93	5,396.74	15,686.41	10,437.65
Total Expenses	6,030.68	4,460.27	12,547.39	8,887.93
Profit before exceptional items and tax	2,408.25	936.46	3,139.02	1,549.72
Less: Exceptional Items	(139.06)	-	(139.06)	2,368.22
Profit before Tax	2269.19	936.47	2999.96	3,917.94
Less: Provision for Tax (Incl. tax related to previous year)	368.03	124.05	666.02	365.05
Increase / (Decrease) in Deferred Tax Liability	20.75	(28.37)	182.29	(99.98)
Profit After Tax	1,880.41	840.79	2,151.65	3,652.86
Non-Controlling interest	-	-	-	(2.09)
Add: Profit Brought Forward	3,119.09	3,483.33	3,569.95	1,115.12
Add: Re-measurement of defined benefit asset, net of tax	(0.38)	1.71	3.64	8.71
Profit available for appropriations	-	4,325.83	5,725.24	4,776.69
Ind AS 116 transition adjustments	-	(13.73)	-	(13.73)
Transfer to Capital Redemption Reserve	-	(25.93)	-	(25.93)
Dividend Paid	(904.02)	(968.09)	(904.01)	(968.09)
Dividend Tax Payable / Paid	-	(198.99)	-	(198.99)
Balance Carried to Balance Sheet	4,095.21	3119.09	4,821.23	3,569.95

Standalone

The standalone revenue from operations increased by 42% to ₹ 7,671.73 million for Fiscal 2021 from ₹ 5,386.91 million for Fiscal 2020, due to ramp-up of sales volume for some of the new contracts especially in the EV segment and growth in sales in the Indian tractor market. Profit before exceptional items and tax in Fiscal 2021 was ₹ 2,408.25 million as compared to ₹ 936.46 million in Fiscal 2020, reflecting an increase of 157% from the previous year. Profit after tax (PAT) in Fiscal Year 2021 was ₹ 1,880.41 million as compared to ₹ 840.79 million in Fiscal 2020, reflecting an increase of 124% from the previous year due to certain one-time tax adjustments in Fiscal 2020 and Exceptional Expense on account of IPO expenses and dividend of ₹759.97 million received from Subsidiary in Fiscal 2021.

Consolidated

The consolidated revenue from operations increased by 51% to ₹ 15,663.00 million for Fiscal 2021 from ₹ 10,379.82 million for Fiscal 2020, primarily due to the full year impact of the acquisition of the Comstar Entities during Fiscal 2021 as compared to the impact of about nine months for Fiscal 2020 commencing from 5th July 2019 and due to the ramp-up of sales volume for some of the new contracts

especially in EV segment and growth in sales in the Indian tractor market. Profit before exceptional items and tax in Fiscal 2021 was ₹ 3,139.02 million as compared to ₹ 1,549.72 million in Fiscal 2020, reflecting an increase of 103% from the previous year. Profit after tax (PAT) in Fiscal Year 2021 was ₹ 2,151.65 million as compared to ₹ 3,652.86 million in Fiscal 2020, reflecting a decrease by 41% from the previous year primarily due to exceptional income of ₹ 2,368.22 million and certain one-time tax adjustments in Fiscal 2020 and exceptional expense of ₹ 139.06 million on account of IPO expenses in Fiscal 2021.

2. PERFORMANCE OF THE COMPANY AND INDUSTRY OVERVIEW

Fiscal 2021 ended as the best year in the history of the company both in the terms of Revenue as well as Profits (before tax and exceptional items). Its consolidated revenue, EBITDA and Profit Before tax and exceptional item stood at ₹ 15,663.00 million, ₹ 4,410.16 million and ₹ 3,139.02 million respectively. It was the year in which we saw unfolding of potential of EV business as a meaningful part of our revenue and profitability. Consolidated financials also reflect the impact of Comstar acquisition for the full financial year for the first time. However,

the year didn't start on a positive note to mention the least, with the entire country going through a complete lockdown since 24th March 2020 due to outbreak of COVID-19.

Lockdown restrictions imposed in India and many countries across the world resulted in cessation of economic activities for part of the Fiscal 2021 adversely affecting demand for automobiles of all types adversely. This was followed by partial and gradual easing of lockdown restrictions which resulted in economic activity picking up gradually first and then at a faster pace in the second half of the year.

Lockdowns impacted our manufacturing activities by way of disruption in supply chain, disruption in timely availability and transportation of raw materials, unavailability of personnel, delays in obtaining local approvals and clearances and cash flow challenges of suppliers and contractors. However, we did not experience any interruption in our ability to supply our systems and components to our customers and ensured that our customers did not experience disruption of their product lines due to us. We also managed to continue to drive business development and won new development programmes during the period after April 2020. We have 58 new programmes as on 31st March 2021 of which production has started for 24 in Fiscal 2021 and for the balance it will start in FY22 or later years depending upon customer production schedules.

In order to mitigate the impact of the COVID-19 pandemic on our operations, we proactively took steps such as reducing some of our administrative and other fixed expenses and arranging for additional liquidity through working capital loans to manage our expenses and liquidity. Despite the impact of the COVID-19 pandemic, our EBITDA margins improved from 23.3% in Fiscal 2020 to 28.2% in Fiscal 2021.

We have also taken active measures to promote health and safety and social distancing efforts, including providing PPEs, masks, hand sanitizers, and gloves to employees in our manufacturing facilities and in affected areas, staggered working shifts at our manufacturing and assembly plants and working closely with health authorities for obtaining approvals to commence operations at our plants and to lay down and enforce covid safety guidelines and protocols. In addition, as part of our risk management policy, we developed a mobile phone based application for our employees

to report their health status on a daily basis and also implemented a safety SOP applicable for our employees travelling between workplace and home, inside shop safety management practices including vendor safety management and measures to check vehicles entering and leaving our premises and employees returning to the workplace after easing of lockdown.

As per Ricardo report Global Light Vehicle (Passenger Vehicles GVW <=3.5T) production declined by approximately 18% in calendar year 2020 due to COVID-19. It expects Calendar year 2021 growth to be primarily driven by the Chinese market. In calendar year 2020, global production of BEVs (Battery Electric Vehicle) stood at approximately 2.3 million units. Among the available propulsion technologies BEV has been the fastest growing at CAGR of approximately 46% between calendar years 2015 to 2020. According to Ricardo, BEVs are also expected to see an increased penetration growing at approximately 36% CAGR between calendar years 2020 to 2025.

According to CRISIL, Indian PV, CV and Tractor production declined at a CAGR of 12%, 27% and 2% respectively between FY19 to FY21. It expects Indian PV, CV and Tractor production to grow at 8-10%, 12-14% and 1-3% between years FY21 to FY26.

The Government of India has been pushing for electrification of vehicles aggressively and announced Faster Adoption and Manufacturing of Electric Vehicles in India Phase-II (FAME-II) policy with significant allocation of resources in March 2019 to push for electrification of vehicles including establishing charging stations and providing subsidy on acquisition of EVs. So far the rate of adoption in India has been very low. According to CRISIL, E2W (electric 2 wheeler) adoption is likely to go up as cost of acquisition after factoring in the subsidy narrows down further and the total cost of ownership of E2W becomes favorable over the coming years. It expects the E2W sales to cross 2 million per annum by FY26 growing at a CAGR of 70-74% between FY21 to FY26. Growth projections for adoption of EVs indicate that we are at the cusp of a large transformation in the automotive industry. Revenue from EVs already constitutes 13.8% of our Revenue from Sale of Goods against it being only 3% of Global light vehicle production. We feel that the company is well positioned to gain from this large emerging trend.

Directors' Report

3. CORPORATE DEVELOPMENTS

a. INITIAL PUBLIC OFFER

Subsequent to the year under review, the Company has successfully completed the initial public offering of its equity shares ("IPO") which includes fresh issue of 10,309,278 equity shares aggregating to ₹ 3,000 million by the Company ("**Fresh Issue**") and an offer for sale of 180,412,371 equity shares aggregating to ₹ 52,500 million by Singapore VII Topco III Pte. Ltd. ("**Selling Shareholder**") for cash at a price of ₹ 291 per equity share through book building process.

The equity shares of your Company have been listed on the BSE Limited and the National Stock Exchange of India Limited on Thursday, 24th June 2021.

The net proceeds from the Fresh Issue are to be utilized fully for repayment and prepayment of identified borrowings in full availed by the Company and for general corporate purposes.

b. SCHEME OF AMALGAMATION OF COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED WITH THE COMPANY

Your Company has filed a Scheme of Amalgamation of Comstar Automotive Technologies Private Limited, a wholly owned subsidiary ("**Transferor Company**") with itself before National Company Law Tribunal, Chandigarh on 10th January 2020. Post issue of sanction of amalgamation by NCLT and the Scheme of Amalgamation becoming effective, once sanctioned, no new shares of the Company shall be issued and the entire share capital of the Transferor Company shall stand cancelled. The Scheme of Amalgamation shall, upon being sanctioned by the Hon'ble National Company Law Tribunal, Chandigarh, be effective from 5th July 2019.

4. DIVIDEND

During the year under review, the Board of Directors had declared two interim dividends; first on 14th August 2020 @ ₹ 9.63 per Equity Share and another on 27th January 2021 @ ₹ 9.30 per Equity Share.

The Board has adopted the Dividend Distribution Policy in its meeting held on 27th January 2021 in accordance with the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Policy can be accessed on the Company's website at: <https://sonacomstar.com/policies-and-codes>

5. TRANSFER TO RESERVES

The Board of Directors of the Company do not propose to transfer any amount to reserves other than transfer of undistributed profit to surplus in statement of Profit & Loss.

6. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the Financial Year 2020-21, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented as a separate statement forming part of this Annual Report.

7. CHANGE IN SHARE CAPITAL OF THE COMPANY

Increase in Authorised Share Capital

The authorised share capital of the Company has been increased from ₹ 520,000,000/- (Rupees five hundred and twenty million only), divided into 50,500,000 (Fifty million and five hundred thousand) Equity Shares of ₹ 10/- (Rupees Ten) each and 1,500,000 (One million and five hundred thousand) Preference Shares of ₹ 10/- (Rupees ten only) each to ₹ 10,000,000,000 (Ten thousand million) divided into 998,500,000 (Nine hundred and ninety eight million five hundred thousand) equity shares of ₹ 10/- (Rupees ten only) each and 1,500,000 (One million and five hundred thousand) Preference Shares of ₹ 10/- (Rupees ten only) vide shareholders resolution passed on 22nd January 2021.

a. CONVERSION OF PREFERENCE SHARES INTO EQUITY SHARES

During the year under review, 594,436 (Five hundred ninety four thousand four hundred and thirty six) compulsory convertible preference shares (CCPS) issued to Singapore VII Topco III Pte. Ltd. on 5th July 2019, were converted into Equity Shares of ₹ 10/- (Ten) each as per the terms of Share Subscription and Share Purchase Agreement dated 16th October 2018.

b. ISSUE OF BONUS SHARES

During the year under review, the Company has issued and allotted 525,232,180 (Five hundred twenty five million two hundred thirty two thousand one hundred and eighty) bonus shares of ₹ 10/- (Ten) each to the equity shareholders in the ratio of 11:1 (i.e. eleven fully paid equity share for one fully paid equity share held) on 10th February 2021.

The Company has not issued any sweat equity shares during the year under review.

8. CHANGE IN NATURE OF BUSINESS

During FY 2020-21, there was no change in the nature of Company's business.

9. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

As at 31st March 2021, the Company has 3 (three) directly held subsidiaries and 7 (seven) step down subsidiaries, the details of which is available in Annual Return (MGT-7) of the Company available on the website at <https://sonacomstar.com/investor/annual-reports-and-returns>

Pursuant to Section 129(3) of the Companies Act, 2013, 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 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, on 12th November 2020, the Company had incorporated a wholly owned subsidiary in the name of 'Sona Comstar eDrive Private Limited' to engage into the business to design, develop, manufacture, assemble, supply, sell, trade and otherwise deal in motors, controllers and other components for electric vehicles.

Apart from Sona Comstar eDrive Private Limited, no other company has become or ceased to be subsidiary, joint venture or associate of the Company during the year under review.

In accordance with Section 136 of the Companies Act, 2013, 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 at <https://sonacomstar.com/investor/subsidiary-companies-financial-statements>

Material Subsidiaries

Your Company has two material unlisted subsidiaries viz. Comstar Automotive Technologies Private Limited ('Comstar Automotive') and Comstar Automotive USA LLC ('Comstar USA') as on 31st March 2021.

During the year under review, pursuant to Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

Mr. BVR Subbu, Independent Director of the Company is designated as Director on the Board of Directors of Comstar Automotive. Further, Mr. Jeffrey Mark Overly, Independent Director of the Company was appointed as Director on the Board of Comstar USA.

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

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Our Board comprises eight directors, including four Independent Directors (including one-woman Independent Director), one Executive Director, and three Non-Executive Directors.

During the year, Mrs. Pallavi Joshi Bakhru (DIN: 01526618) ceased to be an Independent Director of the Company with effect from 2nd May 2020, due to conflict with new assignment undertaken by her. The Board places on record its appreciation for the guidance and support provided by Mrs. Bakhru during her tenure with the Company.

During the year, Mr. Amit Jain (DIN: 06917608) ceased to be the Non-Executive Nominee Director of the Company with effect from 1st January 2021, due to his resignation. The Board places on record its appreciation for the guidance and support provided by Mr. Jain during his tenure with the Company.

During the year, Mr. Neeraj Mohan (DIN:05117389) ceased to be the Non-Executive Nominee Director of the Company with effect from 12th February 2021, due to his resignation. The Board places on record its appreciation for the guidance and support provided by Mr. Mohan during his tenure with the Company.

During the year under review, the Board of Directors of the Company, on the recommendation of Nomination and Remuneration Committee, has appointed Mrs. Shradha Suri (DIN: 00176902), as an Additional Director of the Company in the category of Non-Executive And Independent Director of the Company with effect from 5th August 2020 in its meeting held on 5th August 2020. The shareholders of the Company approved her appointment as Non-Executive and Independent Director in the 24th Annual General Meeting held on 31st December 2020 for a term of 5 (Five) years.

Directors' Report

During the year under review, Mr. Prasan Abhaykumar Firodia (DIN: 00029664), tendered his resignation as a Non-Executive Nominee Director of the Company effective from 27th January 2021. Thereafter, the Board of Directors of the Company, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Firodia (DIN: 00029664), as an Additional Director of the Company in the category of Non-Executive and Independent Director of the Company with effect from 27th January 2021 in the same meeting held on 27th January 2021. The Shareholders of the Company approved his appointment as Non-Executive and Independent Director in the Extra Ordinary General Meeting held on 30th January 2021 for a term of 5 (Five) years.

During the year under review, the Board of Directors of the Company, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Jeffrey Mark Overly (DIN: 09041143) as an Additional Director of the Company in the category of Non-Executive and Independent Director with effect from 12th February 2021 in its meetings held on 12th February 2021. The shareholders of the Company approved his appointment as Non-Executive and Independent Director in the Extra Ordinary General Meeting held on 22nd February 2021 for a term of 5 (Five) years.

In terms of applicable provisions of the Act and the Articles of Association of the Company, Mr. Vivek Vikram Singh (DIN: 07698495), Managing Director & Group CEO of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board of Directors, on the recommendation of Nomination and Remuneration Committee, has recommended his re-appointment. Brief resume and other details of Mr. Vivek Vikram Singh (DIN: 07698495), who is proposed to be re-appointed as a Director of your Company, have been furnished in the Explanatory Statement to the Notice of the ensuing Annual General Meeting of the Company.

11. DECLARATION OF 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 Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

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. Composition of Independent Directors are optimum mix of expertise (including financial expertise), leadership and professionalism.

12. CORPORATE GOVERNANCE

The Company is committed to pursue and adhere to the highest standard of Corporate Governance as set out by the Securities and Exchange Board of India (SEBI) and the Companies Act, 2013. 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 Report.

Certificate from PI & Associates, Practicing Company Secretaries, confirmed that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations and the same is attached as **Annexure-B** to this Report.

13. ANNUAL PERFORMANCE EVALUATION

The Board has approved the policy for evaluating the performance of Board, its committees and individual Directors in compliances with the provision of Section 178 read with Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the evaluation criteria specified in the policy, the Nomination and Remuneration Committee and the Board have carried out the annual performance evaluation of the Board as a whole, its committees and individual Directors. The Independent Directors carried out the annual performance evaluation of the Chairperson, Non-Independent Directors and the Board as a whole.

A structured questionnaire covering various aspects of the Board's functioning was circulated to the Directors. The criteria for evaluation of Independent Directors included attendance at the meetings, inter-personal skills, independent judgement, knowledge, contribution to strategy, risk management, compliance framework, etc. The feedback and results of the questionnaire were collated and consolidated report was shared with the Board for improvements of its effectiveness. The Directors expressed their satisfaction with the evaluation process.

14. FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

As per Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Director of the Company need to be imparted with familiarisation programme. However, since the equity shares Company has been listed on National Stock Exchange of India Limited and BSE Limited on 24th June 2021, the Company has initiated the familiarisation programme for the Independent Directors of the Company, the details of which will be available on the website of the Company i.e. <https://sonacomstar.com/policies-and-codes>

The familiarisation programme aims at making the Independent Directors of the Company familiar with the business and operations of the Company through various structured familiarisation programmes.

The Company issues a formal letter of appointment to Independent Director, which outlines his / her role, function, duties and responsibilities. The format of the letter of appointment is available on the website of the Company at <https://sonacomstar.com/investor/appointment-re-appointment-of-independent-directors>

15. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors in terms of Section 134 of the Act, confirm that:

1. in the preparation of the annual accounts for the financial year ended 31st March 2021, the applicable accounting standards were followed, along with proper explanation relating to material departures;
2. they have such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of

affairs of the Company as at 31st March 2021 and of the profit for that period;

3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts for the financial year ended 31st March 2021 have been prepared on a going concern basis;
5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

16. DISCLOSURE ON COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AS PER SECTION 178 OF THE COMPANIES ACT, 2013

The Company has, on the recommendation of the Nomination & Remuneration Committee, amended the Nomination and Remuneration Policy along with a charter of the Nomination and Remuneration Committee in terms of the Section 178 of the Act with effect from 14th August, 2020.

While formulating policy with respect to remuneration payable to 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.

Directors' Report

The salient features of the Nomination and Remuneration Policy of the Company prepared in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been provided in the Corporate Governance Report.

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

17. EMPLOYEE STOCK OPTION SCHEME

On 30th September 2020, pursuant to the approval by the shareholders in the extra-ordinary general meeting, the Board/Nomination and Remuneration Committee of Board, was authorized to grant options under the "Sona BLW Precision Forgings Limited Employee Stock Option Plan 2020" (ESOP Scheme-2020/Plan) to the eligible employees of the Company and its subsidiaries under the ESOP Scheme-2020. The maximum number of Options to be granted, originally under the ESOP Scheme-2020, originally were 278,556 (Two Hundred Seventy Eight Thousand Five Hundred Fifty Six) Shares (or such other adjusted figure for any re-organisation of capital structure undertaken in accordance with this Plan).

Further, pursuant to issue of bonus shares made by the Company, the Board of Directors and the Shareholders in their respective meetings had approved adjustments to the entitlements under the said Employee Stock Option Scheme 2020, by increasing the ESOP pool of the Company from 278,556 (Two hundred seventy-eight thousand five hundred and fifty six) to 3,342,672 (Three million three hundred forty-two thousand six hundred seventy-two). Consequent to such adjustments, additional options were granted to the above-said employees during the year under review.

The Nomination and Remuneration Committee has also been designated as Compensation Committee.

Applicable disclosures as stipulated under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**SEBI SBEB Regulations**) with regard to the Employee Stock Option 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. Walker Chandiok & Co. LLP, Statutory Auditors (Firm Registration No. 001076N/N500013) that the Employee Stock Option Scheme-2020 for grant of stock options has been implemented in accordance with the SEBI SBEB Regulations and the resolution passed by the members in their general meeting held on 30th September, 2020. The certificate is available for inspection in the electronic mode for the members.

18. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unclaimed dividend, the provisions of Section 125 of the Companies Act, 2013 do not apply.

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

Pursuant to Section 186 of Companies Act, 2013, disclosure on particulars relating to loans, advances, guarantees and investments form part of the Financial Statements in this Annual Report.

20. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review in terms of Chapter V of the Act.

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

No material changes and commitments affecting the financial position of the Company which have occurred between end of the financial year to which the Financial Statements relate and the date of this report, except the slowdown in economic activities due to outbreak of COVID-19 pandemic globally.

22. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts or arrangements entered by the Company during the period under review with the related parties were on arms' length basis and in the ordinary course of business, except for the relinquishment of put option right in relation to shares of Sona Holding B.V for a value of ₹ 19 million as set forth in note 52 of the Consolidated Financial Statements.

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as **Annexure C** forming part of this report.

The Board has approved a Policy on Related Party Transactions which has been uploaded on the Company's website. The web-link to the policy on Related Party Transactions as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under: <https://sonacomstar.com/policies-and-codes>

23. MEETINGS OF THE BOARD

Ten (10) meetings of the Board were held during the year under review. For details of these Board meetings, please refer to the section on Corporate Governance forming part of this Report.

The Board met quarterly and the gap intervening between two meetings was within the time prescribed under the Companies Act, 2013 and Listing Regulations.

The details and attendance of meetings of the board, its committees, the Annual General Meeting and Extra Ordinary General Meeting are included in the "Report on Corporate Governance", which forms part of this Report.

24. COMMITTEES OF THE BOARD

The Board of Directors of the Company have constituted/ re-constituted following committees, during the year under review:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management Committee

The details with respect to the composition, powers, roles, terms of reference, etc. of the aforesaid committees are given in details in the "Report on Corporate Governance" of the Company which forms part of this Report.

During the year under review, all recommendations made by the committees were accepted by the Board.

25. DOWNSTREAM INVESTMENT

On 12th November 2020, the Company has incorporated a wholly owned subsidiary in the name of "Sona Comstar eDrive Private Limited". During the year under review, Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors of the Company have certified the compliance as regards the Downstream Investment under the extant Foreign Exchange Management (Non-debt Instruments) Rules, 2019, which can be access at <https://sonacomstar.com/investor/annual-reports-and-returns>

26. SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT AND EXPLANATIONS BY THE BOARD ON THE QUALIFICATION OF SECRETARIAL AUDITOR'S REPORT, IF ANY

Pursuant to the provisions of Section 204 of the Companies Act 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Vinod Kothari & Co., Company Secretaries, New Delhi, as its Secretarial Auditor to undertake the Secretarial Audit for Financial Year 2020-21.

The Secretarial Auditors' Report for the financial year 2020-2021 does not contain any qualification, reservation or adverse remark.

The Secretarial Auditors' Report is enclosed as Annexure-D to the Board's report.

Further as per the requirement of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Secretarial Audit Report of the material subsidiaries namely Comstar Automotive Technologies Private Limited is also attached with the main Secretarial Audit Report.

The Board of Directors in its meeting held on 6 August 2021 appointed M/s PI & Associates, Company Secretaries as Secretarial Auditors for the Financial Year 2021-22.

27. STATUTORY AUDITORS AND AUDITORS' REPORT AND EXPLANATIONS BY THE BOARD ON THE QUALIFICATION OF STATUTORY AUDITOR'S, IF ANY

M/s. Walker Chandiok & Co., Chartered Accountants (FRN No. 001076N) was appointed as statutory auditors for a period of 5 (Five) consecutive financial years in the 21st Annual General Meeting held on 28th September, 2017.

Directors' Report

The Audit Report on Standalone Financial Statements does not contain any qualification, reservation or adverse remarks except as mentioned below:

However, the Statutory Auditors have "Qualified Opinion" in the Auditors Report of Consolidated Financial Statements. The qualification and the management comments thereon are as follows:

The Statutory Auditors have included an audit qualification in relation to the Consolidated Financial Statements for Fiscal Year 2020 for the matter stated below, while mentioning that it does not have any effect on the consolidated profit and equity attributable to the owners for Fiscal 2021. The qualification states that the majority shareholding in Sona Holding B.V ("Sona B.V"), the erstwhile subsidiary company, which was classified as a 'discontinued operation' in the consolidated financial statements for the previous year ended 31st March 2019, was sold to Sona Autocomp Holding Pvt Ltd on 4th July 2019, and consequently, the Company ceased to exercise control over the erstwhile subsidiary company with effect from 5th July 2019 onwards. Due to the unavailability of the consolidated financial statements of Sona B.V and its subsidiaries ("Sona B.V Group") for the period from 1st April 2019 to 4th July 2019, the consolidated financial Statements of the Sona B.V Group for the period from 1st April 2019 to 4th July 2019 has not been included in the consolidated financial statements for Fiscal Year 2020, and the assets and liabilities of Sona B.V Group have been derecognized at their respective carrying values as at 31st March 2019 instead of 4th July 2019. The Statutory Auditors have stated in their audit opinion that this accounting treatment is not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements and had the consolidated financial statements of the Company been prepared after considering the consolidated financial statements of Sona B.V Group for the period from 1st April 2019 to 4th July 2019, the "Profit or Loss from discontinued operations" would have been higher and "Exceptional Item" would have been lower by the same amount with no effect on the consolidated profit of the Group for Fiscal 2020 and its equity attributable to the owners on that date. Further, Note 49 of the Consolidated Financial Statement states that owing to the insolvency proceedings and acquisition of the businesses by a third party, despite the best efforts of management, substantiated by multiple

communications over electronic mail, the Company was unable to obtain the audited consolidated financial statements of Sona B.V for the period from 1st April 2019 to 4th July 2019. The Company has not been able to arrange the consolidated financial statements of Sona B.V for the above mentioned period until the date of the auditor's report of the Consolidated Financial Statements.

Accordingly, the modification in the auditor's report dated 27th April 2021, could not be adjusted in the Consolidated Financial Statements for Fiscal 2020. Consequently, the auditors were unable to quantify its impact on the said items in the accompanying Consolidated Financial Statements and thus the Consolidated Financial Statements for Fiscal 2020 may not be comparable to Fiscal 2021 with respect to this matter.

28. COST AUDITORS AND COST RECORDS

The Company is in compliance of maintenance of cost records as specified by the Central Government under Section 148 (1) of the Companies Act, 2013. The Company is not required to get its cost records audited by a Cost Accountant.

29. INTERNAL CONTROL SYSTEM

The Company has in place internal control system, which is commensurate with its size, scale and complexities of its operations. The Board of Directors have in their meeting held on 27th July 2021, re-appointed Mr. J. V. Prabhu, as Internal Auditor of the Company for the Financial Year 2021-22.

The Board has, in their meeting held on 27th July 2021, re-appointed M/s Deloitte Haskins & Sells LLP, to review the processes gap and recommendations and submit their periodical reports to the Audit Committee on the gap analysis for the Financial Year 2021-22.

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 are 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.

30. BUSINESS RESPONSIBILITY REPORT

A detailed Business Responsibility Report in terms of the provisions of Regulation 34 of the Listing Regulations is attached as **Annexure-E** to this Report.

31. REPORTING OF FRAUD

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Committee has been entrusted with the prime responsibility of recommending to the Board, the CSR activities to be undertaken by the Company in terms of CSR Policy, the amount of expenditure to be incurred and monitoring the implementation of the framework of the CSR Policy.

During the Financial Year 2020-21, the Company's CSR efforts included COVID-19 relief in various ares, including providing dry rations, meals and essentials to COVID affected communities, supporting the health care system to fight COVID-19 in collaboration with credible organizations across various states.

Annual Report, on CSR activities, as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been annexed as **Annexure-F** to this Report.

The Board of Directors of the Company amended the CSR Policy of the Company pursuant to amendments in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Section 135 of the Companies Act, 2013. The CSR Policy of the Company is available on the website of the Company at <https://sonacomstar.com/investor/corporate-social-responsibilities>

33. RISK MANAGEMENT

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has formulated and adopted a Risk Management policy. The primary objectives of the policy include identification and categorization 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 shall periodically review the organisational risks that are spread across operational, financial, technological and environmental spheres and shall provide guidance to the management team.

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. 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.

34. VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had approved the Policy on vigil mechanism/whistle blower which provides mechanism to its directors, employees and other stakeholders to raise concerns about any wrongdoing in the Company and provide for adequate safeguards against victimization of the persons who avail this mechanism.

The mechanism under the policy has been appropriately communicated within the organisation.

During the year under review, the Company has not received any complaints under the said mechanism. The whistle blower policy of the Company has been displayed on the Company's website at: <https://sonacomstar.com/policies-and-codes>

Directors' Report

35. ANNUAL RETURN

In accordance with the provisions of Companies Act, 2013, the Annual Return of the Company in the prescribed format is available at: <https://sonacomstar.com/investor/annual-reports-and-returns>

36. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with all applicable secretarial standards issued by the Institute of Company Secretaries of India.

37. 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 in future.

38. 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 attached as **Annexure-G** of this Report.

39. DISCLOSURE ON MANAGING DIRECTOR AND KEY MANAGERIAL PERSONNEL RECEIVING REMUNERATION AND COMMISSION FROM HOLDING COMPANY OR SUBSIDIARY COMPANY

The Managing Director of the Company is not in receipt of remuneration and commission from holding company or subsidiary company except as mentioned hereinafter.

The erstwhile holding company (and now a majority shareholder) of the Company namely Singapore VII Topco III Pte. Ltd. (Singapore VII) has adopted an exit return incentive plan (ERI Plan) pursuant to which Singapore VII 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 awards will be paid to such employees entirely by Singapore VII (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 of the Company have approved the ERI Plan, in its meeting held on 6th August 2021 in compliance with Regulation 26(6) of the Listing Regulations.

The Company is also seeking the approval of the shareholders (at the ensuing Annual General Meeting of the Company) in compliance with Regulation 26(6) of the Listing Regulations.

40. DISCLOSURE UNDER RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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 is attached as **Annexure-H1** forming part of this Report.

The statement containing names of top ten 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-H2** forming part of this Report.

41. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WORKMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has formulated a comprehensive policy on prevention, prohibition and redressal against sexual harassment of women at workplace which is also in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act 2013 (**POSH**).

The employees are sensitised from time to time in respect of matters connected with prevention of sexual harassment. Awareness programmes are conducted at all unit levels to sensitise the employees to uphold the dignity of their female colleagues at workplace.

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

42. ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

The Board of Directors of the Company in its meeting held on 6th August 2021 constituted an ESG Committee of the Board to oversee the implementation of the ESG frameworks across all its operations in India.

43. CAUTIONARY STATEMENT

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 statement. 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, forex volatility etc.

44. ACKNOWLEDGEMENT

The Board of Directors would like to acknowledge and place on record their sincere appreciation

to all stakeholders, customers, vendors, banks, Central and State Governments, the Company's valued investors 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 Book Running Lead Managers (BRLM's), Legal Counsels, Securities Exchange Board of India (SEBI), Registrar of Companies (ROC), National Stock Exchange of India Limited (NSE), BSE Ltd., Registrar and Transfer Agent (RTA), auditors and all intermediaries for their co-operation and immense support extended to the Company in its process of the Initial Public Offer (IPO).

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

Your Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to promote its development.

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

Sunjay Kapur

(Chairman and

Non Executive Director)

DIN:00145529

Place: Gurgaon

Date: 6th August 2021

CORPORATE GOVERNANCE REPORT

Annexure - A

Sona BLW Precision Forgings Limited (Sona Comstar/ Company), follows the good Corporate Governance practices and always endeavours to improve it further. We believe that it is imperative for us to manage our business affairs in the fairest and transparent manner with a firm commitment to our values, vision and mission. The corporate governance framework of the Company is a reflection of its culture, its policies, its relationship with stakeholders and its commitment to values. The Company always seek to ensure that its performance is driven by its values.

This report provides the additional information relevant and useful for stakeholders of the Company.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of best and sound management practices and compliance with laws coupled with adherence to the highest standards of transparency and business ethics.

The Company places great emphasis on our values, transparency in decision making process, safety of the employees and accountability to all stakeholders.

ETHICS/GOVERNANCE POLICIES

At Sona Comstar, we strive to conduct our business and strengthen our relationship in a manner that is dignified, distinctive and responsible. We adhere to ethical standards in dealing with all the stakeholders as follows:

Code of Conduct for Board and Senior Management

The Code of Conduct 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 directors and Senior Management to uphold the interest of the Company and its stakeholders and to endeavour to fulfil all the fiduciary obligations. The Code is available on the website of the Company at: <https://sonacomstar.com/policies-and-codes>

All the Board members and Senior Management have affirmed compliance with the Codes. A declaration signed by the Managing Director and Group Chief Executive Officer to this effect is enclosed as **Annexure-I** of this Report.

Code of Conduct for Prevention of Insider Trading

In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (PIT Regulations), the Company has adopted the "Code of Conduct (PIT Code) to regulate, monitor and report trading by Insiders". The Code is applicable to promoters, directors, designated person, connected person and their immediate relatives, who may have access to Unpublished Price Sensitive Information relating to the Company. The Company has also formulated a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The aforesaid Codes are posted on the Company's website and can be accessed at: <https://sonacomstar.com/policies-and-codes>

The detailed report on Corporate Governance for the year ended on 31st March 2021 under applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) is set out herein below:

BOARD OF DIRECTORS

The Board plays a significant role in ensuring good corporate governance and smooth functioning of the Company. The Board comprises of optimum combination of executive, Non-Executive and Independent Directors. As on 31st March 2021, the Board of the Company comprised of eight Directors, with four Independent Directors (including one-woman Independent Director), one Executive Director, and three Non-Executive Director. The composition of the Board is in accordance with Regulation 17(1) of Listing Regulations and Section 149 of the Companies Act, 2013.

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

During the year under review, the Board of Directors met ten (10) times to discuss and deliberate on various matters. The meetings were held on 9th April 2020, 24th April 2020, 14th August 2020, 4th November 2020, 9th December 2020, 29th December 2020, 27th January 2021, 12th February 2021, 22nd February 2021 and 15th March 2021. The Board met quarterly and the gap intervening between two meetings was within the time prescribed under the Companies Act, 2013 and SEBI Listing Regulations. The composition of the Board, Committee positions held by the directors as chairman and member and directorship in other listed entities including category of directorship, attendance at the Board Meetings during the year under review and the last

Annual General Meeting, are given herein below:

Name of the Director	Category of Directorship	Number of Board Meetings		Attendance at the AGM held on 31 st December 2020	Number of Directorship of other Public Companies **	Committee positions ***		Directorship in other Listed Entities Along with Category of Directorship
		Held	Attended ^			Chairman	Member	
Mr. Sunjay Kapur	Chairman and Non Executive Director	10	10	No	3	-	-	-
Mr. Amit Dixit	Non-Executive Nominee Director	10	8	No	7	-	2	<ul style="list-style-type: none"> Jagran Prakashan Limited, Non-Executive - Non Independent Director EPL Limited, Non-Executive - Non Independent Director Mphasis Limited, Non-Executive - Non Independent Director
Mr. Ganesh Mani	Non-Executive Nominee Director	10	10	No	1	-	2	-
Mr. Neeraj Mohan*	Non-Executive Nominee Director	10	8	Yes	-	-	-	-
Mr. Amit Jain**	Non-Executive Nominee Director	10	3	No	-	-	-	-
Mr. Subbu Venkata Rama Behara (B.V.R. Subbu)	Non-Executive Independent Director	10	10	Yes	4	3	4	<ul style="list-style-type: none"> KPIT Technologies Limited, Non-Executive - Independent Director Greaves Cotton Limited, Non-Executive - Independent Director MTAR Technologies Ltd Non-Executive - Independent Director
Mrs. Pallavi Joshi Bakhru [§]	Non-Executive Independent Director	10	2	No	-	-	-	-
Mrs. Shradha Suri ^{##}	Non-Executive Independent Director	10	8	Yes	8	1	6	<ul style="list-style-type: none"> Asahi India Glass Limited, Non-Executive - Independent Director Subros Limited, Executive Director-Managing Director
Mr. Prasan Abhaykumar Firodia [†]	Non-Executive Independent Director	10	6	No	2	1	4	<ul style="list-style-type: none"> Force Motors Limited, Executive Director-Managing Director
Mr. Jeffrey Mark Overly [@]	Non-Executive Independent Director	10	2	No	1	-	2	-
Mr. Vivek Vikram Singh	Executive Director	10	10	Yes	1	-	1	-

*Resigned w.e.f. 12th February 2021

**Resigned w.e.f. 1st January 2021

§Resigned w.e.f. 2nd May 2020

[†]Resigned as Non-Executive Nominee Director and appointed as an Independent Director w.e.f. 27th January 2021

^{##}Appointed as an Independent Director w.e.f. 5th August 2020

[@]Appointed as an Independent Director w.e.f. 12th February 2021

[^]Present includes participation by VC

^{##}Excludes Private Limited Companies, Foreign Companies and companies registered under Section 8 of the Companies Act, 2013.

^{***}Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in Public Companies, including that of your Company, has been considered.

None of our directors are related to each other or to any of the Key Managerial Personnel. Profile of every director of the Company is available at: <https://sonacomstar.com/board-of-directors>

Corporate Governance Report

INDEPENDENT DIRECTORS

Independent Directors play 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.

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.

In terms of clause VII of the schedule IV of the Companies Act, 2013 read with Regulation 25(3) of SEBI Listing Regulations, a separate meeting of Independent Directors of the Company without the attendance of Non-Independent Directors for the Financial Year 2020-21 was held on 15th March 2021.

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

Name of the Director	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
Sunjay Kapur	√	√	√	√	√	√	√	√
Vivek Vikram Singh	√	√	√	√	√	√	√	√
Amit Dixit	√	√	√	√	√	√	√	√
Ganesh Mani	√	√	√	√	√	√	√	√
Prasan Abhaykumar Firodia	√	√	√	√	√	√	√	√
Subbu Venkata Rama Behara (B.V.R. Subbu)	√	√	√	√	√	√	√	√
Shradha Suri	√	√	√	√	√	√	√	√
Jeffrey Mark Overly	√	√	√	√	√	√	√	√

REMUNERATION PAID TO DIRECTORS

1. Remuneration paid to Executive Directors

The table below gives the remuneration paid to the Executive Directors during the year 2020-21:

(₹ in million)					
Directors	Salary	Perquisites	Contribution to PF (₹)	Variable pay	Total
Vivek Vikram Singh	20.66	0.04	0.62	13.41	34.73

*Includes variable pay for Financial Year 2020 and Financial Year 2021 paid in Financial Year 2021.

*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, the details of which is provided in the Board Report itself.

DETAILS OF EQUITY SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS AS ON 31ST MARCH 2021

As on 31st March 2021, none of the Non-Executive Directors of the Company was holding any shares or convertible instruments in the Company.

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

The Board of Directors has identified the following skills/ expertise/competencies with reference to its business and industry that are fundamental for the effective functioning of the Company:

S. No	Skill Area
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

2. The table below gives the remuneration paid to the Non-Executive Directors during the Financial Year 2020-21.

(₹ in million)					
Directors	Sitting fees (₹)	Commission	Salary, allowances & Perquisites (₹)	Professional fees to Independent Directors (₹)	Total
Sunjay Kapur	-	24.00	-	-	24.00
Prasan Abhay Kumar Firodia	0.42	-	-	-	0.42
Amit Dixit	-	-	-	-	-
Amit Jain*	-	-	-	-	-
Ganesh Mani	-	-	-	-	-
Neeraj Mohan**	-	-	-	-	-
Subbu Venkata Rama Behara (B.V.R. Subbu)	0.86	-	-	-	0.86
Pallavi Joshi Bakhru [#]	0.1	-	-	-	0.1
Mrs. Shradha Suri ^{##}	0.58	-	-	-	0.58
Mr. Jeffrey Mark Overly [@]	0.24	0.81	-	-	1.05

* Resigned w.e.f. 1st January 2021

**Resigned w.e.f. 12th February 2021

[#]Resigned w.e.f. 2nd May 2020

^{##}Appointed as an Independent Director w.e.f. 5th August 2020

[@]Appointed as an Independent Director w.e.f. 12th February 2021

Our Independent Directors are entitled to the sitting fees of (a) ₹ 0.05 million each for attending meeting of our Board and Audit Committee; (b) ₹ 0.01 million each for attending meeting of other committees of the Board of our Company.

to these committees of the Board. The minutes of the committee meetings are sent to all the Directors and are also tabled at their respective meetings and Board Meeting.

During the year under review, the Company did not grant any loans to any of its Directors. Further, except as stated above, there are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the details provided above and the sitting fees and commission drawn by the Non-Executive and 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 is payable to Directors of the Company as on 31st March 2021. The Company has not granted any stock option to its Non-Executive Directors.

COMMITTEES OF THE BOARD

The Company has constituted the following five committees viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholder Relationship Committee and Risk Management Committee to carry out clearly defined roles which are considered to be performed by the members of the Board, as a part of good governance practice. 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. The Company Secretary of the Company, acts as Secretary

1. AUDIT COMMITTEE

The Audit Committee acts as a link between the statutory and the internal auditors and the Board of Directors. The composition of the Committee meets the requirement of Section 177 of the Companies Act, 2013 and Rules made there under and the SEBI Listing Regulations. The members of the Audit Committee have wide exposure and knowledge in areas of finance, accounting and law. 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.

The Audit Committee has been re-constituted by the Board on 12th February 2021 as per Section 177 of the Companies Act, 2013 and the Rules made thereunder and SEBI Listing Regulations. The name of the Members of the Audit Committee and its composition as on 31st March 2021 is as follows:

Name of the Member	Category
Subbu Venkata Rama Behara (B.V.R. Subbu)	Chairperson, Independent Director
Prasan Abhay Kumar Firodia	Member, Independent Director
Jeffrey Mark Overly	Member, Independent Director
Ganesh Mani	Member, Non-Executive Director

Corporate Governance Report

During the year, the Audit Committee met 6 (Six) times to discuss and deliberate on various matters. The meetings were held on 14th August 2020, 4th November 2020, 29th December 2020, 12th February 2021, 22nd February 2021 and 15th March 2021. The details of the attendance of committee meeting are given as under:

Name of Member	Category	Attendance at the Audit Committee *	
		No. of meetings held	No. of meetings attended
Subbu Venkata Rama Behara (B.V.R. Subbu)	Chairperson, Independent Director	6	6
Shradha Suri [#]	Independent Director	6	3
Neeraj Mohan ^{##}	Non-Executive Nominee Director	6	4
Prasan Abhaykumar Firodia [^]	Independent Director	6	2
Jeffrey Mark Overly [^]	Independent Director	6	2
Ganesh Mani [^]	Non-Executive Director	6	2

* includes participation by VC

[#]appointed as Additional Director on 5th August 2020. Ceased to be member of the Audit Committee w.e.f. 12th February 2021

^{##}ceased to be a member of the Board and Committee w.e.f 12th February 2021

[^]appointed w.e.f. 12th February 2021

The Audit Committee has the following term of reference:

- Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to our Board for the appointment, remuneration and terms of appointment of the auditor of our Company;
- Approving payments 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 our Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgement 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; and
- Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly and half-yearly financial statements before submission to our Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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 our Board to take up steps in this matter.
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modifications of transactions of our Company with related parties;
- Scrutinising of inter-corporate loans and investments;

- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluating of internal financial controls and risk management systems;
- Reviewing, with the management, the performance of statutory and internal auditors, and 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 on 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;
- Discussing 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;
- Establishing and reviewing the functioning of the whistle blower mechanism/ vigil mechanism to report genuine concerns or grievances;
- Approving the appointment of the 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 Companies Act, the Listing Regulations or by any other regulatory authority; and

- Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.
- Reviewing compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

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 or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

- Management's discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

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- Examination of the financial statements and the auditors' report thereon; and
- Statement of deviations:
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and
 - annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of Regulation 32(7) of SEBI Listing Regulations.

2. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration (NRC) Committee has been re-constituted by the Board on 12th February 2021 as per Section 178 of the Companies Act, 2013 and the Rules there under and the SEBI Listing Regulations. The composition of the Nomination and Remuneration Committee as on 31st March 2021 is as follows:

Name of Member	Category
Jeffrey Mark Overly	Chairperson, Independent Director
Amit Dixit	Member, Non-Executive Director
Sunjay Kapur	Member, Non-Executive Director
Subbu Venkata Rama Behara (B.V.R. Subbu)	Member, Independent Director

During the year, the Nomination and Remuneration Committee met five (5) times to discuss and deliberate on various matters. The meetings were held on 14th August 2020, 29th December 2020, 12th February 2021, 22nd February 2021 and 15th March 2021. The details of the attendance at the committee meetings is given as under:

Name of Member	Category	Attendance at the Audit Committee *	
		No. of meetings held	No. of meetings attended
Jeffrey Mark Overly [^]	Chairperson, Independent Director	5	2
Amit Dixit	Non-Executive Director	5	4
Subbu Venkata Rama Behara (B.V.R. Subbu)	Independent Director	5	5
Amit Jain [#]	Non-Executive Director	5	1
Shradha Suri [@]	Independent Director	5	2
Sunjay Kapur [^]	Non-Executive Director	5	2

*includes participation by VC

[^]appointed w.e.f 12th February 2021

[#]resigned as member of the Board and ceased to be member of the Committee

[@]appointed as Additional Director on 5th August 2020 and designation was changed to Non-Executive Independent Director as on 31st December 2020. Ceased to be member of the Committee w.e.f. 12th February 2021

The Nomination and Remuneration Committee has the following terms of reference:

- Formulating the criteria for determining qualifications, positive attributes 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 persons who qualified 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 carrying out evaluations of every Director's performance and specify the manner for effective evaluation of performance of our Board, its committees

and individual Directors to be carried out either by our Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

- Formulating of criteria for evaluation of the performance of the Independent Directors and the Board;
- Devising a policy on Board diversity;
- Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

- Recommending to our Board, all remuneration, in whatever form, payable to Senior Management; and
- Performing such other activities as may be delegated by the Board and/or specified/ provided under the Companies Act, the SEBI Listing Regulations, any applicable law or by any other regulatory authority.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

A formal evaluation of performance of the Independent Directors, Board, its Committees, the Chairman and individual directors was carried out in Financial Year 2020-21, details of which have been provided in the Directors' Report.

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been re-constituted by the Board

on 12th February 2021. The composition of the Committee meets the requirement of the Section 135 of the Companies Act 2013 and the applicable rules and regulations. The composition of the CSR Committee as on 31st March 2021 is as follows:

Name of Member	Category
Prasan Abhaykumar Firodia	Chairman and Independent Director
Sunjay Kapur	Member, Non-Executive Director
Shardha Suri	Member, Independent Director
Mr. Ganesh Mani	Member, Non-Executive Director

The CSR Committee of the Company has formulated the CSR Policy for the Company. The Policy is in conformity of the requirement of Section 135 of the Companies Act, 2013 and the rules made thereunder. The CSR Committee focuses on activities mentioned in the Schedule VII of the Act viz. health, safety, education, environment, sustainability etc.

During the previous year the CSR Committee had met two (2) times on 14th August 2020 and 15th March 2021 to discuss and deliberate on various matters. The details of the attendance in the meeting is as under.

Name of Member	Category	Attendance at Corporate Social Responsibility Committee Meetings	
		No. of meetings held	No. of meetings attended
Subbu Venkata Rama Behara (B.V.R. Subbu) [#]	Chairperson, Independent Director	2	1
Prasan Abhay Kumar Firodia ^{##}	Chairperson, Non-Executive Director	2	2
Amit Jain [@]	Non-Executive Director	2	-
Sunjay Kapur	Non-Executive Director	2	2
Shradha Suri [^]	Independent Director	2	1
Ganesh Mani [^]	Non-Executive Director	2	1

* includes participation by VC

[#]ceased to be a member of the Committee w.e.f. 12th February 2021

^{##}appointed w.e.f 12th February 2021

[@]resigned as member of the Board and ceased to be member of the Committee

[^]appointed w.e.f 12th February 2021

The CSR Committee has the following terms of reference:

- Formulate and recommend to the Board, the CSR Policy of our Company and any amendment thereto from time to time, indicating the activities to be undertaken by our Company in areas or subject, as specified in Schedule VII of the Companies Act;
- Review and recommend the amount of expenditure to be incurred by our Company on various CSR activities;

- Monitor the adherence by our Company with the CSR Policy from time to time;
- Ensure that our Company is taking appropriate measures to undertake CSR activities as mentioned in the CSR Policy;
- Have access to any internal information necessary to fulfil its oversight role;
- Formulate and recommend the annual CSR action plan to the Board, and recommend

Corporate Governance Report

alterations to the approved annual CSR action plan to the Board;

- Ensure compliance of all the obligations cast upon it under the CSR policy of our Company and the annual CSR action plan approved by the Board; and
- Perform other activities related to the CSR charter as requested by our Board or to address issues related to any significant subject within its terms of reference.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee has been constituted pursuant to resolution passed by our Board in its meeting held on 12th February 2021. The composition of the Committee meets the requirement of the Section 178 of the Companies Act 2013 and the SEBI Listing Regulations. The composition of the Committee as on 31st March 2021 is as follows:

Name of Member	Category
Shardha Suri	Chairperson, Independent Director
Prasan Abhaykumar Firodia	Member, Independent Director
Jeffrey Mark Overly	Member, Independent Director
Vivek Vikram Singh	Member, Executive Director

The Company Secretary of the Company, acts as the Secretary to the Committee and Compliance Officer of the Company.

No meeting of the committee was held during the year under review, as the provisions of Companies Act, 2013 and SEBI Listing Regulations were not applicable on the Company.

The Stakeholder and Relationship 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 the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/Annual Reports/statutory notices by the shareholders of our Company;
- To authorise 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(s);
- Recommend methods to upgrade the standard of services to the investor.

Details of Shareholders'/Investors' Complaints:

The Company has not received any investor complaint during the year under review. Further, no investor complaint in relation to our Company is pending as on 31st March 2021.

The Company has obtained authentication on SEBI SCORES on 7th May 2021 in terms of the SEBI circular bearing number CIR/OIAE/1/2013 dated 17th April 2013 and shall comply with SEBI circular bearing number CIR/OIAE/1/2014 dated 18th December 2014 in relation to redressal of investor grievances through SCORES.

5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been constituted pursuant to resolution passed by our Board in its meeting held on 12th February 2021. The composition of the Committee meets the requirement of the SEBI Listing Regulations. The composition of the Committee as on 31st March 2021 is as follows:

Name of Member	Category
Jeffrey Mark Overly	Chairperson, Independent Director
Sunjay Kapur	Member, Non-Executive Director
Ganesh Mani	Member, Non-Executive Director
Vivek Vikram Singh	Member, Executive Director

No meeting of the committee was held during the year under review, as the provisions of Companies Act, 2013 and SEBI Listing Regulations were not applicable on the Company.

The Risk Management Committee has the following terms of reference:

- Formulate a detailed risk management policy which shall include:
 - 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;
 - measures for risk mitigation including systems and processes for internal control of identified risks;
 - 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;
- Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions;

- Laying down procedures to inform our Board about the risk assessment and minimization procedures;
- To assist the Board with regard to the identification, evaluation and mitigation of risks and assess management actions to mitigate such risks;
- To evaluate and ensure that our Company has an effective system internal control systems to enable identifying, mitigating and monitoring of the risks related to the business of our Company;
- To review effectiveness of risk management and control system;
- To evaluate risks related to cyber security and ensure appropriate procedures are placed to mitigate these risks in a timely manner;
- Periodic reporting to our Board of non-financial risk management issues and actions taken in such regard;
- To ensure the implementation of the suggestions / remarks / comments, if any, of our Board on the risk management plan and system; and
- Performing such other functions as may be assigned by our Board from time to time.

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 in the meetings. The Company Secretary is primarily responsible to assist and advice 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. He interfaces between the management and regulatory authorities for governance matters.

Corporate Governance Report

GENERAL BODY MEETINGS

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

Year	Venue	Date	Time	Special resolutions passed in the AGM by the shareholders
2018	GF-19, Indraprakash, 21, Barakhamba Road, New Delhi - 110 001	28 th September, 2018	11:00 a.m.	To approve resolution in accordance with the provisions of section 62(3) of the Companies act, 2013.
2019	Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004	30 th day of November, 2019	05:00 p.m.	To consider and approve the alteration in the Articles of Association (AoA).
2020	Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004	31 st day of December, 2020	11:00 a.m	1. To increase borrowing powers of the board and authorization limit to secure the borrowings under Section 180(1)(c) of the Companies, Act, 2013 2. 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.

During the year ended 31st March 2021, no resolution was passed by postal ballot. Hence, disclosure under this section is not required to be provided.

Further, there is no immediate proposal for passing any special resolution through Postal Ballot.

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 Entity	Relationship with the Company	Details of Services	Amount (₹ in million)
1	Sona BLW Precision Forgings Limited	NA	Statutory Audit, certification Fees and IPO related service Fees	24.92
2	Comstar Automotive Technologies Private Limited	Subsidiary	Statutory Audit & certification Fees	5.25
3	Comstar Automotive Technologies Services Private Limited	Subsidiary	Statutory Audit & compliance services Fees	0.21
4	Sona Comstar eDrive Private Limited	Subsidiary		Nil
5	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Subsidiary	Statutory Audit Fees	*1.66
6	Comestel Automotive Technologies Mexicana	Subsidiary	Statutory Audit Fees	1.22
7	Comstar Automotive Hongkong Limited	Subsidiary	Statutory Audit Fees	0.35
8	Comstar Automotive USA LLC	Subsidiary	Audit Fee, Inventory Observation & Income tax returns Fees	0.93
9	Comstar Automotive (Hangzhou) Co. Ltd	Subsidiary	Statutory Audit	3.16
10.	Comstar Hong Kong Mexico No1 LLC	Subsidiary		NIL
11.	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V;	Subsidiary	Statutory Audit	NIL, Combined with *Mexico Audit Fees
Total				37.70

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 SEBI Listing Regulations, copy of which was placed before the board of directors in their meeting held on 27th April 2021 and is annexed as **Annexure-J** of this Report.

MEANS OF COMMUNICATION

Company Website

Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's website <https://www.sonacomstar.com/> 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.

GENERAL SHAREHODLER'S INFORMATION

1. Date, time and venue of the Annual General Meeting	Thursday, 9 th September, 2021, at 12:00 Noon (IST) through Video Conferencing / Other Audio Visual Means as set out in the Notice convening the Annual General Meeting. Deemed venue of the Meeting is Sona enclave, Village Begumpur Khatola, Sector-35, Gurgaon-122004.
2. Financial Year	Financial Year of the Company is from 1 st April 2020 to 31 st March 2021
3. Dividend payment date	The Board of Directors in their meeting held on 14 th August 2020 had declared an interim dividend @ ₹ 9.64 per share. The payment was made on 21 st August 2020. The Board of Directors in its meeting held on 27 th January 2021 had declared an interim dividend @ ₹ 9.30 per share. The payment was made on 10 th February 2021.
4. Listing of Equity Shares at Stock Exchanges	The Equity Shares of the Company were listed on the following exchanges w.e.f. 24 th June 2021: 1. BSE Limited (BSE) Floor 25, P. J. Towers, Dalal Street, Mumbai - 400 001 2. National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
5. Payment of Listing Fees	The Company was not listed in FY 2020-21, However, the Company has paid the Initial and Annual Listing fees of both the Stock Exchanges in FY 2021-22
6. Stock Code/Symbol	BSE Scrip Code: 543300/SONACOMS NSE Symbol: SONACOMS
7. Market price data- high, low during each month in last financial year	
8. Performance in comparison to broad-based indices such as BSE sensx, CRISIL Index etc	NA
9. In case the securities are suspended from trading, the directors report shall explain the reason thereof	
10. Registrar & Share Transfer Agent	The Company has appointed KFin Technologies Private Limited as Registrar and Share Transfer Agent (RTA). Shareholders / Investors / Depository Participants are requested to send all their documents and communications pertaining to both physical and demat shares to the RTA at the following address: KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium, Tower-B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 Tel: +91 40 2342 0818, +91 40 6716 2222 Fax: +91 40 2342 0814, +9140 2300 1153 E-mail: einward.ris@kfintech.com Website: www.kfintech.com
11. Share Transfer System	As mandated by SEBI, securities of listed companies can only be transferred in dematerialized form. In view of the same, the entire share capital of the Company is in dematerialised form. The shares can be transferred by shareholders through their Depository Participants.

Corporate Governance Report

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2021

Range on number of shares held	Number of shareholders	Percentage of shareholders (%)	Number of shares held	Percentage of shares held (%)
1-5000	6	Negligible	144	Negligible
5001-10000	-	-	-	-
10001 - 20000	-	-	-	-
20001 - 30000	-	-	-	-
30001 - 40000	-	-	-	-
40001 - 50000	-	-	-	-
50001 and above	2	100%	572,980,416	100%
Total	572,980,560	100%	572,980,560	100%

CATEGORY OF SHAREHOLDING AS ON 31ST MARCH 2021

Range on number of shares held	Number of shares	Percentage of shares (%)
Promoters and Promoter Group	572,980,488	100%
Mutual Funds	NIL	NA
FII/Foreign Portfolio Investors	NIL	NA
Financial Institutions / Banks	NIL	NA
Insurance Companies	NIL	NA
Bodies Corporate	NIL	NA
Resident Individuals	72	Negligible
Others	NIL	NA
Total	572,980,560	100%

13. DEMATERIALIZATION OF SHARES AND LIQUIDITY

Your Company has entered into Tripartite Agreements with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) dated 12th January 2009 and 7th February 2019 respectively. Hence, the Company's shares are available for dematerialization in NSDL and CDSL.

The entire equity share capital of your Company is held in dematerialised form with NSDL and CDSL under International Securities Identification Number (ISIN) - INE073K01018.

14. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS CONVERSION DATE AND LIKELY IMPACT ON EQUITY

Not Applicable

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\$ and 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.

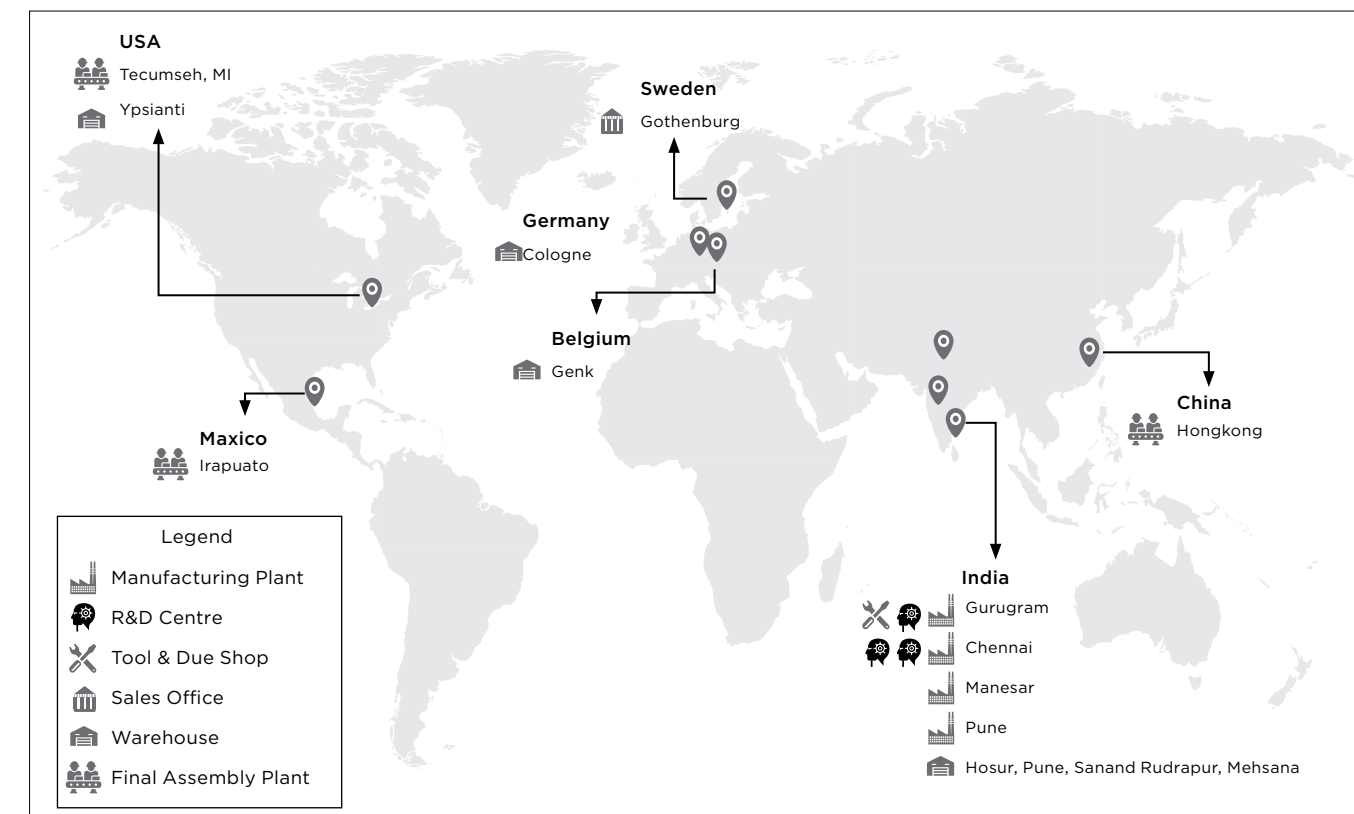
The Company employ financial instruments, primarily forward contracts to hedge certain of our foreign currency exchange risks relating to our business.

16. PLANT LOCATIONS

Your Company 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 centres, warehouses, tool and die shop and sales office as at 31st March 2021.



17. ADDRESS FOR CORRESPONDENCE

Shareholders may correspond with the Registrar and Transfer Agents at:

KFin Technologies Private Limited
(formerly known as Karvy Fintech Private Limited)
Selenium, Tower-B, Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda, Serilingampally
Mandal, Hyderabad - 500 032
Tel: +91 40 2342 0818, +91 40 6716 2222
Fax: +91 40 2342 0814, +9140 2300 1153
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Toll Free No.: 1-800-3094-001

Your Company has a designated investor@sonacomstar.com as an exclusive email ID for Investors related matters.

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

Sona BLW Precision Forgings Limited,
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

Your Company can also be visited at its website: 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 MOBILIZATION OF FUNDS, WHETHER IN INDIA OR ABROAD

During the Financial Year 2020-21, the Company does not have any debt instruments or any fixed deposit programme or any scheme or the proposal of the Company involving mobilization of funds in India or in abroad.

19. UNCLAIMED EQUITY DIVIDEND

There is no unclaimed dividend as on 31st March 2021.

Corporate Governance Report

OTHER DISCLOSURES

a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large

The Company does not have any materially significant related party transactions, which may have potential conflict with the interest of the Company at large. Further, the statutory disclosure requirements relating to related party transactions have been complied in the Financial Statements.

The policy on dealing with related party transactions has been disclosed on the Company's website, link for which is: <https://sonacomstar.com/policies-and-codes>

b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

Not Applicable, as the Company has been listed on 24th June 2021.

c. Details of establishment of vigil mechanism / whistle blower policy, and affirmation that no personnel has been denied access to the audit committee

A Whistle Blower Policy has been adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.

d. 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.

e. Disclosure of policy on material subsidiaries

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

f. Disclosure of policy on related party transactions

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

g. Commodity price risk or foreign exchange risk and hedging activities

The Company has managed the foreign exchange risk and the transactions have been hedged to the extent considered necessary. The details of foreign currency exposure are disclosed in the Standalone Financial Statements.

h. Details of utilisation of funds of Preferential Allotment/QIP

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

i. Certificate from 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 to this report as Annexure-K.

j. Acceptance of recommendation of Board Committees

During the financial year 2020-21, there was no recommendation of any committee of the Board of the Company which is mandatorily required and is not accepted by the Board of the Company.

k. 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 Directors Report forming part of this Annual Report.

Details of Complaints received from investors/ shareholders and redressed during the Financial Year 2020-21:

- number of complaints received during the financial year: None
- number of complaints disposed of during the financial year: None
- number of complaints pending as on end of the financial year: None

NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS (2) TO (10), WITH REASONS THEREOF SHALL BE DISCLOSED

All the requirements of Corporate Governance Report of sub paragraphs (2) to (10) Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been duly complied with.

ADOPTION OF DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II HAVE BEEN ADOPTED

Not applicable, as the Company has been listed on 24th June 2021.

DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) AND (T) OF SUB-REGULATION (2) OF REGULATION 46 SHALL

BE MADE IN THE SECTION ON CORPORATE GOVERNANCE OF THE ANNUAL REPORT.

The Company has complied with the Corporate Governance requirements specified in regulation 17 to 27 to the extent applicable and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable, as the Company has been listed on 24th June 2021.

COMPLIANCE CERTIFICATE FROM EITHER THE AUDITORS OR PRACTICING COMPANY SECRETARIES REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE SHALL BE ANNEXED WITH THE DIRECTORS' REPORT

Certificates from PI & Associates, Company Secretaries were issued confirming that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations and the same is annexed to this report as **Annexure - B**.

DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. 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 Organization. The Company has adequate systems of internal control to ensure reliability of financial and operational information and compliance with all statutory /regulatory compliances.

Annexure - B

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Sona BLW Precision Forgings Limited
Sona Enclave, Village Begumpur Khatola
Sector-35, Gurugram

Ref: Compliance Certificate regarding compliance of conditions of Corporate Governance under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

1. We have examined the compliance of the conditions of Corporate Governance by **Sona BLW Precision Forgings Limited** ("Company"), for the year ended on 31st March 2021, as stipulated under 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 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 SEBI Listing Regulations.

MANAGEMENT'S RESPONSIBILITY

2. The Compliance with the requirements of conditions of Corporate Governance is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the requirements in the Corporate Governance and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

OUR RESPONSIBILITY

3. Pursuant to the requirement under SEBI Listing Regulations, it is our responsibility to express limited assurance that the Company has complied with the requirements of the conditions of Corporate Governance. Further, this Certificate is also required to be annexed with the Directors' Report of the Company which forms part of the Annual Report as required under para E of Schedule V of the Listing Regulations.
4. We have verified the conditions of Corporate Governance to the extent possible since as at the end of the Financial Year 2020-21, the Company was unlisted public company and was in the process of listing through initial public offer (IPO). Thus, our examination and assurance with regard

to compliance of the conditions of Corporate Governance is limited to the extent below:

- (a) Composition of the Board of Directors;
 - (b) Code of conduct for all members of the Board of Directors and Senior Management;
 - (c) Adoption of Succession Plan for appointment to the Board of Directors and Senior Management;
 - (d) Evaluation of the performance of Independent Directors based upon the minutes shared with us;
 - (e) Maximum number of directorships of all directors of the company in other listed entities;
 - (f) Composition of the Audit Committee;
 - (g) Composition of the Nomination and Remuneration Committee;
 - (h) Composition of Stakeholders Relationship Committee;
 - (i) Formulation of Vigil Mechanism;
 - (j) Formulation of Policy on materiality of Related Party Transactions and on dealing with related party transactions;
 - (k) Formulation of policy for determining material subsidiary and consequent appointment of one Independent Directors on the board of its two material subsidiaries;
 - (l) Maximum number of memberships and chairmanship in Audit and Stakeholders' Relationship committees in all public limited companies whether listed or not; and
 - (m) Website disclosures.
5. Further, our examination of records did not include verification of the compliances of condition of Corporate Governance with respect to periodic filing of returns, reports, documents and other information with the stock exchanges, compliances

which are based on market capitalization and other compliances which are triggered on some material events since the Company was not required to comply with the SEBI Listing Regulations.

6. 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, we certify that the Company to the extent possible has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on 31st March 2021.
7. The Corporate Governance Certificate shall be read in the context of the fact that the Company was unlisted through the Financial Year 2020-21 and

this certificate is furnished as on even date when the Company is listed and is required to comply with SEBI Listing Regulations.

For **PI & Associates**,
Company Secretaries

Nitesh Latwal
Partner

ACS No.: A32109

C P No.: 16276

Date: 30th June 2021

Place: New Delhi

UDIN: A032109C000549351

Disclaimer: This Certificate 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
Sona Enclave, Village Begumpur Khatola
Sector-35, Gurugram

Our Certificate of even date is to be read along with this letter.

1. Compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these compliances.
2. 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 test basis to ensure that correct facts are reflected in records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. It is to be noted that due to Covid-19 situation in the Country and in compliance of the Covid-19 norms issued by the Government of India and

State Governments from time to time, the Firm had carried out the examination of documents, registers, forms, etc., that were made available to us by the company through electronic medium. Further, wherever possible we have also taken confirmations from the Company but the audit, as conducted, is subject to limitation of availability of documents due to continuous restrictions imposed by governments.

5. Where ever required, we have obtained the Compliance Certificate/Management Representation Letter about the compliance of laws, rules and regulation and happening of events etc.
6. Our certificate 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.: A32109

C P No.: 16276

Place: New Delhi

Date: 30th June 2021

UDIN: A032109C000549351

FORM NO. AOC-2

Annexure - C

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for 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

1. Details of contracts or arrangements or transactions not at arm’s length basis

Name(s) of the related party and nature of relationship	Sona Autocomp Holding Private Limited
Nature of contracts/arrangements/transactions	Waiver of the right to sell 19% shares in Sona Holding B.V (put option) to Sona Autocomp Holding Pvt. Ltd. at a pre-agreed consideration of ₹ 19 million under the Share Purchase and Shareholders’ Agreement dated 16 th October, 2018 (‘ESA’), executed between the Company, Sona Autocomp Holding Private Limited (‘Sona Autocomp’), Sona Holding B.V, Sona BLW Präzisionsschmiede GmbH, Sona Autocomp Germany GmbH and Mr. Sunjay Kapur.
Duration of the contracts/arrangements/transactions	Perpetual
Salient terms of the contracts or arrangements or transactions including the value, if any	Waiver of put option right in relation to 19% shares of Sona Holding B.V to Sona Autocomp at a pre-agreed consideration of ₹ 19 million as per the terms of the ESA
Justification for entering into such contracts or arrangements or transactions	Sona Holding B.V and its subsidiaries; Sona BLW Präzisionsschmiede GmbH and Sona Autocomp Germany GmbH, are under liquidation and has no business operations. Thus it was decided to waive off the put option right in relation to shares of Sona Holding B.V
Date of approval by the Board	12 th February 2021
Amount paid as advances, if any	NA
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

2. 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 financial year ended 31st March 2021.

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

Sunjay Kapur
Chairman and Non Executive Director
(DIN: 00145529)

Place: Gurgaon
Date: 6th August 2021

Annexure - D

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March 2021

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

To,
The Members,
Sona BLW Precision Forgings Limited

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**”) for the financial year ended 31st March 2021 [“**Period under Review**”]. Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

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 Period under Review, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Period under Review, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 (“the Act”) and the rules made thereunder including any re-enactment thereof;
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

Further no Laws were specifically applicable to the industry to which the Company belongs, as confirmed by the management.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

We report that during the Period under Review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

The Board of Directors in their report on financial statements for FY 2019-20 has explained the reasons and circumstances for non-compliance with the provisions of section 129 of the Companies Act, 2013 to the extent it did not include the financial statements of Sona B.V, Netherlands, an erstwhile subsidiary of the Company, along with its subsidiaries in its consolidated financial statements for the financial year ended 31st March 2020.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Period under Review were carried out in compliance with the provisions of the Act.

Requisite consent of the directors has been received in all cases where the Board meetings and Committee meetings, agenda and detailed notes on agenda have been sent 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.

Majority decision was carried through, while there were no minuted instances of dissent in Board or Committee meetings.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Period under Review, the Company has not undertaken any specific event/ action that can have a major bearing on the company’s compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

Annexure - I

ANNEXURE TO SECRETARIAL AUDIT REPORT (NON-QUALIFIED)

1. **Approved to carry out Initial Public Offering (‘IPO’) of the Company**

During the Period under Review, the Board of Directors of the Company at its meeting dated 22nd February 2021, approved to carry out the IPO of the Company by fresh issue for an amount of ₹ 3,000 million and offer for sale of Equity Shares aggregating up to ₹ 57, 000 million.

2. **Adoption of new set of Articles of Association**

During the Period under Review, the shareholders of the Company at the extra-ordinary general meeting held on 22nd February 2021, approved the adoption of new set of Articles of Association of the Company.

3. **Issue of Bonus shares**

During the Period under Review, the extra-ordinary general meeting held on 30th January 2021, approved bonus issue of 11 shares of face value ₹ 10/- each for every 1 existing fully paid-up equity share of face value ₹ 10/- each.

4. **Conversion of Compulsorily Convertible Preference Shares into equity shares**

During the Period under Review, the Board of Directors of the Company at its meeting held on 27th January 2021, approved conversion of 594,436 Compulsorily Convertible Preference Shares (CCPS) of face value ₹ 10/- each held by Singapore VII Topco III Pte. Ltd. at conversion ratio of 1:1 by issue and allotment of consequent equity shares.

5. **Increase in authorized share capital**

During the Period under Review, the shareholders of the Company at their extraordinary general meeting held on 22nd January 2021, approved to increase the authorised share capital from the existing ₹ 52 Crore, divided into 5.05 crore equity shares of ₹ 10/- each and 15 Lakh Preference Shares of ₹ 10/- each, to ₹ 1000 Crores divided into 99.85 Crores equity shares of ₹ 10/- each and 15 lakh Preference Shares of ₹ 10/- each and consequent amendment in the Memorandum of Association of the Company.

6. **Employee Stock Option Scheme**

During the Period under Review, the shareholders of the Company at their extraordinary general meetings held on 30th September 2020 and 30th January 2021 approved the Employee Stock Option Scheme-2020 for the employees of the Company and its subsidiaries, not exceeding 33,42,672 stock options, directly or through the Trust route or combination of both, at such price as may be determined by the Board of Directors of the Company. The Board of Directors has approved to grant the options to the eligible employees directly.

7. **Incorporation of Wholly Owned Subsidiary**

During the Period under Review, the Board of Directors of the Company in its meeting held on 4th November 2020 had approved to incorporate a Wholly Owned Subsidiary namely Sona Comstar eDrive Private Limited which was incorporated on 12th November 2020.

8. **Declaration of Interim Dividend**

During the Period under Review, the Board of Directors of the Company declared the interim dividends at the rate of INR 9.634 per share and INR 9.299 per Share in its meetings held on 14th August 2020 and 27th January 2021 respectively.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Pammy Jaiswal

Partner
Membership No.: A48046
CP No.: 18059
UDIN: A048046C000375439
Peer Review Certificate No.: 781/2020

Place: Kolkata
Date: 26th May, 2021

This report is to be read with our letter of even date which is annexed as **Annexure ‘I’** and forms an integral part of this report.

To,
The Members,
Sona BLW Precision Forgings Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. 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. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test 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;
3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our Audit, there was a need for physical access to any of the places of business of the Company, the same was not possible due to the lockdowns and travel restrictions imposed by Central and State Governments respectively. We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various

disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.

6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
8. 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 audit practices.
9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/ to be furnished by any other auditor(s)/agencies/ authorities with respect to the Company.
10. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Pammy Jaiswal

Partner
Membership No.: A48046
CP No.: 18059
UDIN: A048046C000375439
Peer Review Certificate No.: 781/2020

Place: Kolkata
Date: 26th May, 2021

Annexure - II

LIST OF DOCUMENTS

1. Draft minutes of the following meetings: (provided through electronic mode on account of lockdown due to COVID-19)
 - a. Board of Directors;
 - b. Audit Committee;
 - c. Nomination and Remuneration Committee;
 - d. Corporate Social Responsibility Committee;
 - e. IPO Committee;
 - f. Annual and Extraordinary General meetings;
2. Notice and Agenda papers for Board and Committee meetings on sample basis;
3. Annual Report 2019-20;
4. Memorandum and Articles of Association;
5. Disclosures under Act, 2013 on sample basis;
6. Policies framed under Act, 2013;
7. Forms filed with the ROC, RBI (under FEMA);
8. Registers maintained under Act, 2013;

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March 2021

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

To,
The Members,
COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED,
(CIN: U35911HR1997PTC083740),
Sona Enclave, Village Begumpur Khatola,
Sector 35, Gurgaon - 122 004.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **M/s. COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31.03.2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained

by **M/s. COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED** for the financial year ended on **31.03.2021** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;

I have also examined compliance with the applicable Clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Standards, etc. mentioned above subject to the following observation:

- i. The company has appointed Chief Financial Officer as required under Section 203 of the Companies Act, 2013 as on date of signing of this report.

I further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Annexure - 1

Notice is given to all Directors to schedule the Board Meetings, agenda and detailed note on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has no specific or major events.

For M Damodaran & Associates LLP

M. Damodaran
Managing Partner
Membership No.: 5837
COP. No.: 5081

ICSI UDIN No.: F005837C000352370

Place: Chennai

Date: 21st May, 2021

(This report is to be read with our letter of even date which is annexed as **Annexure 1** and forms an integral part of this report)

To
The Members,
COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED,
(CIN: U35911HR1997PTC083740),
Sona Enclave, Village Begumpur Khatola,
Sector 35, Gurgaon – 122 004.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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 test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. I have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation (Wherever Applicable) for the purpose of issuing this Report/ Certification/ Document (as applicable).

For M Damodaran & Associates LLP

M. Damodaran
Managing Partner
Membership No.: 5837
COP. No.: 5081
ICSI UDIN No.: F005837C000352370

Place: Chennai

Date: 21st May, 2021

BUSINESS RESPONSIBILITY REPORT

Annexure - E

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L27300HR1995PLC083037
2. Name of the Company	Sona BLW Precision Forgings Limited
3. Registered and Corporate office address	Sona Enclave, Village Begumpur Khatola, Sector 35 Gurgaon HR 122004
4. Website	www.sonacomstar.com
5. E-mail id	investor@sonacomstar.com
6. Financial Year reported	2020-2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of motor vehicles, trailers and semi-trailers (NIC Code 2008: 2930)
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	Differential Gears, Differential Assembly and other gears
9. Total number of locations where business activity is undertaken by the Company	7 Locations
a) Number of International Locations (Provide details of major 5)	3 locations in USA, Mexico, and China (Through Subsidiaries). Please refer complete list of locations available on the Company's website at www.sonacomstar.com
b) Number of National Locations	4 locations (3 units in Gurgaon and 1 in Manesar, 1 unit in Pune and 1 unit in Chennai. Please refer complete list of locations available on the Company's website at www.sonacomstar.com
10. Markets served by the Company - Local/State/National/International	All over India, Asia, North America, Europe, India and China

SECTION B: FINANCIAL DETAILS OF THE COMPANY

FINANCIAL DETAILS OF THE COMPANY	FY 2020-21	FY 2019-20
1. Paid up Capital (INR)	5729.80 million	471.54 million
2. Revenue from Operations (INR)	7671.73 million	5396.74 million
Other income (INR)	767.20 million	9.83 million
Total Turnover (INR)	8438.93 million	5396.74 million
3. Total profit after taxes (INR)	2269.19 million	936.47 million

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

INR 20.91 million was spend by the Company during the FY 2020-21 and INR 5 million was transferred to unspent CSR Account (2.03%).

***Based on average net profit of the Company for last three financial years**

5. List of activities in which expenditure in 4 above has been incurred:

Sustainability, Technology, Promotion of Healthcare and Disaster Management.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No. BR initiatives of the Company are limited to its own operations
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No. BR initiatives of the Company are limited to its own operations

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

No.	Particulars	Details
1.	DIN Number	07698495
2.	Name	Mr. Vivek Vikram Singh
3.	Designation	Managing Director & Group CEO

(b) Details of the BR head

No.	Particulars	Details
1.	DIN Number	07698495
2.	Name	Mr. Vivek Vikram Singh
3.	Designation	Managing Director & Group CEO
4.	Telephone No.	+91-124-4768200
5.	Email-id	investor@sonacomstar.com

List of Nine Principals

Principle 1 (P1)	Businesses should conduct and govern themselves with ethics, transparency and accountability
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3 (P3)	Businesses should promote the wellbeing of all employees
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
Principle 5 (P5)	Businesses should respect and promote human rights
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8 (P8)	Businesses should support inclusive growth and equitable development
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? *	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	https://sonacomstar.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? ***	Y	Y	Y	Y	Y	Y	Y	Y	Y

* The Whistle-Blower Policy, Code of Conduct, Prevention of Sexual Harassment Policy and Corporate Social Responsibility Policy are framed as per the requirements of the respective legislations of India.

Business Responsibility Report

** The Whistle-Blower Policy and Code of Conduct for Board and Senior Management, for Employees and Vendors are overseen by the Audit Committee of the Board of Directors of the Company and Corporate Social Responsibility Policy is overseen by the Corporate Social Responsibility Committee of the Board of Directors of the Company. Prevention of Sexual Harassment Policy is being overseen by Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The grievance, if any, arising out of Whistle-Blower Policy, Code of Conduct and Prevention of Sexual Harassment Policy is being redressed by the respective committees which oversee them.

*** 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. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.

(b) If answer to the question at serial number 1 against any principle, is ‘No’, please explain why:

Not Applicable

3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Company has published Business Responsibility Report as part of Annual Report and which is available on Company's website at https://sonacomstar.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle No.	Description	Response
Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability		
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors /NGOs/Others?	Yes, the Company has Anti-Corruption Compliance Policy, Whistle-Blower Policy, Code of conduct for the Board and Senior Management, Code of Conduct for Employees and Vendors. The above Policies encourage employees and the business partners to report any violation of the Code to the Company through various means. Currently, the above Policy doesn't cover the group and Joint Ventures, but the Company have separate policy for their vendors, suppliers and service providers to cover this principle.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.	During the financial year under review, the Company has not received any stakeholder complaint.
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle		
2.1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company along with its subsidiaries manufactures differential gears, conventional and microhybrid starter motors, BSG systems and EV traction motors for automotive sector. These products have insignificant social or environmental concern or risk.
2.2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):	The Company has established the 701.4 kW (238.6 kW at Gurgaon Unit-I, 220 kW at Gurgaon Unit-II and 242.8 kW at Manesar plant) the solar plant for the reduction of GHG emissions and saving energy by using electricity generated from the solar plant. The Company has also setup 13 water harvesting pits (4 pits at Gurgaon Unit-I, 1 pit at Gurgaon Unit-II, 4 pits at Gurgaon unit-III, 3 pits at Manesar plant and 1 pit at Pune plant) for water conservation.

Principle No.	Description	Response																				
2.3	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.	Yes, The Company's supplier selection, assessment and evaluation process includes elements of sustainability. This includes initial supplier survey, continuous risk assessments and audits. 100% inputs are sustainably sourced.																				
2.4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes. The criteria for selection of goods and services is quality, reliability and cost, the Company conducts the supplier Programmes every year for enhancement of performance of the Vendors & Suppliers who meets our Quality, Cost, Delivery and Technological Expectations. The Company also have a manual of performance evaluation of the suppliers.																				
2.5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so	Yes, The Company has recycled 100% of its Hazardous & Non Hazardous waste product through authorized recyclers. The Company also setup 13 water harvesting pits for water conservation as mentioned in point 2.2.																				
Principle 3: Businesses should promote the wellbeing of all employees																						
3.1	Please indicate the Total number of employees.	Total 1,937 employees (including 452 permanent employees)																				
3.2	Please indicate the Total number of employees hired on temporary/contractual /casual basis.	Total 1,485 employees as temporary/contractual /casual basis.																				
3.3	Please indicate the Number of permanent women employees.	12																				
3.4	Please indicate the Number of permanent employees with disabilities	0																				
3.5	Do you have an employee association that is recognized by management? What percentage of your permanent employees is members of this recognized employee association?	Yes 9.7% of permanent employee are members of the recognized association.																				
3.6	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<table><tr><th>Sl. No.</th><th>Category</th><th>No of complaints filed during the financial year</th><th>No of complaints pending as on end of the financial year</th></tr><tr><td>1.</td><td>Child labour/ forced labour/ involuntary labour</td><td>NIL</td><td>NIL</td></tr><tr><td>2.</td><td>Sexual harassment</td><td>NIL</td><td>NIL</td></tr><tr><td>3.</td><td>Discriminatory employment</td><td>NIL</td><td>NIL</td></tr></table>	Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year	1.	Child labour/ forced labour/ involuntary labour	NIL	NIL	2.	Sexual harassment	NIL	NIL	3.	Discriminatory employment	NIL	NIL				
Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year																			
1.	Child labour/ forced labour/ involuntary labour	NIL	NIL																			
2.	Sexual harassment	NIL	NIL																			
3.	Discriminatory employment	NIL	NIL																			
3.7	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	Pl put % for each category <table><tr><th>Sl. No.</th><th>Particulars</th><th>Safety Training</th><th>Skill Upgradation</th></tr><tr><td>(a)</td><td>Permanent Employees</td><td>100%</td><td>95.4 %</td></tr><tr><td>(b)</td><td>Permanent Women Employees</td><td>100%</td><td>97.6%</td></tr><tr><td>(c)</td><td>Casual/Temporary/ Contractual Employees</td><td>100%</td><td>94.3%</td></tr><tr><td>(d)</td><td>Employees with Disabilities</td><td>NIL</td><td>NIL</td></tr></table>	Sl. No.	Particulars	Safety Training	Skill Upgradation	(a)	Permanent Employees	100%	95.4 %	(b)	Permanent Women Employees	100%	97.6%	(c)	Casual/Temporary/ Contractual Employees	100%	94.3%	(d)	Employees with Disabilities	NIL	NIL
Sl. No.	Particulars	Safety Training	Skill Upgradation																			
(a)	Permanent Employees	100%	95.4 %																			
(b)	Permanent Women Employees	100%	97.6%																			
(c)	Casual/Temporary/ Contractual Employees	100%	94.3%																			
(d)	Employees with Disabilities	NIL	NIL																			

Business Responsibility Report

Principle No.	Description	Response
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised		
4.1	Has the company mapped its internal and external stakeholders?	Yes, the Company has mapped and identified external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. These stakeholders include employees, customers, NGOs and communities, dealers, suppliers, investors, media, government, regulators, peers and industry ecosystem.
4.2	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?	Yes, the Company has identifies the local rural community (where some of contractual labour also reside) as disadvantaged, vulnerable and marginalized stakeholders.
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof.	<p>The Company works with the local community to improve the standards of Govt Sr. Sec School by providing clean drinking water facility and create smart class for the underprivileged children.</p> <p>During the pandemic lockdown the company had taken initiative to distribute ration food provisions packets in the community, where marginalised people reside and this initiative was to mitigate the impact of lockdown.</p>
Principle 5: Businesses should respect and promote human rights		
5.1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?	Yes, the policy extends to its Vendors, Supplier/ Contractors.
5.2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under review, the Company has not received any complaints from any stakeholders.
Principle 6: Businesses should respect, protect, and make efforts to restore the environment.		
6.1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/others.	The Company believes that its vendors and suppliers are key stakeholders in the business cycle. Their good Environment, Health & Safety (EHS) performance plays an important role in our business growth. The policy on environment extends to the suppliers and dealers through “Green Procurement Guideline for Substances of Concern Management”.
6.2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.	<p>Yes, The Company believes in sound and sustainable environmental practices. The Company is concerned about environment and its environment management Programme focus on protect the ecosystem.</p> <p>Some of the initiatives undertaken are briefly explained below:</p> <ol style="list-style-type: none">In FY-21 6% more water conservations in comparison to FY-20. Followings are the Actions taken by the Company for conservation of waters:<ol style="list-style-type: none">100 % treated water used in cooling towers & horticulture purpose.R. O. waste water is used in flushing of the toilets.Waste water treatment plants are operational in each plant of the Company.Rain water harvesting pits have been set up in each plant of the Company.CNG based truck have been procured for transportation to reduce the diesel consumption and reduction in fuel emission. <p>The Policy of the Company can be access at https://sonacomstar.com/</p>
6.3	Does the company identify and assess potential environmental risks? Y/N	Yes. We have identified the Environmental Risk i.e. Fire, Waste Water Treatment Plant Operation, Hazardous Waste storage & Disposal, Leakage and Spillage of hazardous chemicals.

Principle No.	Description	Response
6.4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?	<p>Yes, the Company continues to work towards development and implementation of climate changes mitigation project mainly through energy saving projects, water saving, waste reduction, recycling of waste and its re-use in the process under sustainability development.</p> <p>Yes, Compliance report has been duly filed by the Company to HSPCB.</p>
6.5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.	<p>Yes, several initiatives on clean technology, energy efficiency, renewable energy and sustainability development have been taken like Generation of electricity through renewable resources and Installation of Solar capacity across plants & facilities.</p> <ol style="list-style-type: none">Renewable Footprint Expansion: To meet its energy demand through renewable power, the Company is consistently enhancing its renewable energy through Solar power plants. The cumulative installed Solar capacity across plants & facilities is 701.4 KW with the annual potential of reducing the 82.15 tonnes of CO2 emission.The Company has implemented the Real Time Energy Management System (EMS) in its plants. The EMS system helps in monitoring and controlling energy consumption patterns and abnormal consumption, unwanted consumption patterns and identifying the areas for improvement. By implementing this initiative, the Company has been able to save more than 3 lakh units’ energy per annum.The Company across its plant has implemented the Energy Management System (EMS) as per ISO 50001. The implementation of EMS brought out several opportunities for improvement and managing the energy in a structured manner.Variable frequency drive (VFD) installation in the equipment’s having potential of optimized parameters to run without affecting output quality. Total 10 Equipment have been installed across plants where saving of power can be achieved through optimization of speed and frequency.Installation of 701.4 KW solar power plant at manufacturing facilities
6.6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	<p>Yes, all parameters are within the limits.</p> <p>Environmental monitoring has been conducted on regular intervals as per govt. guidelines.</p>
6.7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	NIL
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner		
7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<p>Yes, the Company is a member of the following Chamber or Association.</p> <ol style="list-style-type: none">Confederation of Indian Industry (CII)Automotive Component Manufacturers Association (ACMA)Association of Indian Forging Industry (AIFI)Gurgaon Chamber of Commerce and Industries (GCCCI)
7.2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	<p>The Company from time to joined hands with associations for betterment and advancement of society at large.</p> <p>The Company has contributed in the area of education, skill development, sanitation, hygiene and promotion of health and wellbeing. Plantation on HSIIDC road side green area.</p>

Business Responsibility Report

Principle No.	Description	Response																		
Principle 8: Businesses should support inclusive growth and equitable development																				
8.1	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes The Company is committed to supporting various social causes and has been involved in Technology and Entrepreneur Development and Education. During the COVID-19 pandemic, the Company has provided critical medical equipment to healthcare providers and distributed food to the needy.																		
8.2	Are the programmes/ projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organization?	The programmes were undertaken through an external NGO and other organizations including the following: 1. Foundation for Innovation and Technology Transfer (FITT) of Indian Institute of Technology, Delhi (IIT-D) 2. Centre of Excellence for Research on Clean Air (CERCA) at Indian Institute of Technology, Delhi (IIT-D) 3. Indian Institute of Management, Ahmedabad (IIM-A), and 4. Kaushalya Foundation The Details of the above programmes have been mentioned in Annexure E of this Annual Report.																		
8.3	Have you done any impact assessment of your initiative?	No, as per Companies Act, 2013 it is not applicable to our Company. The Company has obtained the utilization certificates from the external NGO and the implementing organizations pertaining to the funds spent by them.																		
8.4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	During the financial year under review the Company has spend INR 20.91 million and INR 5 million was transferred to unspent CSR Account for ongoing project. Details of the Project are as under: <table><tr><th>Project</th><th>Implementing Agency</th><th>Amount Spend (in INR millions)</th></tr><tr><td>Collaboration with IIM-A for constructing a floor for technology business incubators</td><td>Indian Institute of Management, Ahmedabad (IIM-A)</td><td>10.5</td></tr><tr><td>Partnered with FITT for innovations, which create safe, convenient and eco friendly mobility.</td><td>Foundation for Innovation and Technology Transfer (FITT)</td><td>5</td></tr><tr><td>Building of smart class</td><td>Govt. Sr. Sec. School, Begumpur Katola, Gurugram</td><td>0.46</td></tr><tr><td>Distribution of cooked meals, dry ration packets, essentials, meals, hygiene kits in various pockets of Localities/Villages/ Districts to the communities affected by Covid-19</td><td>M/s Kaushalya Foundation</td><td>4.5</td></tr><tr><td>Installation of RO Systems for providing clean drinking water</td><td>Govt. Sr. Sec. School, Begumpur Katola, Gurugram</td><td>0.45</td></tr></table>	Project	Implementing Agency	Amount Spend (in INR millions)	Collaboration with IIM-A for constructing a floor for technology business incubators	Indian Institute of Management, Ahmedabad (IIM-A)	10.5	Partnered with FITT for innovations, which create safe, convenient and eco friendly mobility.	Foundation for Innovation and Technology Transfer (FITT)	5	Building of smart class	Govt. Sr. Sec. School, Begumpur Katola, Gurugram	0.46	Distribution of cooked meals, dry ration packets, essentials, meals, hygiene kits in various pockets of Localities/Villages/ Districts to the communities affected by Covid-19	M/s Kaushalya Foundation	4.5	Installation of RO Systems for providing clean drinking water	Govt. Sr. Sec. School, Begumpur Katola, Gurugram	0.45
Project	Implementing Agency	Amount Spend (in INR millions)																		
Collaboration with IIM-A for constructing a floor for technology business incubators	Indian Institute of Management, Ahmedabad (IIM-A)	10.5																		
Partnered with FITT for innovations, which create safe, convenient and eco friendly mobility.	Foundation for Innovation and Technology Transfer (FITT)	5																		
Building of smart class	Govt. Sr. Sec. School, Begumpur Katola, Gurugram	0.46																		
Distribution of cooked meals, dry ration packets, essentials, meals, hygiene kits in various pockets of Localities/Villages/ Districts to the communities affected by Covid-19	M/s Kaushalya Foundation	4.5																		
Installation of RO Systems for providing clean drinking water	Govt. Sr. Sec. School, Begumpur Katola, Gurugram	0.45																		

Principle No.	Description	Response
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain	The Projects undertaken at IIT-D and IIM-A are meant to encourage innovation and entrepreneurship. The progress of these Projects is periodically monitored and assessed. The Company also provides mentoring support to the teams involved in converting their innovation ideas into businesses. As these start-ups take off, they will create more employment opportunities and overall wealth for the Nation. Successful start-ups from this programme will inspire many more to embrace the route of entrepreneurship. The Company has plans to continue supporting innovation and entrepreneurship in the future as well. The Programmes are also aimed at creating a better future for the next generation through the promotion of environmentally friendly mobility and clean air. These Programmes will have a long-term effects on the wellbeing of the community at large.
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner		
9.1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	There are no complaints pending for redressal the Company has a robust system for addressing customer complaints, which are resolved promptly.
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws?	No, the Company display product information as required under applicable laws. [The Company is majorly supplying to OEM customers and the packed commodities rules are not applicable. The Company does make the basic disclosures while supplying to its OEM customers.
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.	No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertisement and/or anti-competitive behavior during the last five years and pending as at the end of the financial year.
9.4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes, regular feedback is received from the customers and corrective actions are taken. The Company's endeavor is to achieve the highest level of satisfaction and perform their operation accordingly. The Company has received various awards from the customers, which are mentioned in the Annual Report.

Annexure - F

Annual Report on CSR activities to be included in the Board's Report for Financial Year 2020-21

1 A BRIEF OUTLINE ON THE CSR POLICY OF THE COMPANY

Sona BLW Precision Forgings Limited (**Company/Sona Comstar**) has framed a Corporate Social Responsibility policy (hereafter referred to as '**Policy**') in compliance with the provisions of the Companies Act, 2013 amended vide the Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020 (hereafter referred to as '**Act**') to lay down the guidelines for undertaking Corporate Social Responsibility (hereafter referred to as '**CSR**') initiatives at Sona Comstar in accordance with the Companies (Corporate Social Responsibility Policy), Rules, 2014, as amended from time to time including vide the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (hereafter referred to as '**Rules**').

The objective of the CSR 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 and implementation and monitoring process of such programmes.

This Policy shall apply to all CSR initiatives and activities taken up by the Company including those undertaken in and around the factories and various other work-centers of the Company, for the benefit of different segments of the society.

The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

Overview of projects or programmes undertaken

The CSR projects shall include all the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act and the Rules including the CSR interventions as set out herein below:

Sona Comstar's CSR interventions consist of four pillars that aim to strengthen and reinforce the nation and the society: (I) Samridh Bharat, (II) Swasth Bharat, (III) Surakshit Bharat, and (IV) Saksham Bharat. The Company shall focus on the following activities under each of these pillars:

(I) Sona Comstar – Samridh Bharat Programme

Samridh Bharat Programme shall focus on creating an enduring prosperity through environmental sustainability, ecological balance, and conservation of natural resources. The programme will include the measures like:

- support to projects to promote innovations, incubations in mobility solutions aimed at reducing dependence on fossil fuels;
- collaborate and contribute to programmes launched by universities and institutions of eminence to promote innovation driven startups in technology;
- support projects and research programmes to combat air pollution through a collaborative, constructive and solution-oriented approach including the menace of stubble burning;
- support organizations working for conserving nature, wilderness preservation and combating degradation of the environment.

(II) Sona Comstar – Swasth Bharat Programme

Swasth Bharat Programme shall focus on health care and nutrition through measures like:

- health outreach programme for the socially and economically backward people, school children and communities;
- support health awareness programmes, camps and events;
- support in development of infrastructure in health care centers, hospital and dispensaries;
- support to specific projects/programmes dedicated to women & child health care and nutrition;
- co-ordinate and support the agencies in management of disaster, epidemic, pandemics including relief, rehabilitation and reconstruction and developmental activities;

- promote sanitation including drinking water facilities to the schools set up by the Government and local bodies etc.

(III) Sona Comstar – Surakshit Bharat Programme

Surakshit Bharat Programme shall focus through measures like:

- measures for the benefit of armed forces veterans, war widows and their dependents;
- support organizations working for families of martyrs, war widows, disabled soldiers and their children and dependents of the armed forces;
- support in setting up 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

(IV) Sona Comstar – Saksham Bharat Programme

Saksham Bharat programme shall focus on through measures like:

- providing employability and promotion of skill development programmes 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.

(V) All other areas/activities as may be prescribed under Schedule VII of the Act or the Rules, as amended from time to time.

2. COMPOSITION OF CSR COMMITTEE*:

Sr. 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.	B V R Subbu*	Chairperson, Independent Director (till 12 th February 2021)	2	1
2.	Prasan Abhaykumar Firodia	Chairperson, Independent Director (w.e.f 12 th February 2021)	2	2
3.	Sunjay Kapur	Member, Non-Executive Nominee Director	2	2
4.	Amit Jain**	Member, Non-Executive Nominee Director (till 1 st January 2021)	2	-
5.	Shradha Suri	Member, Independent Director	2	1
6.	Ganesh Mani	Member, Non-Executive Nominee Director	2	1

*Committee was re-constituted by the Board at its meeting held in 12th February 2021

** Resigned w.e.f 1st January 2021

3. FOLLOWING INFORMATION DISCLOSED ON THE COMPANY'S WEBSITE:

Composition of CSR committee	The composition of the CSR committee is available on our website, at https://www.sonacomstar.com/board_committees
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 https://www.sonacomstar.com/pdf/corporate_governance/codes_and_policies/CSR-Policy.pdf
CSR projects approved by the Board	The Board, based on the recommendation of the CSR committee, at its meeting held on 6 th August 2021, has approved the annual action plan / projects for fiscal 2022, the details of which are available on our website at https://sonacomstar.com/investor/corporate-social-responsibilities

Annual Report on CSR

4. DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT).

Not Applicable.

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY.

Nil

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

Average net profit of the Company for last three financial years is ₹ 1,271.54 million

7. (A) TWO PERCENT OF AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5)

Two percent of average net profit of the Company is ₹ 25.44 million

(B) SURPLUS ARISING OUT OF THE CSR PROJECTS OR PROGRAMMES OR ACTIVITIES OF THE PREVIOUS FINANCIAL YEARS.

Nil

(C) AMOUNT REQUIRED TO BE SET OFF FOR THE FINANCIAL YEAR, IF ANY

Nil

(D) TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR (7A+7B-7C)

₹ 25.44 million

8. (A) CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR:

Total Amount Spent for the Financial Year (in ₹ million)	Amount Unspent (₹ in million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
20.91	5	17 th April 2021	NA	NA	NA

(B) 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)
Sl. 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 ₹ million)	Amount spent in the current financial year (in ₹ million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State District						Name CSR Registration number
1.	Sona-Comstar - IIT-Delhi Innovation in Mobility Programme	(ix)	No	Delhi South Delhi	2 years	10	5	5	Yes	- -
2.	Construction of Floor for innovation-Surinder Kapur Innovation Floor	(ix)	No	Gujarat Ahmedabad	3 years	25	10.5	-	Yes	- -
Total						35	15.5			

(C) DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. 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 ₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency
				State District		No	Name CSR Registration number
1.	Distribution of dry ration packets, essentials, meals, hygiene kits	(xii)	Pan India	Haryana GurgaonPune	4.50	Yes	Kaushalya Foundation CSR00001538
2.	Providing Drinking water facility (installation of RO system at Government Senior Secondary School)	(i)	Yes	Haryana Gurgaon	0.45	Yes	NA NA
3.	Building of smart class at Government Senior Secondary School	(ii)	Yes	Haryana Gurgaon	0.46		NA NA
Total					5.41		

(D) AMOUNT SPENT IN ADMINISTRATIVE OVERHEADS: NA

(E) AMOUNT SPENT ON IMPACT ASSESSMENT, IF APPLICABLE: NA

(F) TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR (8B+8C+8D+8E)

₹ 20.91 million

(G) EXCESS AMOUNT FOR SET OFF, IF ANY:

Sl. No.	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the company as per section 135(5) (calculated for 3 preceding Financial Years i.e. FY 2017-18, FY 2018-19 and FY 2019-20)	25.44
(ii)	Total amount spent for the Financial Year 2020-2021	20.91
(iii)	Excess amount spent for the financial year 2020-2021 [(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

9. (A) DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

Not Applicable

(B) DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR FOR ONGOING PROJECTS OF THE PRECEDING FINANCIAL YEAR(S):

Not applicable, as the concept of 'ongoing projects' has been introduced in the CSR Amendment Rules, relevant from fiscal 2021. Details of spend on all ongoing projects during fiscal 2021 are covered under 8(b) above.

10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR:

No capital asset was created / acquired for financial year ending 31st March 2021 through CSR spend.

11. 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 Financial year ending 31st March 2021- the Company has spent ₹ 20.91 million on various projects and the unspent balance of ₹ 5 million for ongoing project, was transferred to Unspent CSR Account and will spend in accordance with the Rules.

Prasan Abhaykumar Firodia

Chairman, CSR Committee

Vivek Vikram Singh

Managing Director and Group CEO

Place: Gurgaon

Date: 6th August 2021

Annexure - G

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

FORM "A"

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	(Amount in ₹)	
	2020-21	2019-20
A. POWER AND FUEL CONSUMPTION		
1 Electricity		
a) Purchased		
Units (KWH)	35,013,846	29,554,192
Total Amount (Rs.)	291,909,983	247,812,039
Rate per Unit (Rs.)	8.34	8.39
b) Own Generation		
i) Through Diesel generator		
Total Units generated	267,110	372,114
Units per Ltr. of diesel	3.3	3
Cost per unit generated (Rs.)	70.86	51.23
ii) Through Steam Turbine/Generator	N/A	NA
Units		
Units per Ltr. of fuel oil/ gas		
Cost / units		
Total Cost of diesel	5,758,820	7,401,822
Cost of 15W40 oil	178,860	81,550
Lease cost of DG	12,989,665	11,579,000
Total Cost of DG (Diesel + 15W40 + Lease cost)	18,927,345	19,062,372
Total Diesel Consumption	79,800	111,428
2 Coal (specify quality and where used)		
Quantity (tones)		
Total Cost		
Average Rate		
3 Furnace Oil		
Quantity (K. Ltr.)		
Total amount		
Average Rate		
4 Others / Internal Generation:- Solar kWh	534,608.84	566,841.18
Total Units (Electricity + DG + Solar)	35,815,565	30,493,147
B. CONSUMPTION PER UNIT OF PRODUCTION		
Production (M.T.)	21,554	18,355
Production (Assembly No.s)	375,498	-
Electricity (in Units) per Ton of production. (Forging Shop)	1,471.9	1,638.10
Electricity (in Units) per Assembly. (Assembly Shop)	10.9	-
Furnace oil		
Coal (specify)		
Others (specify)		

CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy; Energy conservation initiatives, energy efficient technologies have been on the top focus in the Company's operations. The Company believes actions around energy bring direct benefit to bottom-line and to the climate. Some of key energy initiatives undertaken during the year are as under:

- The Company is consistently enhancing its renewable energy through Solar power plants. The cumulative installed Solar capacity across plants & facilities is 701.4 KW with the annual potential of reducing the 82.15 tonnes of CO2 emission.
- The Company has implemented the Real Time Energy Management System (EMS) in its plants. The EMS system helps in monitoring and controlling energy consumption patterns and abnormal consumption, unwanted consumption patterns and identifying the areas for improvement. By implementing this initiative, the Company has been able to save more than 3 lakh units' energy per annum.
- The Company across its plant has implemented the Energy Management System (EMS) as per ISO 50001. Implementation of EMS brought out several opportunities for improvement and managing the energy in a structured manner.

- Variable frequency drive (VFD) installation in the equipment's having potential of optimized parameters to run without affecting output quality. Total 10 Equipment's have been installed across plants where saving of power can be achieved through optimization of speed and frequency.

(ii) Steps taken by the Company for utilising alternate sources of energy;

The Company has established the 701.4 kW (238.6 kW at Gurgaon Unit-I, 220 kW at Gurgaon Unit-II and 242.8 kW at Manesar plant) the solar plant for the reduction of GHG emissions and saving energy by using electricity generated from the solar plant.

(iii) the capital investment on energy conservation equipments;

1	LED Light (All Units)	1.23
2	AHU for Clean Room Assy Area - VFD Drive	10.08
3	LPC Furnace Line - VFD Drive	482.50
4	FDV System - Assy Area FF Area - EC Fan & VFD Drive	2.90
5	Brother Compact Machining Center - Model R45X2 - Cycle time reduction	4.97
Total Amount (₹ in Mn)		501.68

Business Responsibility Report

FORM “B”

Particulars with respect to Technology Absorption

A. Technology Absorption	
1. Efforts in brief towards Technology Absorption, Adoption and Innovation.	: Company has complete know-how to design and manufacture bevel gears through precision warm forging. Company has developed in-house capabilities in: a. Die Design b. Die Manufacturing c. Gear Design d. Gear Manufacturing e. Differential Assembly f. Transaxle
2. Benefits derived as a result of above efforts e.g. Product Improvement, Cost Reduction, Product Development, and Import Substitution etc.	: Cost Reduction and Reduction in “Time to Market”. Complete indigenization of tooling. Superior gears & optimise differential assembly compared to competition.
3. In case of imported technology following information may be furnished:	:
a. Technology imported	Bevel Gear tool design and manufacturing
b. Year of Import	1995
c. Has technology been absorbed	Yes
B. Research & Development	
1. Specific areas in which R&D carried out by the Company	: The Company is currently working towards development in two spheres: a. Enhancement of Transmission Component portfolio for E-mobility transmission & gasoline transmission {like e-axle, differential assembly, hypoid gears, helical, Spur gears and differential}; and b. Enhancement of technology with the use of simulation Software & in house testing facility to cater actual need of customer
2. Benefits derived as a result of the above R&D.	: Improve torque carrying capacity of gears & differentials, Light weighting , Improving material yield
3. Further Plan of action	: 1. Develop futuristic differential assembly with planter reduction. 2. Increase differential assembly testing capabilities. 3. Transmission gears- Develop mono-block speed gears 4. Hypoid gear Manufacture of near net crown/spiral bevel gears through forging 5. Differential assembly light weighting 6. Transaxle -Design and development of electric transaxle
4. Expenditure on R&D	: Revenue: ₹11.46 Mn Capital: Nil

FORM “C”

FOREIGN EXCHANGE EARNINGS AND OUTGO

FOREIGN EXCHANGE OUTGO ON ACCOUNT OF:	Amount (₹ in million)
The total outgo during the financial year was	732
FOREIGN EXCHANGE EARNINGS ON ACCOUNT OF:	(₹ in million)
The total earnings during the financial year was	2,652

Place: Gurgaon
Date: 6th August 2021

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

Sunjay Kapur
Chairman and Non Executive Director
(DIN: 00145529)

Annexure - H1

Information pursuant to Section 197(12) read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended 31st March 2021.

DETAILS OF EMPLOYEES EMPLOYED FOR FULL YEAR:

S. No.	Name	Designation	Remuneration* Received (₹ 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	30	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	15	42	1 st July 2016	JTEKT India Ltd.	Nil
2.	Mr. Vikram Verma Vadapalli	Chief Executive Officer	27.30	Permanent	Bachelor's degree of technology in Mechanical Engineering- Karnataka Regional Engineering College, Surathkal	39	61	1 st April 2007	JTEKT India Ltd.	Nil
3.	Mr. Rohit Nanda	Group Chief Financial Officer	24.08	Permanent	B.Com and Chartered Accountant	25	48	11 th April 2019.	Usha Martin Ltd.	Nil
4.	Mr. Kiran Manohar Deshmukh	Group Chief Technology Officer	15.83	Permanent	Bachelor's degree of technology in metallurgical engineering from the Indian Institute of Technology, Bombay	45	67	1 st July 2019	SKAP Forging Private Limited	Negligible
5.	Mr. Ranganathan Balaji	Chief Operating Officer	11.58	Permanent	B.Tech & Post Graduate Diploma in International Business from IIFT.	32	52	1 st April 2017	JTEKT India Ltd.	Negligible
6.	Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary	7.50	Permanent	Bachelor's degree in law from the University of Delhi and is also a qualified Company Secretary	20	46	24 th February 2020	Hindustan Construction Company Limited., Mumbai	Nil
7.	Mr.Pramod Sharadrao Joshi	Assistant Vice President - Plant Operations	6.74	Permanent	Bachelor of Engineering - Production Branch (BE) and e-MBA - Operations from Symbiosis Institute	31	53	10 th July 2019	Ring Plus Aqua Ltd, Subsidiary of Raymond Ltd	Nil
8.	Anand Seth	General Manager- Marketing	5.06	Permanent	B.Com (hons) and MBA-Indian School of Business, Hyderabad	17	38	1 st April 2017	JTEKT India Limited	Ni
9.	Mr. Bhaskar Arunchandra Deb	General Manager- Machine Shop	5.02	Permanent	BE Mechanical	25	48	1 st June 2019	Eicher Tractors	Nil
10.	Mr. Ganga Ram Yadav	Assistant Vice President- Operations	4.90	Permanent	AMIE Mechanical Engineering MBA- Operations	34	53	11 th June 2019	JTEKT India Limited	Nil

* As per the contract of employment

Notes:

a. None of the employee is a relative of any Director

Business Responsibility Report

Annexure - H2

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- I. The ratio of the remuneration of each Director to the median remuneration of the employees (MRE) of the Company and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the FY 2020-21:

(₹ in million)					
Sl. No.	Name of the Directors and KMPs	Designation	Remuneration (₹)	Ratio of Remuneration of Directors with Median Remuneration of employees	% increase of remuneration in fiscal 2021 as compared to fiscal 2020
1.	Sunjay Kapur	Chairperson and Non-Executive Nominee Director	24	42.72	-3.63
2.	Vivek Vikram Singh	Managing Director and Group Chief Executive Officer	30	53.40	9.1
3.	Amit Dixit	Non – Executive Nominee Director	-	-	-
4.	Ganesh Mani	Non – Executive Nominee Director	-	-	-
5.	Neeraj Mohan ¹	Non – Executive Nominee Director	-	-	-
6.	Amit Jain ²	Non – Executive Nominee Director	-	-	-
7.	Pallavi Joshi Bakhru ³	Independent Director	0.10	.17	-86.11
8.	Prasan Abhaykumar Firodia ⁴	Independent Director	0.42	.75	250
9.	B.V.R Subbu	Independent Director	0.86	1.53	132.43
10.	Shradha Suri ⁵	Independent Director	0.58	1.03	NA
11.	Jeffrey Mark Overly ^{6*}	Independent Director	1.05	1.87	NA
12.	Mr. Rohit Nanda	Group Chief Financial Officer	24.08	42.86	9.1
13.	Mr. Ajay Pratap Singh	Vice President (Legal), Company Secretary and Compliance Officer	7.50	13.34	NA

(1) Resigned w.e.f 12th February 2021

(2) Resigned w.e.f 1st January 2021

(3) Resigned w.e.f 2nd May 2020

(4) Resigned as Non-Executive Nominee Director and appointed as an Independent Director w.e.f 27th January 2021

(5) Appointed as an Independent Director w.e.f 5th August 2020

(6) Appointed as an Independent Director w.e.f 12th February 2021

* includes sitting fees and commission

Note:

- a. The % increase of remuneration is provided only for those directors and KMP who have drawn remuneration from the Company for the full Financial Year 2021 and full Financial Year 2020. The ratio of remuneration to MRE is provided only for those directors and KMP who have drawn remuneration from the Company for the full Financial Year 2021;
- b. The remuneration of the Key Managerial Personnel (KMPs) is linked to the market and is commensurate with their diverse responsibilities and experience.
- II. The percentage increase in the median remuneration of employees in the FY 2020-21:

(₹ in million)		
Median remuneration of previous year 2019-20 (₹)	Median remuneration of current year 2020-21 (₹)	% increase
0.53	0.56	5.74%

- III. The number of permanent employees on the rolls of the Company as at 31st March 2021:
452 employees

- IV. 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:

Sl. No.	Particulars	Average % increase
1.	Increase in salary of Managerial Personnel	9.1%
2.	Increase in salary of employee (other than Managerial Personnel)*	11.7%

- V. The average annual increase in the salaries of employees is based on KRA's set at the beginning of the year and the KPI's achieved and performance rating at the end of the year. There are no exceptional circumstances for increase in managerial remuneration.

Variable pay is calculated using a combination of individual performance and Company performance.

- VI. 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

Place: Gurgaon
Date: 6th August 2021

Sunjay Kapur
Chairman and Non Executive Director
DIN:00145529

Annexure - I

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 2020-21.

For **Sona BLW Precision Forgings Limited**

Vivek Vikram Singh
Managing Director & Group CEO
DIN: 07698495

Date: 27th April, 2021
Place: Gurgaon

Annexure - J

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, Gurgaon
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 31st March 2021 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 **Vivek Vikram Singh**
Group Chief Financial Officer Managing Director and
Group CEO

Place: Gurgaon
Date: 27th April, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

To
The Members
Sona BLW Precision Forgings Limited
Sona Enclave, Village Begumpur Khatola
Sector-35, Gurugram

Ref: Certificate pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sona BLW Precision Forgings Limited having CIN: U27300HR1995PLC083037 and having registered office at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon, Haryana-122004 (hereinafter referred to as 'the Company'), 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.

MANAGEMENT'S RESPONSIBILITY

2. The Compliance with the requirements of appointment of directors is the responsibility of the Management of the Company. This responsibility includes implementation of fit and proper criteria for Director to evaluate the disqualification and vacation of office of any director and maintenance of internal control relevant to the compliance with the requirement of appointment of a director on its board and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

OUR RESPONSIBILITY

3. During the course of our examination, apart from checking the current Director Identification Number (DIN) status of every director on Ministry of Corporate Affairs' (MCA) portal, we have also checked the status of each and every company in which the directors currently hold directorship. Further, we have verified and relied upon the 'List

of Disqualified Directors' and 'List of Struck-off Companies' as available on the MCA portal.

4. In our opinion and to the best of our information and according to the verifications (including DIN status at the portal 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 the Company as stated below for the Financial Year ended on 31st March 2021 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
1.	00145529	Mr. Sunjay Kapur	22/08/2006
2.	07698495	Mr. Vivek Vikram Singh	05/07/2019
3.	00029664	Mr. Prasan Abhaykumar Firodia	05/07/2019
4.	00176902	Mrs. Shradha Suri	05/08/2020
5.	09041143	Mr. Jeffrey Mark Overly	12/02/2021
6.	00289721	Mr. Subbu Venkata Ram Behara	05/07/2019
7.	01798942	Mr. Amit Dixit	05/07/2019
8.	08385423	Mr. Ganesh Mani	05/07/2019

5. Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **PI & Associates,**
Company Secretaries

Nitesh Latwal

Partner

ACS No.: A32109

C P No.: 16276

Place: New Delhi

Date: 30th June 2021

UDIN: A032109C000549219

Financial Statements

114	Standalone
177	Consolidated
250	Notice

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 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31st March 2021, 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 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.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is 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.

Our opinion on the standalone financial statements does not cover the other information and we do 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 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.

The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation 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 accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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.
9. As part of an audit in accordance with Standards on Auditing, 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 management's 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;
- 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;

10. 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.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
12. As required by the Companies (Auditor's Report) Order, 2016 ('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.
13. 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 31st March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 27th April 2021 as per Annexure II expressed 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 31st March 2021;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2021;
- 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 31st March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November 2016 to 30th December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Place: New Delhi

Membership No.: 517273

Date: 27th April 2021 UDIN: 21517273AAAABW2007

ANNEXURE I INDEPENDENT AUDITOR'S REPORT

to the Independent Auditor's Report of even date to the members of SONA BLW Precision Forgings Limited on the financial statements for the year ended 31st March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are 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 program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties included under the head 'Property, plant & equipment' and 'Right-Of-Use assets' 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.

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable

intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments. Further, in our opinion the Company has not entered into any transaction covered under Sections 185 and 186 of the Act in respect of loans, guarantee and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including 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, to 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 become payable.

- (b) The dues outstanding in respect of income-tax, service-tax and duty of excise on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	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	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	3.18	3.18	Assessment Year (AY) 2012-13	Income Tax Appellate Tribunal
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	2.00	-	Assessment Year (AY) 2016-17	Dispute Resolution Panel
Income Tax Act, 1961	Income Tax Demand	79.40	14.20	Assessment Year (AY) 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	2.46	0.77	Assessment Year (AY) 2018-19	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax Demand	0.47	-	Financial Year 2005-06 to 2007-08	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Excise Duty	14.85	-	Financial Year 2014-15 to 2017-18	Directorate General of Goods and Services Tax

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any loan or borrowings payable to government and did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). The term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Place: New Delhi

Membership No.: 517273

Date: 27th April 2021

UDIN: 21517273AAAABW2007

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 31st March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.
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.

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.

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 31st March 2021, 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

Place: New Delhi

Membership No.: 517273

Date: 27th April 2021

UDIN: 21517273AAAABW2007

STANDALONE BALANCE SHEET

as at 31st March 2021

(Figures in Million ₹, unless stated otherwise)

	Note No.	As at 31 st March 2021	As at 31 st March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,631.52	2,138.42
Capital work-in-progress	3	749.52	500.37
Right-of-use assets	3	937.26	748.52
Intangible assets	4	770.40	752.48
Intangible assets under development	4	10.76	-
Financial assets			
(i) Investments	5	8,599.85	8,603.98
(ii) Loans	6	49.48	43.79
(iii) Other financial assets	7	-	0.87
Income tax assets (net)	8	35.80	40.42
Other non-current assets	9	173.54	224.38
Total non-current assets		13,958.13	13,053.23
Current assets			
Inventories	10	997.69	614.14
Financial assets			
(i) Trade receivables	11	2,478.63	1,334.39
(ii) Cash and cash equivalents	12	0.14	344.85
(iii) Bank balances other than (ii) above	13	0.94	240.08
(iv) Loans	6	0.35	0.92
(v) Other financial assets	7	77.14	0.30
Other current assets	9	133.28	71.97
Total current assets		3,688.17	2,606.65
Total assets		17,646.30	15,659.88
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(A)	5,729.80	471.54
Instruments entirely equity in nature	14(B)	-	5.94
Other equity	15	6,566.16	10,837.06
Total equity		12,295.96	11,314.54
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	16 (i)	1,907.01	1,768.22
(ii) Lease liabilities	16 (v)	679.51	480.33
(iii) Other financial liabilities	17	1.24	1.24
Provisions	18	38.40	29.78
Deferred tax liabilities (net)	19	105.14	84.52
Total non-current liabilities		2,731.30	2,364.09
Current liabilities			
Financial liabilities			
(i) Borrowings	16 (ii)	595.00	545.09
(ii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises		198.78	55.99
- Total outstanding dues of creditors other than micro enterprises and small enterprises		734.72	492.37
(iii) Lease liabilities	16 (v)	91.04	61.73
(iv) Other financial liabilities	17	805.29	739.66
Other current liabilities	21	131.81	66.35
Provisions	18	30.00	20.06
Current tax liabilities (net)	22	32.40	-
Total current liabilities		2,619.04	1,981.25
Total liabilities		5,350.34	4,345.34
Total equity and liabilities		17,646.30	15,659.88
Summary of significant accounting policies and other explanatory information	1 to 57		

This is the standalone balance sheet 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

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Sunjay Kapur
Chairman and Non-Executive Director
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. F5253

Place: Gurugram
Date: 27th April 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

	Note No.	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Income			
Revenue from operations	23	7,671.73	5,386.91
Other income	24	767.20	9.83
Total income		8,438.93	5,396.74
Expenses			
Cost of materials consumed		2,381.04	1,492.30
Changes in inventories of finished goods and work-in-progress	25	(268.76)	37.00
Employee benefits expense	26	619.44	487.11
Finance costs	27	290.09	231.75
Depreciation and amortisation expense	28	468.06	342.20
Other expenses	29	2,540.81	1,869.91
Total expenses		6,030.68	4,460.27
Profit before exceptional items and tax		2,408.25	936.46
Exceptional item	54	139.06	-
Profit before tax		2,269.19	936.47
Tax expense	30		
- Current tax		368.03	124.05
- Deferred tax charge/(credit)		20.75	(28.37)
Total tax expense		388.78	95.68
Profit for the year		1,880.41	840.79
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		(0.51)	2.28
Income tax relating to above mentioned item		0.13	(0.57)
Changes in fair values of equity instruments carried at fair value through other comprehensive income		(19.00)	(309.28)
Other comprehensive income for the year		(19.38)	(307.57)
Total comprehensive income for the year		1,861.03	533.22
Earnings per equity share of face value of ₹ 10 each			
Earnings per share (Basic) (in ₹)	37	3.28	1.65
Earnings per share (Diluted) (in ₹)	37	3.28	1.65
Summary of significant accounting policies and other explanatory information	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

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

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Managing Director and
Group Chief Executive Officer
DIN: 07698495

Ajay Pratap Singh
Company Secretary
Membership No. F5253

Place: Gurugram
Date: 27th April 2021

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	2,269.19	936.47
Adjustments for:		
Depreciation and amortisation expense	468.06	342.20
Loss on sale of property plant and equipment (net)	2.92	5.25
(Recovery)/allowance for advances	(2.66)	2.66
(Recovery)/allowance for doubtful receivables	(0.97)	0.86
Share based payments	30.61	-
Unwinding of discount on fair valuation of security deposits	(0.70)	(0.84)
Amortisation of transaction cost based on effective interest rate	(2.32)	(0.68)
Unwinding of discount on deferred payment liabilities	1.07	4.02
Provision for slow moving inventory	31.86	0.80
Fair value (gain)/loss on derivatives	(155.29)	84.62
Finance costs	290.09	231.75
Dividend income	759.97	-
Interest income	(7.23)	(8.91)
Unrealised foreign exchange (gain)	17.14	(35.68)
Operating profit before working capital changes	3,701.74	1,562.52
Changes in working capital		
Movement in inventories	(415.41)	62.91
Movement in trade receivables	(1,173.51)	227.57
Movement in other asset	(54.64)	83.05
Movement in current financial asset	(6.52)	(28.17)
Movement in other assets	0.57	(0.73)
Movement in trade payable	398.24	(143.81)
Movement in other financial liabilities	(46.40)	41.17
Movement in provision	18.05	12.54
Movement in other liabilities	65.45	(54.58)
Cash generated from operations	2,487.57	1,762.47
Direct taxes paid	(331.01)	(153.94)
Net cash flow generated from operating activities - Total (A)	2,156.56	1,608.52
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(1,114.37)	(1,736.40)
Proceeds from sale of property, plant and equipment	6.02	1.19
Movement in bank balances other than cash and cash equivalents	240.01	51.16
Sale of current investment investments	-	1,399.48
Purchase of long term investments	(0.09)	(8,584.99)
Dividend received	(759.97)	-
Interest received	7.23	8.91
Net cash (used in)/generated from investment activities - Total (B)	(1,621.17)	(8,860.65)

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings, net	49.91	155.99
Repayment of long term borrowings	(407.96)	1,608.36
Proceeds from long term borrowings	717.57	(373.66)
Repayment of deferred payment liabilities	(12.47)	(86.44)
Repayment of lease liabilities	(81.04)	(47.88)
Dividend paid	(904.02)	(968.09)
Dividend tax paid	-	(198.99)
Proceeds from issue of equity shares	-	8,477.31
Proceeds from issue of compulsorily convertible preference shares	-	228.75
Buyback of shares	-	(814.21)
Tax paid on buy back of shares	-	(183.64)
Fees paid for increase in authorised share capital	(20.97)	(8.72)
Interest paid	(221.10)	(193.76)
Net cash (used in)/generated from financing activities - Total (C)	(880.09)	7,595.02
D. Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)	(344.70)	342.90
E. Cash and cash equivalents at the beginning of the period/year	344.84	1.94
F. Cash and cash equivalents at the end of the period/year (D)+(E)	0.14	344.84
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Balances in current accounts	0.04	124.43
Cash on hand	0.10	0.14
Bank deposits with original maturity of less than three months	-	220.28
Balances per statement of cash flows	0.14	344.84
Summary of significant accounting policies and other explanatory information 1 to 57		

This is the standalone statement of cash flow 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

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Sunjay Kapur
Chairman and Non-Executive Director
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. F5253

Place: Gurugram
Date: 27th April 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

A. EQUITY SHARE CAPITAL

	Amount
Balance as at 1st April 2019	277.18
Issue of shares	220.29
Buyback of shares	(25.93)
Balance as at 31st March 2020	471.54
Conversion of compulsory convertible preference shares into equity shares	5.94
Bonus shares issued during the year	5,252.32
Balance as at 31st March 2021	5,729.80

B. INSTRUMENTS ENTIRELY EQUITY IN NATURE

	Amount
Balance as at 1st April 2019	-
Issue of compulsorily convertible preference shares during the year	5.94
Balance as at 31st March 2020	5.94
Conversion of compulsory convertible preference shares into equity shares	(5.94)
Balance as at 31st March 2021	-

C. OTHER EQUITY

	General reserve	Securities premium	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Retained earnings	Total
Balance as at 1st April 2019	120.00	382.14	-	-	-	3,483.32	3,985.46
Profit for the year	-	-	-	-	-	840.79	840.79
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	(309.28)	-	-	-	(309.28)
Premium on fresh issue of equity shares	-	8,257.02	-	-	-	-	8,257.02
Premium on fresh issue of compulsorily convertible preference shares preference shares	-	222.81	-	-	-	-	222.81
Premium on buy back of shares	-	(788.28)	-	-	-	-	(788.28)
Tax paid on buy back of shares	-	(183.64)	-	-	-	-	(183.64)
Stamp duty paid for increase in authorised share capital	-	(8.72)	-	-	-	-	(8.72)
Ind-AS 116 transition adjustments (net of adjustment of deferred tax)	-	-	-	-	-	(13.73)	(13.73)
Dividend paid	-	-	-	-	-	(968.09)	(968.09)
Tax on dividend	-	-	-	-	-	(198.99)	(198.99)
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	1.71	1.71
Transfer to capital redemption reserve	-	-	-	25.93	-	(25.93)	-
Balance as at 31st March 2020	120.00	7,881.33	(309.28)	25.93	-	3,119.09	10,837.06

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

	General reserve	Securities premium	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Retained earnings	Total
Balance as at 1st April 2020	120.00	7,881.33	(309.28)	25.93	-	3,119.09	10,837.06
Net profit for the year	-	-	-	-	-	1,880.41	1,880.41
Securities premium utilised on bonus share issue	-	(5,252.32)	-	-	-	-	(5,252.32)
Remeasurement of defined benefit obligations, net of tax	-	-	-	-	-	(0.38)	(0.38)
Dividend paid	-	-	-	-	-	(904.02)	(904.02)
Stamp duty paid for increase in authorized share capital	-	(20.97)	-	-	-	-	(20.97)
Employee stock option charge for the year	-	-	-	-	45.37	-	45.37
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	(19.00)	-	-	-	(19.00)
Balance as at 31st March 2021	120.00	2,608.03	(328.28)	25.93	45.37	4,095.10	6,566.16

Summary of significant accounting policies and other explanatory information.

This is the statement of changes in equity 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
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Group Chief Executive Officer
DIN: 07698495

Ajay Pratap Singh
Company Secretary
Membership No. F5253

Place: New Delhi
Date: 27th April 2021

Place: Gurugram
Date: 27th April 2021

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(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 27th 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 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] and other relevant provisions of the Act.

The standalone financial statements were approved for issue by the Company's Board of Directors on 27th April 2021.

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

2.2 Summary of significant accounting policies

a) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment 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 & 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	30
Roads	10
Sheds	3
Plant and equipment	15
Furniture and fixtures	10
IT equipment	6
Computers	3
Vehicles	8
Office equipment	5
Leasehold improvements	Over the effective term of lease

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 recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 derecognized.

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 amortization 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 capitalization are expensed as incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization methods and periods.

The amortization period and the amortization 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 amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	6
Technical know how	6
Brand	Indefinite

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 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

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Company recognizes 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 is measured at fair value of the consideration received or receivable and are accounted for net of returns and discounts. Sales, as disclosed, are 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 amortized 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 Company 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.

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 realized 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 utilize 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.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 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.

f) Leases

Transition

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

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 recognizes 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 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.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 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.

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 recognizes 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 recognizes 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 amortized cost** – a financial instrument is measured at amortized 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 amortized 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.

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'.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 amortized cost using effective interest method. Amortized 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 amortization 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.

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 realize 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 carried at amortized 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 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 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. Life time 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

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 amortization 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.

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 realizable 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 realizable 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, if any, are shown within borrowings in current liabilities in the balance sheet.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 separate 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 recognizes 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 of 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 recognized 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 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

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 capitalized 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) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants are recognised in the statement of profit and loss on a systematic basis over the

periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. The benefit of a government loan at below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on the prevailing market interest rates.

s) 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.

t) 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 realized 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 realized 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.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

The operating cycle is the time between the acquisition of assets for processing and their realization 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:

- Measurement of defined benefit obligations (DBO)
- Estimation of useful lives of property, plant and equipment and intangible assets
- Evaluation of indicators for impairment of non-financial assets

- Provisions & contingent liabilities
- Classification of leases
- Allowance for expected credit loss on receivables
- Allowance for obsolete and slow-moving inventory
- Impairment of non-financial assets
- Measurement of share based payments;
- Taxation and legal disputes
- Measurement of fair values
- Cash flow projections and liquidity assessment with respect to Covid-19 (refer note 47).

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 authorized have been considered in preparing these financial statements.

Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1st April 2021.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(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	Leasehold 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		
											Capital work-in-progress	Leasehold land (Refer Note (iii) and (iv))	Total Building
Gross carrying amount as at 1st April 2019	13.10	241.84	325.57	1,641.86	33.02	49.98	48.83	80.11	79.96	2,514.29	131.67	-	-
Reclassified on account of adoption of Ind AS 116 'Leases'	-	(241.84)	-	-	-	-	-	-	-	(241.84)	-	241.84	241.84
Transition impact on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-	-	165.57	165.57
Additions	-	-	7.78	607.47	3.34	7.08	1.05	6.11	18.87	651.69	368.70	-	381.63
Disposals	-	-	-	(0.19)	(5.92)	(0.14)	(3.65)	(1.26)	-	(11.16)	-	-	(4.67)
Gross block as at 31st March 2020	13.10	-	333.35	2,249.14	30.44	56.92	46.24	84.95	98.83	2,912.98	500.37	241.84	784.37
Accumulated depreciation as at 1st April 2019	-	2.28	30.65	378.79	9.28	19.45	15.13	18.80	16.91	491.32	-	-	-
Reclassified on account of adoption of Ind AS 116 'Leases'	-	(2.28)	-	-	-	-	-	-	-	(2.28)	-	2.28	2.28
Depreciation charge during the year	-	-	15.85	232.50	4.41	10.74	10.27	10.53	8.27	292.56	-	2.64	31.84
Disposals	-	-	-	(0.19)	(2.76)	(0.14)	(3.73)	(0.21)	-	(7.03)	-	-	(0.91)
Closing accumulated depreciation	-	-	46.50	611.10	10.93	30.05	21.67	29.12	25.18	774.56	-	4.92	30.93
Net carrying amount as at 31st March 2020	13.10	-	286.85	1,638.03	19.52	26.87	24.58	55.83	73.64	2,138.42	500.37	236.92	511.59
Gross carrying amount as at 1st April 2020	13.10	-	333.35	2,249.14	30.44	56.92	46.24	84.95	98.83	2,912.98	500.37	241.84	784.37
Additions	-	-	1.71	844.17	4.81	6.70	11.03	3.39	24.23	896.04	1,180.89	-	245.02
Transfer on capitalisation	-	-	-	-	-	-	-	-	-	-	(931.74)	-	-
Disposals	-	-	-	(16.57)	-	-	-	-	-	(16.57)	-	-	-
Gross block as at 31st March 2020	13.10	-	335.06	3,076.75	35.24	63.62	57.27	88.34	123.05	3,792.45	749.52	241.84	787.55
Accumulated depreciation as at 1st April 2020	-	-	46.50	611.10	10.93	30.05	21.67	29.12	25.18	774.56	-	4.92	30.93
Depreciation charge during the year	-	-	15.66	332.52	4.11	10.23	10.14	11.14	10.19	394.00	-	2.64	53.63
Disposals	-	-	-	(7.61)	-	-	-	-	-	(7.61)	-	-	-
Closing accumulated depreciation	-	-	62.16	936.01	15.04	40.28	31.81	40.26	35.37	1,160.94	-	7.56	84.56
Net carrying amount as at 31st March 2021	13.10	-	272.90	2,140.74	20.20	23.34	25.46	48.07	87.68	2,631.52	749.52	234.28	702.98

Notes:

- Building (gross block) amounting ₹ 192.11 million (31st March 2020: ₹ 167.34 million), net block ₹ 135.80 million (31st March 2020: ₹ 123.62 million) is constructed on leasehold land
- Refer note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- 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.
- 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.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

4. INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets	Computer software	Technical knowhow	Brand	Total	Intangible assets under development	Total
Gross carrying amount as at 1st April 2019	48.38	27.18	670.03	745.59	-	-
Additions	28.68	-	17.37	46.05	-	-
Disposals	(7.95)	-	-	(7.95)	-	-
Gross block as at 31st March 2020	69.11	27.18	687.40	783.68	-	-
Accumulated amortisation as at 1st April 2019	13.75	7.93	-	21.68	-	-
Amortisation charge for the year	10.62	4.53	-	15.15	-	-
Disposals	(5.63)	-	-	(5.63)	-	-
Closing accumulated amortisation as at 31st March 2020	18.74	12.46	-	31.20	-	-
Net carrying amount as at 31st March 2020	50.37	14.72	687.40	752.48	-	-
Gross carrying amount as at 1st April 2020	69.11	27.18	687.40	783.68	-	-
Additions	35.70	-	-	35.70	10.76	10.76
Disposals	-	-	-	-	-	-
Gross block as at 31 st March 2021	104.81	27.18	687.40	819.39	10.76	10.76
Accumulated amortisation as at 1 st April 2020	18.74	12.46	-	31.20	-	-
Amortisation charge for the year	13.26	4.53	-	17.79	-	-
Disposals	-	-	-	-	-	-
Closing accumulated amortisation as at 31st March 2021	32.00	16.99	-	48.99	-	-
Net carrying amount as at 31st March 2021	72.81	10.19	687.40	770.40	10.76	10.76

5. INVESTMENTS

	As at 31 st March 2021	As at 31 st March 2020
At Cost, Unquoted investments, Investment in equity shares of subsidiary companies		
Unquoted equity instruments, fully paid up		
9,953 (31 st March 2020: 9,953) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands (refer note 49)	-	19.00
64,527,564 (31 st March 2020: 64,527,564) equity shares of INR 10 each in Comstar Automotive Technologies Private Limited	8,355.53	8,355.53
1,878,801 (31 st March 2020: 1,878,801) equity shares of USD 1 each in Comstar Automotive Hong Kong Ltd.	229.45	229.45
10,000 (31 st March 2020: Nil) equity shares of INR 10 each in Sona Comstar eDrive Private Limited	0.10	-
Deemed investment in Comstar Automotive Technologies Private Limited (refer note 45)	14.77	-
Total	8,599.85	8,603.98
Aggregate amount of unquoted non-current investments	8,599.85	8,603.98
Aggregate amount of impairment in value of unquoted investments	328.27	309.27

6. LOANS

	As at 31 st March 2021	As at 31 st March 2020
Unsecured, considered good		
Non current		
Security deposits	49.48	43.79
Total loans - non current	49.48	43.79
Current		
Security deposits	0.35	0.92
Total loans - current	0.35	0.92

Notes

- The exposure to financial risks and fair value measurement related to these financial instruments is described in note 32.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

7. OTHER FINANCIAL ASSETS

	As at 31 st March 2021	As at 31 st March 2020
Unsecured, considered good		
Non current		
Fixed deposits with banks with maturity period of more than 12 months (refer note (i))	-	0.87
Total other financial assets- non current	-	0.87
Current		
Receivable from related parties (Refer Note 36)	-	0.30
Forward contract receivables	77.14	-
Total other financial assets- current	77.14	0.30

Notes:

- (i) Held as margin money deposits against bank guarantees, letter of credit availed by the Company and under lien for loan facility.
- (ii) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 32.

8. INCOME TAX ASSETS (NET)

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Prepaid taxes* (net of provision for current tax ₹ Nil million; 31 st March 2020 ₹ 126.00)	35.80	40.42
	35.80	40.42

* Amount paid under protest of ₹ 24.48 million (31st March 2020: ₹ 23.71 million)

9. OTHER ASSETS

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Prepaid expenses	1.40	5.41
Capital advances	172.14	218.97
Total other assets- non current	173.54	224.38
Current		
Prepaid expenses (Refer note 54)	28.71	26.65
Loans and advances to employees	3.29	2.49
Advance to suppliers for goods and services	17.96	19.48
Balance with government authorities	32.80	5.53
Other assets	70.90	40.00
Less: Allowance for doubtful advances	(20.38)	(22.18)
Total other assets- current	133.28	71.97

10. INVENTORIES

	As at 31 st March 2021	As at 31 st March 2020
Raw materials and components	156.83	73.41
Work-in-progress *	257.00	148.30
Finished goods **	306.02	145.96
Stores and spares	81.23	89.36
Loose tools	39.06	17.91
Dies, jigs and fixtures	146.78	122.89
Scrap	10.77	16.31
Total[#]	997.69	614.14

[#] Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 35.49 million (31st March 2020: ₹ 0.80 million)

* Includes with the vendors sent for job work ₹ 98.49 million (31st March 2020: ₹ 49.31 million)

** Includes goods in transit ₹ 200.99 million (31st March 2020: ₹ 77.93 million)

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Amount for write down and reversal of write down of inventories recognised in statement of profit and loss.

Particulars	Amount
Allowance for obsolete and slow moving inventories as at 1 st April 2019	7.92
Add: Write down recognised during the year	0.80
Less: Allowance utilised during the year	7.92
Allowance for obsolete and slow moving inventories as at 31 st March 2020	0.80
Add: Write down recognised during the year	35.49
Less: Allowance utilised during the year	0.80
Allowance for obsolete and slow moving inventories as at 31 st March 2021	35.49

11. TRADE RECEIVABLES

	As at 31 st March 2021	As at 31 st March 2020
Unsecured		
Trade receivables considered good	2,478.63	1,334.39
Trade receivables - credit impaired	2.97	3.94
Less: Allowances for expected credit loss	(2.97)	(3.94)
Total trade receivables	2,478.63	1,334.39

Notes:

- (i) Refer note 36 for receivable balance from related parties.
- (ii) Refer note 33 - Financial instruments for assessment of expected credit losses.

12. CASH AND CASH EQUIVALENTS

	As at 31 st March 2021	As at 31 st March 2020
Balance with banks		
- in current accounts	0.04	124.43
Cash on hand	0.10	0.14
Bank deposits with original maturity of less than three months	-	220.28
Total cash and cash equivalents	0.14	344.85

13. OTHER BANK BALANCES

	As at 31 st March 2021	As at 31 st March 2020
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	0.94	240.08
Total other bank balances	0.94	240.08

14.(A) EQUITY SHARE CAPITAL

	As at 31 st March 2021	As at 31 st March 2020
Authorised share capital		
998,500,000 (31 st March 2020: 50,500,000) equity shares of ₹ 10 each	9,985.00	505.00
Issued, subscribed and paid up share capital		
572,980,560 (31 st March 2020: 47,153,944) equity shares of ₹ 10 each fully paid up	5,729.80	471.54

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

i) Reconciliation of shares outstanding at the beginning and at the end of the year

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Equity shares outstanding at the beginning of the year	47,153,944	27,718,376
Less: Buyback of shares (refer note v below)	-	(2,592,935)
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	594,436	-
Add : Issue of shares	-	22,028,503
Add : Bonus shares issued during the year (refer note vii below)	525,232,180	-
Equity shares outstanding at the end of the year	572,980,560	47,153,944

Amount	As at 31 st March 2021	As at 31 st March 2020
Equity shares outstanding at the beginning of the year	471.54	277.18
Less: Buyback of shares (refer note v below)	-	(25.93)
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	5.94	-
Add : Issue of shares	-	220.29
Add : Bonus shares issued during the year (refer note vii below)	5,252.32	-
Equity shares outstanding at the end of the year	5,729.80	471.54

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 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) Shares of the Company held by Holding Company

	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190

iv) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	193,208,904	16,100,742

Percentage	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	66.28%	65.85%
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	33.72%	34.15%

(v) The shareholders of the Company approved the buyback of 2,592,935 equity shares on 3rd July 2019 and subsequently on 5th July 2019, Company has bought back 2,592,935 equity shares and Capital Redemption Reserve has been created in accordance with provision of the Companies Act, 2013 for the buy back of equity shares. Other than this, the Company has not bought back any shares during the period ended 31st March 2021 and five years immediately preceding the year ended 31st March 2020 .

(vi) In the board meeting on 27th January 2021 the Board of Directors of the Company has approved the conversion of the compulsorily convertible preference shares (CCPS) into the equity shares of the Company in accordance with the Share Subscription and Share Purchase Agreement dated 16th October 2018 executed between inter alia, the Company and the Investor. Number of equity shares issued against conversion of CCPS : 594,436.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(vii) The Board of Directors of the Company have 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 10th 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 31st March 2021 and five years immediately preceding the year ended 31st March 2020.

14.(B) INSTRUMENTS ENTIRELY EQUITY IN NATURE

	As at 31 st March 2021	As at 31 st March 2020
Authorised share capital		
1,500,000 (31 st March 2020: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
Issued, subscribed and paid up share capital		
Nil (31 st March 2020: 594,436) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	5.94

i) Reconciliation of shares outstanding at the beginning and at the end of the year

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Compulsorily convertible preference shares outstanding at the beginning of the year	594,436	-
Add : Issue of shares	-	594,436
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (v))	(594,436)	-
Compulsorily convertible preference shares outstanding at the end of the year	-	594,436

Amount	As at 31 st March 2021	As at 31 st March 2020
Compulsorily convertible preference shares outstanding at the beginning of the year	5.94	-
Add: Issue of 594,436 preference shares of ₹ 10 each fully paid up	-	5.94
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (v))	(5.94)	-
Compulsorily convertible preference shares outstanding at the end of the year	-	5.94

ii) Rights, preferences and restrictions attached to preference shares

Each compulsorily convertible preference shares (CCPS) has a par value of ₹ 10 and would be converted into equity shares of the holding company on the date falling five years from the date of issue of such CCPS or the last date of conversion under applicable laws, whichever is earlier. The preference shareholders shall receive a dividend of 0.01% per annum and carry a preferential right vis-à-vis equity shares of the holding company with respect to payment of dividend or repayment of capital. Each CCPS shall have the same voting as that given to the equity shareholders in the shareholders' meeting, to the extent of their respective ownership of equity shares (assuming the CCPS have been converted into equity shares in accordance with their terms).The preference shares shall have preferential rights vis-a-vis the equity shares, with respect to interest and other distribution rights and rights on liquidation, dissolution and winding up of the affairs of the holding company.

iii) Shares of the Company held by Holding Company

	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	-	594,436

iv) Details of shareholders holding more than 5% of the total number of preference shares in the Company

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	-	594,436

Percentage	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	-	100.00%

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

15. OTHER EQUITY

	As at 31 st March 2021	As at 31 st March 2020
Retained earnings	4,095.10	3,119.09
General reserve	120.00	120.00
Securities premium	2,608.03	7,881.33
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(328.28)	(309.28)
Employee's stock options reserve	45.37	-
Total reserves and surplus	6,566.16	10,837.06

a) Retained earnings

Retained earnings represent the undistributed profits that the Company has till date and it includes remeasurements of defined benefit obligation.

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	3,119.09	3,483.32
Net profit for the year	1,880.41	840.79
Remeasurement of defined benefit obligations, net of tax	(0.38)	1.71
Less: Ind-AS 116 transition adjustments (net of adjustment of deferred tax)	-	(13.73)
Less: Dividend paid	(904.02)	(968.09)
Less: Tax on dividend	-	(198.99)
Less : Transfer to capital redemption reserve	-	(25.93)
Closing balance	4,095.10	3,119.09

b) General reserve

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	120.00	120.00
Closing balance	120.00	120.00

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 st March 2021	As at 31 st March 2020
Opening balance	7,881.33	382.14
Premium on fresh issue of equity shares	-	8,257.02
Premium on fresh issue of compulsorily convertible preference shares	-	222.81
Less: Securities premium utilised on bonus share issue	(5,252.32)	-
Less: Stamp duty paid for increase in authorised share capital	(20.97)	(8.72)
Less: Premium paid on buy back of shares	-	(788.28)
Less: Tax paid on buy back of shares	-	(183.64)
Closing balance	2,608.03	7,881.33

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 st March 2021	As at 31 st March 2020
Opening balance	25.93	-
Transferred from retained earnings	-	25.93
Closing balance	25.93	25.93

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 the previous year.

e) Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. Such fair value changes are not reclassified to profit or loss even upon disposal of the investment, but are transferred to retained earnings.

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	(309.28)	-
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	(19.00)	(309.28)
Closing balance	(328.28)	(309.28)

f) Employee's stock options reserve

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.

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	-	-
Add: Movement during the year	45.37	-
Closing balance	45.37	-

16. BORROWINGS

(i) Non - current borrowings

	As at 31 st March 2021	As at 31 st March 2020
Secured		
Term loans from banks		
Indian rupee loans	2,489.41	2,179.70
Vehicle loans	8.07	10.49
Deferred payment liabilities	20.13	31.54
	2,517.61	2,221.73
Less: Amount disclosed under other financial liabilities (refer note 20)	(610.60)	(453.51)
Total non-current borrowings	1,907.01	1,768.22

(ii) Current borrowings

	As at 31 st March 2021	As at 31 st March 2020
Indian Rupee loans repayable on demand from banks - secured*	532.36	545.09
Bills discounted from financial institution - unsecured**	62.64	-
Total current borrowings	595.00	545.09

** The Company enters into factoring arrangements with recourse for its trade receivables with various banks. As at 31st March 2021 the Company had factoring facilities in place for trade receivables and amount of ₹ 62.64 million were realised by using these facilities against which the monies were yet to be collected by the financial institution from the Company's customers. The 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 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 2021

iii) Terms of Long term borrowing			(Figures in Million ₹, unless stated otherwise)	
Name of Bank/Financial Institution	Particulars	As at 31 st March 2021	As at 31 st March 2020	
HDFC (Term loan) - 1	Outstanding Amount (₹ million)	197.12		269.07
	Interest rate	0.50% above one year MCLR of HDFC Bank		1 Year MCLR + 185 bps
	Security	1. First pari passu charge on entire movable & immovable fixed assets of the company 2. Second pari passu charge on current assets (present and future) of the company		
	Repayment schedule	Quarterly Installments 4 Installment of ₹ 22.24 million (Total ₹ 88.96) 4 Installment of ₹ 26.69 million (Total ₹ 106.75 million)		Quarterly Installments 4 Installment of ₹ 17.79 million total amounting ₹ 71.17 million 4 Installment of ₹ 22.24 million (Total ₹ 88.96) 4 Installment of ₹ 26.69 million (Total ₹ 106.75 million)
HDFC (Term loan) - 2	Outstanding Amount (₹ million)	776.72		989.56
	Interest rate	0.50% above one year MCLR of HDFC Bank		1 Year MCLR + 185 bps
	Security	1. First pari passu charge on entire movable & immovable fixed assets of company 2. Second pari passu charge on current assets (present and future) of company		
	Repayment schedule	Quarterly 11 installments of ₹ 70.15 each total amounting ₹ 771.60 million		Quarterly 14 Installment of ₹ 70.15 million each (Total ₹ 982.04 million)
HDFC (Term loan) - 3	Outstanding Amount (₹ million)	688.03		424.56
	Interest rate	0.85% above one year MCLR of HDFC Bank		0.85% above one year MCLR of HDFC Bank
	Security	1. First pari passu charge on entire movable & immovable fixed assets of the company 2. Second pari passu charge on current assets (present and future) of the company		
	Repayment schedule	Quarterly 18 Installment of ₹ 37.96 million each starting from 1 st October 2021 (Total ₹ 683.28 million)		Quarterly 18 Installment of ₹ 23.41 million each starting from 1 st October 2021, (total amounting ₹ 421.44)
HDFC (Term loan) - 4	Outstanding Amount (₹ million)	458.18		-
	Interest rate	0.20% above six month MCLR of HDFC Bank		-
	Security	1. Movable Fixed assets: First pari-passu charge on the entire movable fixed assets, present and future of the Company 2. Immoveable Fixed assets: First paripassu charge on the immoveable fixed assets situated at Gurgaon. 3. Current Assets: Second paripassu charge on entire current assets of the Company, both present and future		
	Repayment schedule	Quarterly 16 Installment of ₹ 28.48 million each starting from 23 rd December 2022 (Total amounting ₹ 455.73 million)		-

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)				
Name of Bank/Financial Institution	Particulars	As at 31 st March 2021	As at 31 st March 2020	
Citi Bank (Term loan)	Outstanding Amount (₹ million)	377.31		500.00
	Interest rate	3 Months T-Bill Rate +3.67%		3 Months T-Bill Rate +3.67%
	Security	1. First pari passu charge on entire fixed assets of company excluding immovable fixed assets situated at Pune. 2. Second pari passu charge on entire current assets of the company		
	Repayment schedule	Quarterly Installments 12 Installments of ₹ 31.25 million each total amounting ₹ 375.00 million		Quarterly Installments 16 Installments of ₹ 31.25 million each total amounting ₹ 500 million
Yes Bank (Vehicle loan)	Outstanding Amount (₹ million)	3.01		3.62
	Interest rate	Interest ranging from 8.39% 9.61%		Interest ranging from 8.39% 9.61%
	Security	Vehicle		Vehicle
	Repayment schedule	Monthly installment ranging from 19-28 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.		Monthly installment ranging from 24-33 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.
HDFC (Vehicle loan)	Outstanding Amount (₹ million)	5.11		6.87
	Interest rate	Interest ranging from 7.75% to 9%		Interest ranging from 7.75% to 9%
	Security	Vehicle		Vehicle
	Repayment schedule	Monthly installment ranging from 32-47 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.		Monthly installment ranging from 32-56 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.
Deferred payment liabilities State Bank Of India New Delhi- EPC	Outstanding Amount (₹ million)	20.13		31.54
	Outstanding Amount (₹ million)	0.10		41.57
	Interest rate	MCLR(1yr)+55 bps(5.6%-6.05%)		MCLR(1yr)+55 bps(5.6%-6.05%)
	Security	First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company		First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company
State Bank Of India New Delhi- CC	Repayment schedule	Repayable on demand		Repayable on demand
	Outstanding Amount (₹ million)	39.56		-
	Interest rate	MCLR(1yr)+85 bps		-
	Security	First pari passu on the entire (present & future) current assets of the Company, Second on all fixed assets of the company		-
Repayment schedule		Repayable on demand		-

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Name of Bank/Financial Institution	Particulars	As at 31 st March 2021		As at 31 st March 2020	
Citi Bank-EPC	Outstanding Amount (₹ million)		143.58	-	-
	Interest rate		Mutually agreed 6.5%/3.5% (before/after interest subvention)	-	-
	Security		First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of Gurgaon plant only.	-	-
	Repayment schedule		Repayable on demand	-	-
IndusInd Bank-CC	Outstanding Amount (₹ million)		-	68.08	-
	Interest rate		MCLR(1yr)+80 bps	-	MCLR(1yr)+80 bps(10.25%-10.5%)
	Security		First pari passu on all current assets of the company. Second on fixed assets(present & future) of the company	-	First pari passu on all current assets of the company. Second on fixed assets (present & future) of the company
	Repayment schedule		Repayable on demand	-	-
HDFC Bank-CC	Outstanding Amount (₹ million)		13.12	255.27	-
	Interest rate		MCLR(1yr)+130 bps	-	MCLR(1yr)+130 bps(9.60-9.65%)
	Security		First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company	-	-
	Repayment schedule		Repayable on demand	-	Repayable on demand
HDFC Bank-EPC 1	Outstanding Amount (₹ million)		336.01	121.09	-
	Interest rate		As mutually agreed 4.3%/7.3% (before/after interest subvention)	-	8.5%-3%=5.85%
	Security		First pari passu on all current assets of the company. Second on fixed assets(present & future) of the company	-	-
	Repayment schedule		Repayable on demand	-	Repayable on demand
Yes Bank-CC	Outstanding Amount (₹ million)		0.00	59.03	-
	Interest rate		3 months MCLR +60% p.a (7.5%-9.8%)	-	3 months MCLR +60% p.a (9.8%-10.50%)
	Security		First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of gurgaon plant only.	-	-
	Repayment schedule		Repayable on demand	-	Repayable on demand
Tata Capital loan-Financial Institution	Outstanding Amount (₹ million)		62.64	-	-
	Interest rate		The interest rate agreed with customer is 0.45% for 30 days credit period (current effective rate is 5.48% p.a.).	-	-
	Security		Trade receivables against corresponding loan	-	-
				-	-

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(iv) Assets pledged as security for borrowings

	As at 31 st March 2021	As at 31 st March 2020
Non-current		
Non financial assets	2,631.52	2,138.42
Current		
Financial assets	2,478.63	1,334.39
Non financial assets	997.69	614.14

(v) Lease liabilities

	As at 31 st March 2021	As at 31 st March 2020
Non-current		
Lease liabilities (refer note 43)	679.51	480.33
	679.51	480.33
Current		
Lease liabilities (refer note 43)	91.04	61.73
	91.04	61.73

(vi) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 ‘Statement of cashflows’)

The changes of the Company's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
Balance as at 1st April 2019	1,070.94	389.10	180.83	1,640.87
Cash Flows:				
Repayment of non-current borrowings	(373.66)	-	-	(373.66)
Proceeds from non-current borrowings	1,607.55	-	-	1,607.55
Proceeds from current borrowings (net)	-	155.99	-	155.99
Repayment of Deferred payment liabilities	(86.44)	-	-	(86.44)
Repayment of lease liabilities	-	-	(47.88)	(47.88)
Non-cash changes:				
Amortisation of transaction cost based on effective interest rate	(0.68)	-	-	(0.68)
Interest expense on lease liabilities	-	-	38.67	38.67
Creation of lease liabilities under Ind AS 116	-	-	374.20	374.20
Terminated during the year	-	-	(3.76)	(3.76)
Unwinding of discount on deferred payment liabilities	4.02	-	-	4.02
Balance as at 31st March 2020	2,221.73	545.09	542.06	3,308.88
Cash Flows:				
Repayment of non-current borrowings	(407.97)	-	-	(407.97)
Proceeds from non-current borrowings	717.57	-	-	717.57
Proceeds from current borrowings (net)	-	49.91	-	49.91
Repayment of Deferred payment liabilities	(12.47)	-	-	(12.47)
Repayment of lease liabilities	-	-	(81.04)	(81.04)
Non-cash changes				
Amortisation of transaction cost based on effective interest rate	(2.32)	-	-	(2.32)
Unwinding of discount on deferred payment liabilities	1.07	-	-	1.07
Interest expense on lease liabilities	-	-	68.99	68.99
Creation of lease liabilities under Ind AS 116	-	-	240.54	240.54
Balance As at 31st March 2021	2,517.61	595.00	770.55	3,883.16

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

17. OTHER FINANCIAL LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Security deposits	1.24	1.24
Total other financial liabilities - non current	1.24	1.24
Current		
Current maturities of long-term borrowings (refer note 16)	573.89	409.06
Current maturities of deferred payment liabilities (refer note 16)	20.64	31.54
Interest accrued but not due on borrowings (refer note 16)	16.07	12.91
Employee benefits payable	32.31	60.80
Capital creditors	131.92	98.83
Forward contract payables	-	78.15
Other payables	30.46	48.37
Total other financial liabilities - current	805.29	739.66

18. PROVISIONS

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Provision for compensated absences	38.40	29.78
Total provisions - non current	38.40	29.78
Current		
Provision for defined benefit plans (gratuity)(refer note 38)	12.98	6.94
Provision for compensated absences	17.02	13.12
Total provisions - current	30.00	20.06

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

	As at 31 st March 2021	As at 31 st March 2020
Provision for Defined Benefit Plan		
Opening balance	6.94	1.43
Additions	7.67	5.79
Amounts utilised	(1.63)	(0.27)
Closing balance	12.98	6.94
Provision for Compensated Absences		
Opening balance	42.90	36.88
Additions	38.53	26.19
Amounts utilised	(26.01)	(20.17)
Closing balance	55.42	42.90

19. DEFERRED TAX LIABILITIES (NET)

	As at 31 st March 2021	As at 31 st March 2020
Deferred tax liabilities		
Property, plant and equipment and intangible assets	142.26	122.24
Others	8.62	2.02
Total deferred tax liabilities	150.88	124.26
Deferred tax assets		
Expenditure allowed for tax purposes on payment basis	20.45	13.51
Others	25.29	26.23
Total deferred tax assets	45.74	39.75
Total	105.14	84.52

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

a) Movement in deferred tax assets/liabilities

	31 st March 2021	31 st March 2020
Movement in deferred tax liabilities		
Property, plant and equipment and intangible assets		
Opening balance	122.24	132.57
Charged/(credited):		
- to profit or loss	20.02	(10.33)
Closing balance	142.26	122.24
Provision for employee benefits obligation		
Opening balance	13.51	15.25
Charged/(credited):		
- to profit or loss	6.81	(2.31)
- to other comprehensive income	0.13	0.57
- directly in equity	-	-
Closing balance	20.45	13.51
Others		
Opening balance	24.21	0.39
Charged/(credited):		
- to profit or loss	(7.54)	23.82
Closing balance	16.67	24.21

Deferred tax assets amounting to ₹ 82.62 million as at 31st March 2021 (31st March 2020: ₹ 77.84 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.

20. TRADE PAYABLES

	As at 31 st March 2021	As at 31 st March 2020
Trade payables		
- micro enterprises and small enterprises (refer to note 41)	198.78	55.99
- other than micro enterprises and small enterprises	734.72	492.37
Total Trade payables	933.50	548.36

Note:

(i) Refer note 36 for balance payable to related parties

21. OTHER CURRENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Statutory dues payable	40.15	13.30
Advance from customers	91.66	53.05
Total current liabilities	131.81	66.35

22. CURRENT TAX LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Income tax liabilities (net) (Net of advance tax 339.41 million; (31 st March 2020 ₹ Nil))	32.40	-
Total current tax liabilities	32.40	-

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

23. REVENUE FROM OPERATIONS

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Sale of goods	7,177.94	5,157.19
Other operating revenue		
Scrap sales	226.89	140.94
Export incentive	85.79	88.78
Liabilities written back	-	(0.00)
Foreign exchange gain (net)	181.11	(0.00)
Total revenue from operations	7,671.73	5,386.91

24. OTHER INCOME

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Interest income	7.23	8.91
Other non- operating income	-	0.92
Dividend income from subsidiary	759.97	-
Total other income	767.20	9.83

25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Inventories at the beginning of the year		
Work-in-progress	148.30	149.68
Finished goods	145.96	181.58
	294.26	331.26
Inventories at the end of the year		
Work-in-progress	257.00	148.30
Finished goods	306.02	145.96
	563.02	294.26
Changes in inventories	(268.76)	37.00

26. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Salaries, wages and allowances	470.33	381.58
Contribution to provident and other funds (refer note 38)	37.95	41.97
Staff welfare expenses	80.55	63.57
Share based payment to employees (refer note 45)	30.61	-
Total employee benefits expense	619.44	487.11

27. FINANCE COSTS

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Interest on loans	200.25	174.35
Other borrowing costs	5.12	6.33
Bank and other finance charges	6.89	12.40
Interest on lease liabilities (refer note 43)	68.99	38.67
Interest expenses on others	8.84	-
Total finance costs	290.09	231.75

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

28. DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Depreciation of property, plant and equipment	394.00	292.57
Amortisation of intangible assets	17.79	15.15
Amortisation of right-of-use assets	56.27	34.48
Total depreciation and amortisation expense	468.06	342.20

29. OTHER EXPENSES

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Consumption of stores, spares and tool	641.82	375.80
Power and fuel	341.55	279.72
Freight, clearing and forwarding charges	85.82	71.46
Packing material	128.26	60.41
Sub contracting cost	575.86	483.76
Rent (Refer note 43)	21.15	19.63
Repairs and maintenance - plant and machinery	159.31	107.86
Repair and maintenance - buildings	19.16	7.39
Repair and maintenance - others	45.62	26.69
Manpower hiring on contract	287.72	169.35
Legal and professional charges (refer note a below)	82.83	85.05
Rates and taxes	4.19	8.51
Insurance	15.55	11.81
Travelling, conveyance and vehicle expenses	33.67	44.79
Communication and stationery expenses	13.27	14.31
Security charges	16.28	13.41
Corporate social responsibility expense (refer note b below and note 56)	25.44	11.79
Business promotion	4.63	13.04
Foreign exchange loss (net)	-	20.56
Directors sitting fees	27.01	19.74
Loss on sale of fixed assets (net)	2.92	5.25
Bad Debts written off	0.16	-
Advances written off	1.27	-
Provision for doubtful debts	-	0.86
Provision for advances	-	2.66
Provision for other receivables	0.87	-
Miscellaneous expenses	6.45	16.07
Total other expenses	2,540.81	1,869.91

a) Details of payment to auditors*

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Payments to the statutory auditor:		
(a) For Statutory Audit	3.00	4.70
(b) For other services	0.12	0.14
(c) For reimbursement of expenses	0.08	0.68

* Excluding applicable taxes and fees paid for services related to proposd Initial Public Offer amounting to INR 21.72 mn (Refer note 54)

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

b) Corporate social responsibility expenditure

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Gross amount required to be spent by the Company during the period/year as per Section 135 of the Act	25.44	22.99
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	20.91	11.79
	20.91	11.79
Amount yet to be spent (refer note 56)	4.53	11.20

30. INCOME TAX EXPENSE

	As at 31 st March 2021	As at 31 st March 2020
Current tax	368.03	124.05
Deferred tax charge/(credit)	20.75	(28.37)
Total Income Tax expense	388.78	95.68

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:

	As at 31 st March 2021	As at 31 st March 2020
Profit before income tax expense	2,269.19	936.47
Income tax as per statement of profit and loss	388.78	95.68
Tax at the Indian tax rate of 25.167% (31st March 2020: 25.167%)	571.09	235.71
Effect of non-deductible expenses	6.40	1.61
Transaction cost of an equity transaction	-	(16.09)
Dividend received from subsidiary	(191.27)	-
Tax effect of write off of investment in respect of which deferred tax asset was not recognised earlier	-	(102.60)
Change in tax rate	-	(32.72)
Others	2.56	9.77
Income tax expense (as per statement of profit and loss)	388.78	95.68

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to the Company to pay Income Tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the earlier rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The company have opted for the concessional tax rate during the year ended 31st March 2020 and accordingly remeasured deferred tax and current tax liability at such concessional rate.

31. RESEARCH AND DEVELOPMENT EXPENSES

	As at 31 st March 2021	As at 31 st March 2020
Revenue expenditure charged to statement of profit and loss		
- Salary and allowances	5.74	6.19
- Consumption of stores, spares and tools	4.72	2.27
- Others	1.01	1.03
Total research expenses	11.46	9.49

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

32. FAIR VALUE MEASUREMENTS

a) Financial instruments by category

	As at 31 st March 2021			As at 31 st March 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Loans	-	-	49.83	-	-	44.70
Trade receivables	-	-	2,478.63	-	-	1,334.39
Cash and bank balances	-	-	1.08	-	-	584.94
Other financial assets	-	-	-	-	-	1.18
Derivative financial assets	77.14	-	-	-	-	-
Total financial assets	77.14	-	2,529.54	-	-	1,965.20
Financial liabilities						
Borrowings	-	-	3,112.61	-	-	2,766.82
Trade payables	-	-	933.50	-	-	548.35
Other financial liabilities	-	-	195.93	-	-	209.25
Lease liabilities	-	-	770.55	-	-	542.05
Derivative financial liabilities	-	-	-	78.15	-	-
Total financial liabilities	-	-	5,012.59	78.15	-	4,066.47

(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 investments 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	Total
As at 31st March 2021				
Foreign exchange forward contracts- asset	-	77.14	-	77.14
Total financial assets	-	77.14	-	77.14
As at 31st March 2020				
Foreign exchange forward contracts- liabilities	-	78.15	-	78.15
Total financial liabilities	-	78.15	-	78.15

ii) Fair value of instruments measured at amortized cost

	Level	As at 31 st March 2021		As at 31 st March 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Trade receivables	Level 3	2,478.63	2,478.63	1,334.39	1,334.39
Cash and bank balances	Level 3	1.08	1.08	584.94	584.94
Other financial assets	Level 3	-	-	1.18	1.18
Loans	Level 3	49.83	63.84	44.70	54.37
Total financial assets		2,529.54	2,543.55	1,965.20	1,974.88
Financial liabilities					
Borrowings	Level 3	3,112.61	3,112.61	2,766.82	2,766.82
Lease liabilities	Level 3	770.55	770.55	542.05	542.05
Trade payable	Level 3	933.50	933.50	548.35	548.35
Other financial liability	Level 3	195.93	195.93	209.25	209.25
Total financial liabilities		5,012.59	5,012.59	4,066.47	4,066.47

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.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 amortized 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.

- 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 recognized in statement of profit and loss.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

The Company provides for expected credit loss based on the following:

Asset group	Categorization 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 31 st March 2021	As at 31 st March 2020
Low credit risk	Loans	49.83	44.70
	Cash and bank balances	1.08	584.94
	Other financial assets	-	1.18
	Derivative financial assets	77.14	-
Moderate credit risk	Trade receivables	2,478.63	1,334.39

*These represent carrying values of financial assets, without deduction for expected credit losses

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.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes security deposits, other receivables etc. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(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 cash & cash equivalents and other Bank balances - Since the Company deals with only High-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as low.

For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 recognized on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Company recognizes 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 period ended 31st March 2021, and for the years ended 31st March 2020 is insignificant.

Reconciliation of loss allowance

	31 st March 2021	31 st March 2020
At the beginning of year	3.94	3.08
Movement during the year	(0.97)	0.86
Total expected credit loss allowance	2.98	3.94

Ageing of trade receivables is as follows:

	31 st March 2021	31 st March 2020
Not due and due less than 6 months	2,452.35	1,331.59
Not due and due more than 6 months	26.28	2.80
	2,478.63	1,334.39

(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: (undiscounted)

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2021				
Borrowings	1,352.70	2,129.88	88.58	3,571.16
Trade payables	933.50	-	-	933.50
Other financial liabilities	195.93	-	-	195.93
Lease liabilities	91.04	407.04	911.61	1,409.68
Total	2,573.17	2,536.90	1,000.19	6,110.27

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2020				
Borrowings	1,153.52	2,000.22	99.07	3,252.81
Trade payables	548.35	-	-	548.35
Other financial liabilities	222.15	-	-	222.15
Derivative financial liabilities	78.15	-	-	78.15
Lease liabilities	64.62	279.61	668.21	1,012.44
Total	2,066.80	2,279.83	767.28	5,113.91

(ii) Undrawn borrowing facilities

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 st March 2021	31 st March 2020
Expiring within one year (bank loans)	670.99	532.65

(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:

Particulars	31 st March 2021	31 st March 2020
Variable rate borrowings	3,084.41	2,724.78
Fixed rate borrowings	28.20	42.03
Total borrowings	3,112.61	2,766.82

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 st March 2021	31 st March 2020
Interest rate increase by 1.00% (31 st March 2020: 1.00%)*	21.74	15.20
Interest rate decrease by 1.00% (31 st March 2020: 1.00%)*	(21.74)	(15.20)

* Holding other variables constant

(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 recognized assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(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 st March 2021	31 st March 2020
Trade receivables and others		
United States Dollar (USD)	15.98	7.24
Euro (EUR)	0.40	0.09
Trade payables		
United States Dollar (USD)	0.71	0.24
Euro (EUR)	0.00	0.41
Japanese Yen (JPY)	76.77	38.72
Canadian Dollar (CAD)^	0.00	0.00
Swiss Franc (CHF)	0.01	0.01

^Rounded off to Nil

Indian Rupee (₹)	31 st March 2021	31 st March 2020
Trade receivables and others		
United States Dollar (USD)	1,168.01	547.75
Euro (EUR)	34.40	7.44
Trade payables		
United States Dollar (USD)	51.86	18.05
Euro (EUR)	0.20	33.81
Japanese Yen (JPY)	50.76	26.96
Canadian Dollar (CAD)^	0.15	0.18
Swiss Franc (CHF)	0.57	0.80

^Rounded off to Nil

Indian Rupee (₹)	31 st March 2021	31 st March 2020
Outstanding forward contracts as at the reporting date (Million USD)	56.56	28.35
Outstanding forward contracts as at the reporting date (₹)	4,230.45	2,189.28

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 st March 2021	For the year ended 31 st March 2020
Net currency receivables/(payables)		
USD sensitivity		
₹/USD- increase by 1.00% (31 st March 2020: 1.00%)*	8.35	3.96
₹/USD- decrease by 1.00% (31 st March 2020: 1.00%)*	(8.35)	(3.96)
EUR sensitivity		
₹/EURO- increase by 1.00% (31 st March 2020: 1.00%)*	0.26	(0.20)
₹/EURO- decrease by 1.00% (31 st March 2020: 1.00%)*	(0.26)	0.20
JPY sensitivity		
₹/JPY- increase by 1.00% (31 st March 2020: 1.00%)*	(0.38)	(0.20)
₹/JPY- decrease by 1.00% (31 st March 2020: 1.00%)*	0.38	0.20
CAD sensitivity		
₹/CAD- increase by 1.00% (31 st March 2020: 1.00%)*	(0.00)	(0.00)
₹/CAD- decrease by 1.00% (31 st March 2020: 1.00%)*	0.00	0.00
CHF sensitivity		
₹/CHF- increase by 1.00% (31 st March 2020: 1.00%)*	(0.00)	(0.01)
₹/CHF- decrease by 1.00% (31 st March 2020: 1.00%)*	0.00	0.01

* Holding other variables constant

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 maximize 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.

	31 st March 2021	31 st March 2020
Long term borrowings including current maturities (refer note 16)	2,517.61	2,221.73
Short term borrowings (refer note 16)	595.00	545.09
Less: Cash and cash equivalents (refer note 12)	(0.14)	(344.85)
Net debts *	3,112.47	2,421.96
Equity share capital (refer note 14)	5,729.80	471.54
Instruments entirely equity in nature (refer note 14)	-	5.94
Other equity (refer note 15)	6,566.16	10,837.06
Total equity (excluding compulsorily convertible preference shares)	12,295.96	11,314.54
Gearing ratio	25.31%	21.41%

* Excluding lease liabilities

Dividends	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Equity share		
Interim dividend of ₹ 9.634 per each 47,748,380 equity share	460.00	-
Interim dividend of ₹ 9.299 per each 47,748,380 equity share	444.00	-
Interim dividend of ₹ 31.32 per each 27,718,376 equity share	-	868.09
Special dividend of ₹ 11.08 per each 9,024,687 equity share	-	100.00
Dividend distribution tax on dividends paid	-	198.99
	904.00	1,167.08

35. SEGMENT INFORMATION

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. (with effect from 5th July 2019)

Sona Autocomp Holding Private Ltd. with ultimate control exercised by RK Family Trust (from 9th February 2018 till 4th July 2019)

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(ii) Key Management Personnel

Name	Designation
Mr. Sunjay Kapur	Managing Director (till 4 th July 2019)
Mr.Vadapalli Vikram Verma	Executive Director & Chief Executive Officer (till 4 th July 2019) Chief Executive Officer (with effect from 5 th July 2019)
Mr. Vivek Vikram Singh	President (Finance) & Group COO (till 4 th July 2019) Managing Director & Group CEO (with effect from 5 th July 2019)
Mr. Rohit Nanda	Group Chief Financial Officer (with effect from 11 th April 2019)
Mr. Raajesh Kumar Gupta	Vice President (Legal) & Company Secretary (till 29 th February 2020)
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary (with effect from 24 th February 2020)
Non-Executive Directors	
Mrs. Rani Kapur	Chairperson (till 22 nd August 2019)
Mr. Sunjay Kapur	Non-Executive Chairman (with effect from 5 th July 2019)
Mr. Juergen Klaus Theodor Ziegler	Director (till 4 th July 2019)
Mrs. Bhaswati Mukherjee	Director (till 20 th August 2019)
Mr. Prasan Abhaykumar Firodia	Director (with effect from 5 th July 2019) Independent Director (with effect from 27 th January 2021)
Mr. Subbu Venkata Rama Behara	Independent Director (with effect from 5 th July 2019)
Mrs Pallavi Joshi Bakhru	Independent Director (till 2 nd May 2020)
Mr. Siddharth Pradip Kothari	Director (till 10 th July 2019)
Mr. Amit Dixit	Director (with effect from 5 th July 2019)
Mr. Amit Jain	Director (with effect from 5 th July 2019 till 1 st January 2021)
Mr. Neeraj Mohan	Director (with effect from 5 th July 2019 till 12 th February 2021)
Mr. Ganesh Mani	Director (with effect from 5 th July 2019)
Mrs Shradha Suri	Independent director (with effect from 5 th August 2020)
Mr. Jeffrey Mark Overly	Independent Director (with effect from 12 th February 2021)

(iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Sona Management Services Limited
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)
Sona Charitable Trust
SKAP Forging Private Limited

(iv) The entity having substantial interest in the Company

JM Financial Tustee Company Private Limited (till 4 th July 2019)
Sona Autocomp Holding Private Limited (with effect from 5 th July 2019)

(v) Ultimate holding Company

BCP Topco I Pte Ltd.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(vi) Subsidiary companies

Sona Holding B.V. The Netherlands (till 4 th July 2019)
Sona Autocomp Germany GmBh, Germany (till 4 th July 2019)
Sona Autocomp USA LLC, USA (till 4 th July 2019)
Sona BLW Prazisionsschmiede GmBh (till 4 th July 2019)
Sona BLW Precision Forging Inc, USA (till 4 th July 2019)
Sona BLW Hungary Kft (till 4 th July 2019)
Sona BLW Driveline LLC (till 4 th July 2019)
Sona BLW-Hilfe GmbH, München, Germany (till 4 th July 2019)
Comstar Automotive Technologies Private Limited (with effect from 5 th July 2019)
Comstar Automotive Hongkong Limited (with effect from 5 th July 2019)
Comstar Automotive USA LLC (with effect from 5 th July 2019)
Comstar Automotive Technologies Services Private Limited (with effect from 5 th July 2019)
Comenergia Automotive Technology Mexicana, S. DE R.L. DE C.V (with effect from 5 th July 2019)
Comstar Automotive (Hangzhou) Co., Ltd (with effect from 5 th July 2019)
Comstar Hong Kong Mexico No. 1, LLC (with effect from 5 th July 2019)
Comestel Automotive Technologies Mexicana Ltd (with effect from 5 th July 2019)
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 th July 2019)
Sona Comstar eDrive Private Limited (with effect from 12 th November 2020)

(b) Transactions with related parties :

(i) Entity exercising control

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Reimbursement of expenses		
Sona Autocomp Holding Private Limited	-	0.80
Dividend paid		
Singapore VII Topco III pte Ltd.	599.18	-
Sona Autocomp Holding Private Limited	304.84	-
Director sitting fee		
Mrs. Rani Kapur	-	0.17
Purchase of shares of Comstar Automotive Technologies Private Limited		
Singapore VII Topco III Pte Ltd. (refer note 56)	-	8,293.31
Purchase of shares of Comstar Automotive Hongkong Limited		
Singapore VII Topco III Pte Ltd. (refer note 56)	-	227.27
Sale of shares of Sona Holding B.V. The Netherlands		
Sona Autocomp Holding Private Limited (refer note 49)	-	1,399.50
Loan received		
Sona Autocomp Holding Private Limited	-	500.00
Loan repaid		
Sona Autocomp Holding Private Limited	-	500.00
Interest on loan paid		
Sona Autocomp Holding Private Limited	-	33.05
Relinquishment of right of put option (refer note 48)		
Sona Autocomp Holding Private Limited	19.00	-

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(ii) Key Management Personnel *

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Managerial remuneration		
Mr. Sunjay Kapur	-	9.70
Mr. Vivek Vikram Singh	31.70	27.60
Mr. Vadapalli Vikram Verma	28.39	19.44
Mr. Rohit Nanda	26.13	18.48
Mr. Raajesh Kumar Gupta	1.30	10.07
Mr. Ajay Pratap Singh	6.74	0.52
Director Sitting Fee		
Mr. Prasan Abhaykumar Firodia	0.42	0.12
Mr. B.V.R. Subbu	0.86	0.37
Mrs. Pallavi Joshi Bakhru	0.10	0.72
Mr. Juergen Klaus Theodor Ziegler	-	0.20
Mrs. Bhaswati Mukherjee	-	0.37
Mr. Jeffrey Mark Overly	0.24	-
Mr. Shradha Suri	0.58	-
Non-Executive Director Commission	2.20	1.78
Non-Executive Director	24.81	17.74
Mr. Sunjay Kapur	24.00	17.74
Mr. Jeffrey Mark Overly	0.81	-

* Break- up of Key management personnel remuneration

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Short-term employee benefits	94.27	85.82

* Including provident fund, leave encashment and any other benefit.

* Share based payment to Key Managerial Personnel for the period ended 31st March 2021 is ₹22.48 million (refer note 45)

* Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

(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 31 st March 2021	For the year ended 31 st March 2020
Sale of goods		
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)	0.14	2.53
Sona Management Services Limited	-	3.48
Purchase of goods		
Sona Management Services Limited	-	0.16
Sales of scrap		
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)	-	0.02
Services received		
SKAP Forging Private Limited	-	3.16
CSR payment		
Sona Charitable Trust	-	1.00

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(iv) Subsidiary companies

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Dividend Received		
Comstar Automotive Technologies Pvt Ltd.	759.97	-
Purchase of goods		
Sona BLW Prazisionsschmiede GmbH	-	0.59
Sales of goods		
Comstar Automotive Technologies Private Limited	-	0.09
Corporate guarantee fees received		
Sona Autocomp Germany GmbH	-	0.93
Reimbursement of expense incurred by related party		
Comstar Automotive USA LLC	2.22	-
Reimbursement of expenses incurred by Holding Company		
Sona Autocomp Germany GmbH	-	0.29
Comstar Automotive Technologies Private Limited	3.20	0.40
Purchase of Brand		
Sona BLW Prazisionsschmiede GmbH	-	17.37
Investment in the shares		
Sona Comstar EDrive Private Limited	0.10	-
Deemed Investment (ESOP)		
Comstar Automotive Technologies Pvt Ltd.	14.77	-

(c) Details of balances with related parties at year end

(i) Entity exercising control

Balances as at year end	As at 31 st March 2021	As at 31 st March 2020
Receivables		
Sona Autocomp Holding Private Limited	-	0.30

(ii) Key Management Personnel

Balances as at year end	As at 31 st March 2021	As at 31 st March 2020
Payables		
Mr. Vivek Vikram Singh	-	3.03
Mr. Rohit Nanda	-	1.47
Mr. Vikram Verma Vedapalli	-	2.40
Mr. Jeffrey Mark Overly	0.53	-

(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

Balances as at year end	As at 31 st March 2021	As at 31 st March 2020
Payables		
Sona Management Services Limited	-	0.18
Receivable		
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)	-	1.69

(iv) Subsidiary

Balances as at year end	As at 31 st March 2021	As at 31 st March 2020
Receivable		
Comstar Automotive Technologies Private Limited	-	0.10

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 52. All outstanding balances are unsecured and settled in cash.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

37. EARNINGS PER SHARE

	31 st March 2021	31 st March 2020
Total profit attributable to the equity holders of the Company used for basic and diluted earnings per share (A)	1,880.41	840.79
Weighted average number of equity shares and compulsory convertible preference shares used as the denominator in calculating basic earnings per share	572,980,560	510,592,020
Effect of exercise of share options (refer note 53)	194,209	-
Weighted average number of equity shares and compulsory convertible preference shares used as the denominator in calculating diluted earnings per share	573,174,769	510,592,020
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	3.28	1.65
(b) Diluted earnings per share (in ₹)	3.28	1.65
Earning per share (both basic and diluted) has been restated for both the years presented on account of issue of bonus shares (refer note 14)		

38. EMPLOYEE BENEFITS

A Defined contribution plans:

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
a) Provident fund	22.18	22.54
b) Super annuation fund	-	7.91
c) Employees state insurance corporation	0.40	0.76
d) Punjab/Haryana labour welfare fund	0.22	0.22
e) National Pension Scheme	7.47	2.48
	30.28	33.90

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.

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 st March 2021	For the year ended 31 st March 2020
(i) Current service cost	8.12	8.39
(ii) Interest cost	4.00	5.76
(iii) Expected return on plan assets	(4.97)	(6.09)
Net expense recognised in the statement of profit and loss	7.15	8.06

II Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
(i) Actuarial changes arising from changes in demographic assumptions	-	0.01
(ii) Actuarial changes arising from changes in financial assumptions	2.35	(0.37)
(iii) Actuarial changes arising from changes in experience adjustments	(1.68)	(1.74)
(iv) Return on plan assets greater than discount rate	(0.16)	(0.18)
Net (gain)/loss recognised in other comprehensive income	0.51	(2.28)

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

III Changes in obligation

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
(i) Opening balance	86.54	82.17
(ii) Current service cost	8.12	8.39
(iii) Interest cost	4.00	5.76
(iv) Benefit payments directly by employer	-	(0.27)
(v) Actuarial (gain)/loss	0.67	(2.10)
(vi) Benefit payments from plan assets	(1.78)	(7.41)
Present value of obligation as at year end	97.55	86.54

IV Changes in plan assets

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
(i) Fair value of plan assets as at the beginning of the period	79.60	80.74
(ii) Acquired through business combination	-	-
(iii) Interest income	4.97	6.09
(iv) Contributions by employer	1.63	-
(v) Benefit payments from plan assets	(1.78)	(7.41)
(vi) Transfer of employees from erstwhile related party	-	-
(viii) Actuarial gain/(loss) on plan assets	0.16	0.18
Fair value of plan assets	84.59	79.60

V Net assets / liabilities

	As at 31 st March 2021	As at 31 st March 2020
(i) Present value of obligation at the end of the year	97.55	86.54
(ii) Fair value of plan assets at the end of the year	84.59	79.60
(iii) Net liabilities recognised in the balance sheet		
- Non current	-	-
- Current	12.96	6.94

VI Experience adjustment

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Experience adjustment loss on plan liabilities	-	-

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 31 st March 2021	For the year ended 31 st March 2020
Discount rate (per annum)	6.00%	6.25%
Expected return on plan assets (per annum)	5.90%	6.25%
Expected increase in salary costs (per annum)	8.00%	8.00%
Attrition rate	15.00%	15.00%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Retirement age	58 years	58 years

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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	
	As at 31 st March 2021	As at 31 st March 2020
Delta effect of +1% change in rate of discounting	92.44	82.32
Delta effect of -1% change in rate of discounting	103.23	91.20
Delta effect of +1% change in rate of salary increase	92.49	91.08
Delta effect of -1% change in rate of salary increase	103.06	82.35

X Maturity profile of defined benefit obligation (undiscounted)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Within the next 12 months (next annual reporting period)	13.32	12.11
Between 2 and 5 years	46.12	42.43
Between 6 and 10 years	40.43	38.65
Total expected payments	99.87	93.19

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 6.28 - 9 years (31st March 2020: 6.29 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.

39. CONTINGENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
a) Claims against the Company not acknowledged as debts		
i) Service tax		
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
ii) Income Tax *		
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2011-12)	4.21	4.21
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2012-13)	3.18	3.18
Cases pending before Appellate Authorities 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)	2.00	-
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	70.78	64.93
(iii) Central Excise Act, 1944		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18)	14.85	14.85
Total		

*Amount paid under protest of ₹24.48 million (31st March 2020: ₹ 23.71 million)

** Total disputed amount of the case is ₹79.40 million(including interest liability) out of which ₹8.63 million (including interest liability) has been provided as a provision and balance amount of ₹70.78 million (including interest liability) is being disclosed as a contingent liability.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 therefor. 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 :

Particulars	As at 31 st March 2021	As at 31 st March 2020
Export obligation pending (₹ million)	2,903.78	1,290.94

40. CAPITAL COMMITMENTS

	As at 31 st March 2021	As at 31 st March 2020
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	1,343.06	509.22

41. DUES TO MICRO AND SMALL ENTERPRISE

	As at 31 st March 2021	As at 31 st March 2020
Principal amount due to suppliers registered under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) and remaining unpaid as at year end	194.94	53.04
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;	-	-
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;	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year;	3.84	2.94
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.	3.84	2.94

42. DISCLOSURE REQUIRED BY SECTION 186(4) OF THE COMPANIES ACT, 2013

Name of Company	As at 31 st March 2021	As at 31 st March 2020
Details of investment made in Comstar Automotive Technologies Private Limited	8,355.53	8,355.53
Details of investment made in Comstar Automotive Hong Kong Ltd.	229.45	229.45
Details of investment made in Sona Comstar eDrive Private Limited	0.01	-

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 2021

(Figures in Million ₹, unless stated otherwise)

iv) Lease liabilities are presented in the statement of financial position as follows:

	As at 31 st March 2021	As at 31 st March 2020
Current	91.04	61.73
Non-current	679.51	480.33
	770.55	542.05

v) Future minimum lease payments are as follows:

Particulars	As at 31 st March 2021		
Minimum lease payments due	Lease payments	Finance charges	Net present values
Within 1 year	91.04	75.67	15.37
1-5 years	407.04	223.30	183.74
More than 5 years	911.61	340.17	571.44
	1,409.68	639.13	770.55

Particulars	As at 31 st March 2020		
Minimum lease payments due	Lease payments	Finance charges	Net present values
Within 1 year	61.73	50.30	11.43
1-5 years	282.51	157.59	124.92
More than 5 years	668.21	262.51	405.70
	1,012.44	470.39	542.05

vi) The following are amounts recognized in profit or loss:

Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Depreciation expense of right-of-use assets	56.27	34.48
Interest expense on lease liabilities	68.99	38.67
Rent expense (relating to short term leases on which lease liability is not recognized)	21.15	19.63
Total	146.41	92.78

vii) Total cash outflow pertaining to leases

Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Total cash outflow pertaining to leases during the year ended	102.19	67.51

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 2021

(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 31 st March 2021	For the year ended 31 st March 2020
Revenue by geography		
Domestic	3,893.20	3,529.31
Export	3,284.74	1,627.88
Total	7,177.94	5,157.19
Revenue (timing)		
Revenue recognized at point in time	7,177.94	5,157.19
Total	7,177.94	5,157.19

(b) Liabilities related to contracts with customers

Particulars	As at 31 st March 2021	As at 31 st March 2020
Opening balance	53.05	43.69
Income recognized from advance	(23.52)	(10.20)
Advance received from customers during the year	62.13	19.56
Advance from customers	91.66	53.05

(c) Reconciliation of revenue recognized in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Company to its customers for the period ended 31st March 2021 ₹ 1.26 million (31st March 2020: ₹ 3.19 million)

45. SHARE BASED PAYMENTS

Sona BLW Precision Forgings Limited Employee Stock Option Plan ('Sona BLW ESOP Plan') was approved by the Board of Directors and the shareholders of the Sona BLW Precision Forgings Limited (the Company) on 30th September 2020. The plan entitles employees of the Company and Comstar Automotive Technologies Private Limited (CATPL) (together referred as 'Group') 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 Group is given below:

Particulars	Sona BLW Precision Forgings Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	1 st 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 (refer note 52)	3,263,220 The maximum number of shares that can granted under the ESOP Plan shall be 3,281,124 (Thirty two lakhs eight one thousand one hundred twenty four) shares 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. 1st October 2020.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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. Out of total 'Group share based payment to employees' amounting ₹ 45.37 million for the year ended 31st March 2021, ₹ 30.61 million was recognized in the statements of profit and loss of the Company pertaining to options issued to employees of the Company and remaining amount of ₹ 14.76 million increased the investment in equity shares of CATPL. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares are not presently publicly traded. 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 Group reviewed its estimates of the number of options that are expected to vest. The Group 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	1 st October 2020	1 st October 2020	1 st October 2020
Vesting date	1 st October 2021	1 st October 2022	1 st October 2023
Expiry date	1 st October 2024	1 st October 2025	1 st 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 31st 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:

Particulars	Details
Options outstanding at the beginning of the period	Nil
Number of employees to whom options were granted	62
Options vested	Nil
Options exercised	Nil
Options forfeited/ lapsed/ cancelled	Nil
Options outstanding (including vested and unvested options)	Unvested: 3,263,220
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)	Nil
Variation in terms of options	Per ESOP scheme
Money realized by exercise of options (in ₹ million)	Nil
Options outstanding at the period end	3,263,220
Options exercisable at the period end	Nil
Total number of options in force (excluding options not granted)	3,263,220
Weighted average remaining contractual life of outstanding options (in years)	4.75

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Particulars	Details
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 st March 2021 is ₹ 30.61 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. Kiran Manohar Deshmukh Mr. Vikram Verma Vadaapalli Share based payment to Key Managerial Personnel for the year ended 31 st March 2021 is ₹ 22.48 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. BRAND IMPAIRMENT TESTING

On 1st 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. 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 2021 and March 2020, 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 14.00%-17.00% 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 with a growth rate ranging between 16.00%-30.00%, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 1.50%-3.00% 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.

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Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(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. In March 2020, the World Health Organization declared the COVID-19 to be a pandemic. Consequent to this, Government of India declared a nationwide lockdown on 25th March 2020, which has impacted the business activities of the Company. The Company has assessed the impact that may result from this pandemic on its liquidity position, carrying amount of receivables, inventories, tangible and intangible assets, investment and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic condition because of this pandemic, the Company has considered internal and external information available till the date of approval of these Standalone financial statements and has assessed its situation. Given the uncertainties of the pandemic, the final impact on the Company's assets in future may differ from that estimated as at the date of approval of these financial results, and the Company will continue to closely monitor any material changes to future economic conditions.

48. RELINQUISHMENT OF RIGHT

In the board meeting on 12th Feb 2021 the Board has approved waiver of the right to sell 19% shares in Sona Holding B.V. (put option) to Sona Autocomp Holding Pvt. Ltd. at a pre-agreed consideration of ₹ 19 million and a waiver of the right to buy 81% shares in Sona Holding B.V. (call option) from Sona Autocomp Holding Pvt. Ltd. at a pre-agreed formula based price defined in European Separation Agreement. The decision was made taking cognizance of the situation that Sona Holding B.V. The Netherlands now has no business operations left in any of its subsidiaries. Put option waiver was approved as a transaction not at arm's length whereas waiver of call option was approved as a transaction at arm's length. Accordingly, the carrying value for 19% investment in Sona Holding B.V. of ₹ 19 million as on 31st March 2020, has been taken as ₹ Nil as at 31st March 2021 and the resultant fair value loss has been booked under other comprehensive income.

49. SALE OF INVESTMENT IN SONA HOLDING B.V., THE NETHERLANDS

Pursuant to the terms of the Share Purchase and Shareholder's Agreement dated 16th October 2018 and the approval of the Board of Directors and the shareholders in their meetings held on 3rd July 2019, the Company had disposed off on 4th July 2019 (a) 40,727 Equity Shares, representing 81% (eighty one percent) of the Equity Shares on a Fully Diluted Basis, and (b) 1,673,918 Redeemable Preference Shares, representing 81% of investment held in Sona Holding B.V. as on 31st March 2019 to Sona Autocomp Holding Private Limited ("SAHPL"). The sale of investment by the Company to SAHPL was carried out at a total consideration of ₹ 1,399.48 million as per the valuation report obtained from an independent expert. As per the aforementioned agreement, the Company has a put option to sell all the securities held in Sona Holding B.V., The Netherlands, by the Company along with its subsidiaries to SAHPL for the put consideration of ₹ 19 million.

50. FOREIGN DIRECT INVESTMENT MADE BY SINGAPORE VII TOPCO III PTE LTD

Pursuant to the terms of the Shares Subscription and Share Purchase Agreement dated 16th October 2018 and the approval of the Board of Directors and the shareholders in their meetings held on 5th July 2019, the Company had made an allotment of equity shares of ₹ 8,477.30 million and compulsorily convertible preference shares of ₹ 228.76 million.

During the year ended 31st March 2020, pursuant to the terms of the Shares Subscription and Share Purchase Agreement dated 16th October 2018 entered into by the Company with Singapore VII Topco III Pte Ltd and the approval of the Board of Directors and the shareholders in their meetings held on 5th July 2019, the Company has issued 22,028,503 equity shares having a face value of ₹ 10 per share and 594,436 compulsorily convertible preference shares having a face value of ₹ 10 per share at ₹ 374.83 per share. Pursuant to this, Company has recorded ₹ 220.29 million as equity share capital, ₹ 5.94 million as compulsorily convertible preference shares capital and ₹ 8,479.83 million under Securities Premium Account.

51. ACQUISITION OF COMSTAR ENTITIES

Pursuant to terms of the Comstar Share Purchase Agreement and the approval of the Board of Directors and the shareholders in their meetings held on 5th July 2019, the Company had acquired 100% equity shares of Comstar Automotive Technologies Pvt. Ltd. (Comstar India) and Comstar Automotive Hong Kong Limited

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(Comstar HK) (together referred as "Comstar entities"), Singapore VII Topco III Pte. Ltd., Singapore, as per details given below:

Name of the Company	No. of Equity shares	Consideration (USD in million)	Consideration (₹ in million)
Comstar Automotive Technologies Private Limited	64,527,564	120.69	8,355.53
Comstar Automotive Hong Kong Limited	1,878,801	3.31	229.45

52. WRITE OFF OF THE INVESTMENT IN SUBSIDIARY

The Company had made a provision of impairment in value of investment in Sona Holding B.V., Netherlands amounting to Euro 6.90 million (equivalent to approx. ₹ 407.65 million) in its audited financial statements for the year ended 31st March 2016 as "Exceptional item" on account of bankruptcy application filed by Sona BLW Precision Forge Inc., USA, a step down subsidiary. After the consent of Board of Directors to write off the investment in Sona Holding B.V. Netherlands, Company had filed an application to Reserve Bank of India through State Bank of India (i.e. authorized dealer) to obtain the approval on write off of the partial equity investment in Sona Holding B.V. Netherlands amounting to Euros 6.90 million. On 28th June 2019, Company has received NOC for writing off equity investment of Euro 6.90 million vide RBI Letter (reference no. FE.CO. OID./7659/19.19.832/2018-19) and thereafter Company has written off investment of ₹ 407.65 million in books of accounts.

53. PROPOSED MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

The Company had filed a Scheme of Amalgamation under sections 230 to 232 of the Companies Act, 2013, read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 before the NCLT Chandigarh (the "Scheme") on 10th January 2020. Pursuant to the Scheme, Comstar Automotive Technologies Private Limited is proposed to merge with the Company from 5th July 2019, being the appointed date. The Scheme was approved by Board on 20th December 2019. The rationale for the proposed merger is for consolidation and simplification of existing structure and more focused operational efforts, realizing synergies in terms of compliance, governance, administration and costs, among other things. The first motion order was passed on 22nd December 2020 dispensing with the requirement to convene the meeting of the equity shareholders, preference shareholder, secured creditors and unsecured creditors of both Companies. The Second motion petition has been filed on 27th December 2020. The Scheme is pending approval by the NCLT and is subject to receipt of requisite approvals and third party consents.

54. EXCEPTIONAL ITEM

The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) on 23rd February 2021 for a proposed Initial Public Offering (IPO) of its equity shares.

The Issue related expenses include, among others, fees payable to the Book Running Lead Managers (BRLMs) and legal and professional fees, Accountants' fees relating to prospectus (Auditors' fee), Listing fees, advertising, marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All Issue related expenses shall be shared by our Company and the Selling Shareholders in proportion to the number of Equity Shares being issued or offered, as the case may be, by each of them in the Fresh Issue and the Offer for Sale. Any payments by our Company in relation to the Issue on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Issue. However, in the event that the Issue is withdrawn by our Company or not completed for any reason whatsoever, all the Issue related expenses will be solely borne by our Company.

Basis relevant guidance available under Indian accounting standard, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received, if the entity settles the obligation. Considering the reimbursement of expense incurred is not virtually certain, management has decided to charge off ₹ 139.06 million to statement of profit and loss account as an exceptional item.

NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

55. CODE ON SOCIAL SECURITY, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13th November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective.

56. PROPOSED TRANSFER OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ACCOUNT

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“the Rules”), the Company has transferred ₹ 5 million being the unspent amount relating to ongoing project for CSR for FY 2020-21 in a ‘Unspent Corporate Social Responsibility Account (UCSRA)’ as on 16th April 2021.

57. AUTHORIZATION OF STANDALONE FINANCIAL STATEMENT

The Standalone financial Statement for the year ended 31st March 2021 (including comparative) were approved by the Board of Directors on 27th April 2021.

Summary of significant accounting policies and other explanatory information.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. : 001076N/N500013

Arun Tandon

Partner

Membership No: 517273

Place: New Delhi

Date: 27th April 2021

For and on behalf of the Board of Directors of

Sona BLW Precision Forgings Limited

Sunjay Kapur

Chairman and Non-Executive Director
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. F5253

Place: Gurugram

Date: 27th April 2021

INDEPENDENT AUDITOR’S REPORT

To the Members of

Sona BLW Precision Forgings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified 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 31st March 2021, 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 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 except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31st March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. The following matter was a subject matter of qualification in our audit report on the consolidated financial statements of the Group for the previous year ended 31st March 2020. While the matter as explained below does not have any effect on the consolidated profit of the Group for the current year ended 31st March 2021 and its equity attributable to the owners on that date, we are unable to comment on the consequential impact of the below matter on the comparability of current year figures with the comparative financial information for the year ended and as at 31st March 2020 included in the accompanying consolidated financial statements:

As further explained in note 49 to the accompanying consolidated financial statements, the majority shareholding in Sona Holdings B.V., Netherlands, the erstwhile subsidiary company, was sold to Sona Autocomp Holdings Private Limited on 4th July 2019, and the Holding Company therefore, lost control over the erstwhile subsidiary company from 5th July 2019 onwards. Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries (‘SONA BV Group’) for the period from 1st April 2019 to 4th July 2019 (‘the specified period’), the consolidated financial information of SONA BV Group for the specified period had not been included in the consolidated financial statements of the Group for the previous year ended 31st March 2020. Such accounting treatment was not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements and accordingly, our audit report dated 29th December 2020 on the consolidated financial statements of the Group for the year ended 31st March 2020 was qualified with respect to this matter.

As further mentioned in our Basis for Qualified Opinion section of our report dated 29th December 2020, had the consolidated financial statements of the Group been prepared after considering the consolidated financial information of SONA BV Group for the specified period, the “Profit or Loss from discontinued operations” would have been higher and “Exceptional Item” would have been lower by the same amount with no effect on the consolidated profit of the Group for the previous year ended 31st March 2020 and its equity attributable to the owners on that date. However, in absence of necessary financial information, we were unable to quantify the impact of aforesaid misstatement on such items and related disclosures required under Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations on the consolidated financial statements for the year ended 31st March 2020.

4. 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 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 12 of the Other Matter section below, is sufficient and appropriate to provide a basis for our qualified opinion.

Information other than the Consolidated Financial Statements and Auditor’s Report thereon

5. 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.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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.

The Annual Report is not made available to us at the date of this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation 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 accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company’s Board of Directors is 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 /management 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 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 Directors of the Holding Company, as aforesaid.

7. 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.

8. Those 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 Financial Statements

9. 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.

10. As part of an audit in accordance with Standards on Auditing, 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 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 management’s 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 information of the

entities within the Group, to express an opinion on the 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.

11. 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.

Other Matter

11. 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.

Other Matter

12. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 1,587.46 Million and net assets of ₹ 1,033.24 Million as at 31st March 2021, total revenues of ₹ 2,002.36 Million and net cash outflows amounting to ₹ 36.64 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, of these subsidiaries, four 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

<p>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 balances and affairs of such subsidiaries located outside India, are based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.</p> <p>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.</p> <p>Report on Other Legal and Regulatory Requirements</p> <p>13. As required by section 197(16) of the Act, based on our audit we report that the Holding Company and one subsidiary Company covered under the Act paid remuneration to their respective 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 the provisions of section 197 read with Schedule V to the Act are not applicable to one subsidiary company covered under the Act, since it is not a public company as defined under section 2(71).</p> <p>14. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report s of the other auditor s on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:</p> <p>a) we have sought and except for the matter described in the Basis for Qualified Opinion section, 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;</p> <p>b) 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 and the reports of the other auditors, except for the possible effects of the matter described in paragraph 3 of the Basis for Qualified Opinion section with respect to the financial statements of</p>	<p>Sona Holdings B.V., The Netherlands, erstwhile subsidiary of the Holding Company;</p> <p>c) 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;</p> <p>d) except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;</p> <p>e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.</p> <p>f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 3 of the Basis for Qualified Opinion section with respect to Sona Holdings B.V., The Netherlands, erstwhile subsidiary of the Holding Company</p> <p>g) 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'; and</p> <p>h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:</p> <p>i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 43 to the consolidated financial statements;</p>
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- ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2021;
- iii. 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 31st March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the

period from 8th November 2016 to 30th December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Place: New Delhi
Date: 27th April 2021
Membership No.: 517273
UDIN: 21517273AAAABX4286

ANNEXURE I INDEPENDENT AUDITOR’S REPORT

on the internal financial controls with reference to the consolidated 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 31st March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, 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. The audit of internal financial controls with reference to financial statements of two subsidiaries, which are companies covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13th June 2017 read with corrigendum dated 14th July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and one subsidiary Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and 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 one subsidiary Company covered under the Act, 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 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 one subsidiary Company, 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 31st March 2021, 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

Place: New Delhi

Membership No.: 517273

Date: 27th April 2021

UDIN: 21517273AAAABX4286

CONSOLIDATED BALANCE SHEET

as at 31st March 2021

(Figures in Million ₹, unless stated otherwise)

	Note No.	As at 31 st March 2021	As at 31 st March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,449.02	2,845.07
Capital work-in-progress	5	821.36	581.37
Right-of-use assets	5	1,592.65	1,419.41
Goodwill on consolidation (including assembled workforce)	6	1,758.09	1,758.09
Other intangible assets	6	5,366.21	4,629.18
Intangible assets under development	6	10.76	315.00
Financial assets			
(i) Investments	7	-	19.00
(ii) Loans	8	57.77	50.79
(iii) Other financial assets	9	-	0.87
Income tax assets (net)	10	186.74	291.42
Other non-current assets	11	296.23	278.49
Total non-current assets		13,538.83	12,188.69
Current assets			
Inventories	12	3,055.57	1,962.36
Financial assets			
(i) Trade receivables	13	4,169.87	2,336.28
(ii) Cash and cash equivalents	14	249.48	1,049.85
(iii) Bank balances other than (ii) above	15	26.27	623.08
(iv) Loans	8	15.07	4.92
(v) Other financial assets	9	151.65	5.30
Other current assets	11	541.56	336.34
Total current assets		8,209.47	6,318.13
Total assets		21,748.30	18,506.82
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16(A)	5,729.80	471.54
Instruments entirely equity in nature	16(B)	-	5.94
Other equity	17	7,309.21	11,301.93
Total equity		13,039.01	11,779.41
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18 (i)	1,907.01	1,768.22
(ii) Lease liabilities	19	720.15	532.33
(iii) Other financial liabilities	20	1.24	1.24
Provisions	21	86.78	66.78
Deferred tax liabilities (net)	22	1,260.22	1,076.71
Total non-current liabilities		3,975.40	3,445.28
Current liabilities			
Financial liabilities			
(i) Borrowings	18 (ii)	1,144.99	846.09
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		495.83	166.99
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,745.26	995.26
(iii) Lease liabilities	19	105.27	71.73
(iv) Other financial liabilities	20	828.79	922.65
Other current liabilities	24	170.77	110.35
Provisions	21	72.69	51.06
Current tax liabilities (net)	25	170.29	118.00
Total current liabilities		4,733.89	3,282.13
Total liabilities		8,709.29	6,727.41
Total equity and liabilities		21,748.30	18,506.82
Summary of significant accounting policies and other explanatory information	1 to 61		

This is the consolidated balance sheet 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

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Sunjay Kapur
Chairman and Non-Executive Director
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. F5253

Place: Gurugram
Date: 27th April 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

	Note No.	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Income			
Revenue from operations	26	15,663.00	10,379.82
Other income	27	23.41	57.83
Total income		15,686.41	10,437.65
Expenses			
Cost of materials consumed		7,094.78	4,424.22
Changes in inventories of finished goods and work-in-progress	28	(641.68)	31.78
Employee benefits expense	29	1,474.49	1,027.30
Finance costs	30	325.15	259.75
Depreciation and amortisation expense	31	969.40	671.20
Other expenses	32	3,325.25	2,473.67
Total expenses		12,547.39	8,887.93
Profit before exceptional items and tax		3,139.02	1,549.72
Exceptional item	33	139.06	(2,368.22)
Profit before tax		2,999.96	3,917.94
Tax expense	34		
- Current tax		666.02	365.05
- Deferred tax charge/(credit)		182.29	(99.98)
Total tax expense		848.31	265.07
Profit for the year		2,151.65	3,652.86
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		4.86	12.28
Income tax relating to above mentioned item		(1.22)	(3.57)
Changes in fair values of equity instruments carried at fair value through other comprehensive income		(19.00)	(309.28)
Items that will be reclassified to profit or loss			
Exchange difference on translation of foreign subsidiaries		2.92	14.00
Other comprehensive income for the year, net of tax		(12.44)	(286.57)
Total comprehensive income for the year		2,139.21	3,366.29
Earnings per equity share of face value of ₹ 10 each			
Earnings per share (Basic) (in ₹)	41	3.76	7.15
Earnings per share (Diluted) (in ₹)	41	3.75	7.15
Summary of significant accounting policies and other explanatory information	1 to 61		

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

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Sunjay Kapur
Chairman and Non-Executive Director
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. F5253

Place: Gurugram
Date: 27th April 2021

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	2,999.96	3,917.94
Adjustments for:		
Depreciation and amortisation expense	969.40	671.20
Loss on sale of property plant and equipment (net)	2.92	5.25
(Gain)/loss on allowance for doubtful receivables and advances	(3.63)	3.52
Share based payments	45.37	-
Unwinding of discount on fair valuation of security deposits	(0.70)	(0.84)
Amortisation of transaction cost based on effective interest rate	(2.32)	(0.68)
Unwinding of discount on deferred payment liabilities	1.07	4.02
Gain on loss of control over a subsidiary company	-	(2,368.22)
Provision for slow moving inventory	31.86	0.80
Liabilities/ provisions no longer required written back	-	(15.00)
Fair value (gain)/loss on derivatives	(374.24)	266.62
Profit on sale of investments	0.15	(18.00)
Finance costs	325.15	259.75
Interest income	(28.80)	(19.91)
Unrealised foreign exchange (gain)	59.72	(58.71)
Operating profit before working capital changes	4,025.91	2,647.74
Changes in working capital		
Movement in inventories	(1,129.20)	208.68
Movement in trade receivables	(1,922.55)	46.13
Movement in other financial asset	15.67	(108.60)
Movement in other assets	(181.38)	118.01
Movement in trade payable	1,084.94	(40.29)
Movement in financial liabilities	(58.13)	20.78
Movement in provision	60.29	1.56
Movement in other current liabilities	59.88	(82.51)
Cash generated from operations	1,955.43	2,811.50
Direct taxes paid	(528.17)	(278.09)
Net cash flow generated from operating activities - Total (A)	1,427.26	2,533.41
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(2,189.37)	(2,120.60)
Proceeds from sale of property, plant and equipment	9.07	1.19
Movement in bank deposits (net)	597.79	(331.72)
Amount received on losing of control over subsidiary (net of cash and cash equivalents in the books of subsidiary)	-	1,011.12
Sale of current investments	-	80.00
Purchase of long term investments	(0.10)	-
Acquisition of subsidiaries (net of cash and cash equivalents in the books of subsidiaries)	-	(8,218.00)
Interest received	21.97	35.91
Net cash (used in)/generated from investment activities - Total (B)	(1,560.64)	(9,542.10)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings, net	298.52	256.99
Proceeds from long term borrowings	717.57	1,607.55
Repayment of long term borrowings	(407.97)	(373.66)
Repayment of deferred payment liabilities	(12.47)	(86.42)
Repayment of lease liabilities	(91.34)	(56.88)
Dividend paid	(904.02)	(968.09)
Dividend tax paid	-	(197.99)
Proceeds from issue of equity shares	-	8,477.30
Proceeds from issue of compulsorily convertible preference shares	-	228.76
Buyback of shares	-	(814.21)
Tax paid on buy back of shares	-	(183.64)
Fees paid for increase in authorised share capital	(20.97)	(8.72)
Interest paid	(246.31)	(212.75)
Net cash (used in)/generated from financing activities - Total (C)	(666.99)	7,668.24
D. Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)	(800.37)	659.55
E. Cash and cash equivalents at the beginning of the period/year	1,049.85	390.30
F. Cash and cash equivalents at the end of the year (D)+(E)	249.48	1,049.85
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Balances in current accounts	247.98	445.43
Cash on hand	0.10	0.14
Bank deposits with original maturity of less than three months	1.40	604.28
Balances per statement of cash flows	249.48	1,049.85
Summary of significant accounting policies and other explanatory information 1 to 61		

This is the consolidated cash flow statement 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

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Sunjay Kapur
Chairman and Non-Executive Director
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. F5253

Place: Gurugram
Date: 27th April 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

A. EQUITY SHARE CAPITAL

	Amount
Balance as at 1st April 2019	277.18
Issue of shares	220.29
Buyback of shares	(25.93)
Balance as at 31st March 2020	471.54
Conversion of compulsory convertible preference shares into equity shares	5.94
Bonus shares issued during the year	5,252.32
Balance as at 31st March 2021	5,729.80

B. INSTRUMENTS ENTIRELY EQUITY IN NATURE

	Amount
Balance as at 1st April 2019	-
Issue of compulsorily convertible preference shares during the year	5.94
Balance as at 31st March 2020	5.94
Conversion of compulsory convertible preference shares into equity shares	(5.94)
Balance as at 31st March 2021	-

C. OTHER EQUITY

	General reserve	Securities premium	Foreign currency translation reserve	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Retained earnings	Total	Non-controlling interest
Balance as at 1st April 2019	120.00	382.14	(192.37)	-	-	-	1,115.12	1,424.89	24.23
Profit for the year	-	-	-	-	-	-	3,652.86	3,652.86	-
Transferred to profit and loss on disposal of foreign operations	-	-	192.37	-	-	-	-	192.37	(24.23)
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	(309.28)	-	-	-	(309.28)	-
Premium on fresh issue of equity shares	-	8,257.02	-	-	-	-	-	8,257.02	-
Premium on fresh issue of compulsorily convertible preference shares	-	222.81	-	-	-	-	-	222.81	-
Premium on buy back of shares	-	(788.28)	-	-	-	-	-	(788.28)	-
Tax paid on buy back of shares	-	(183.64)	-	-	-	-	-	(183.64)	-
Stamp duty paid for increase in authorised share capital	-	(8.72)	-	-	-	-	-	(8.72)	-
Remeasurements of defined benefit obligations	-	-	-	-	-	-	8.71	8.71	-
Ind-AS 116 transition adjustments (net of adjustment of deferred tax)	-	-	-	-	-	-	(13.73)	(13.73)	-
Currency translation during the year	-	-	14.00	-	-	-	-	14.00	-
Dividend paid	-	-	-	-	-	-	(968.09)	(968.09)	-
Tax on dividend	-	-	-	-	-	-	(198.99)	(198.99)	-
Transfer to capital redemption reserve	-	-	-	-	25.93	-	(25.93)	-	-
Balance as at 31st March 2020	120.00	7,881.33	14.00	(309.28)	25.93	-	3,569.95	11,301.93	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2021

(Figures in Million ₹, unless stated otherwise)

	General reserve	Securities premium	Foreign currency translation reserve	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Retained earnings	Total	Non-controlling interest
Net profit for the year	-	-	-	-	-	-	2,151.65	2,151.65	-
Remeasurement of defined benefit obligations, net of tax	-	-	-	-	-	-	3.64	3.64	-
Dividend paid	-	-	-	-	-	-	(904.01)	(904.01)	-
Employee stock option charge for the year	-	-	-	-	-	45.37	-	45.37	-
Stamp duty paid for increase in authorised share capital	-	(20.97)	-	-	-	-	-	(20.97)	-
Securities premium utilised on bonus share issue	-	(5,252.32)	-	-	-	-	-	(5,252.32)	-
Currency translation during the year	-	-	2.92	-	-	-	-	2.92	-
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	(19.00)	-	-	-	(19.00)	-
Balance as at 31st March 2021	120.00	2,608.04	16.92	(328.28)	25.93	45.37	4,821.23	7,309.21	-

Summary of significant accounting policies and other explanatory information

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

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Sunjay Kapur
Chairman and Non-Executive Director
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. F5253

Place: Gurugram
Date: 27th April 2021

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(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 27th 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.

Pursuant to approval of the Board of Directors and the shareholders in their meetings held on 16th October 2018, the Company executed Share Purchase Agreement with Singapore VII Topco III

Pte. Ltd and consequently, the Parent Company on 5th July 2019 had acquired 100% equity shares (representing 100% voting interest) of Comstar Automotive Technologies Pvt. Ltd. and its subsidiaries and Comstar Automotive Hong Kong Limited and its subsidiaries.

Further, the Parent Company had executed an agreement dated 16th October 2018 to sell 81% stake in its wholly owned subsidiary, Sona Holding B.V. Netherlands (Sona BV), to Sona Autocomp Holding Private Limited. On 4th July 2019, the Parent Company completed the aforementioned transaction and accordingly, with effect from that date, Sona Holding B.V. Netherlands ceased to be Company’s subsidiary.

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 st March 2021	Proportion of ownership (%) as at 31 st March 2020
Sona Holding B.V. Amsterdam, The Netherlands*	Netherland	Nil	Nil
Sona Autocomp USA LLC*	USA	Nil	Nil
Sona Autocomp Germany GmBH*	Germany	Nil	Nil
PHT Beteiligungs GmbH & Co. KG	Germany	Nil	Nil
SONA BLW Driveline LLC*	USA	Nil	Nil
SONA BLW-Hilfe GmbH*	Germany	Nil	Nil
SONA BLW Hungary Ltd*	Hungary	Nil	Nil
SONA BLW Prazisionsschmiede GmbH*	Germany	Nil	Nil
Comstar Automotive Technologies Private Limited#	India	100%	100%
Comstar Automotive Technology 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%	Nil

Acquired on 5th July 2019.

* Ceased to be subsidiary from 4th July 2019.

3.(A) SIGNIFICANT ACCOUNTING POLICIES

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

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as “Consolidated Financial Statements”). The Consolidated Financial Statements have been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the “Act”). All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

b) 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.

c) 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 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.

d) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment 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.

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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	30
Roads	10
Sheds	3
Plant and equipment	15
Furniture and fixtures	10
IT equipment	6
Computers	3
Vehicles	4-8
Office equipment	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 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 amortization 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.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

The amortization period and the amortization 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 amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	6
Technical know-how	6
Brand	Indefinite

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 amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

f) Leases

Transition to Ind AS 116 - Leases:

Effective 1st April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

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.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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.

g) 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.

h) 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.

i) 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.

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

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 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) 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.

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:

- 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 Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- 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:

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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.

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.

i) 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

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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) 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:

- 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.

n) 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 is measured at fair value of the consideration received or receivable and are accounted for net of returns and discounts. Sales, as disclosed, are 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.

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 employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 separate 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) 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.

r) 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

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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.

s) 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 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.

t) 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.

u) 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

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1st April 2021.

4. 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:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities;
- carrying values of inventories;
- expected credit loss on receivables;
- impairment of non-financial assets (goodwill and brands);
- measurement of share based payments;
- Evaluation of indicators for impairment of non-financial assets
- Classification of leases
- Taxation and legal disputes
- Measurement of fair values
- cash flow projections and liquidity assessment with respect

5. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

(Figures in Million ₹, unless stated otherwise)

Property, plant and equipment	Freehold land	Buildings (Refer note I)	Plant and equipment and fixtures (Refer note II)	Furniture and fixtures	Office equipment	Computers	Vehicles	Leasehold improvement	Total	Right-of-use assets		
										Leasehold land (Refer Note (III) and (IV))	Building	Total
Gross carrying amount as at 1 st April 2019	13.10	325.57	1,641.86	33.02	49.98	48.83	80.11	79.96	2,272.45	241.84	191.56	433.40
Acquired pursuant to business combination (refer note 54)	15.00	164.00	416.66	13.04	20.00	18.71	13.12	13.48	674.00	683.59	-	683.59
Additions	-	15.78	667.41	6.76	10.08	16.32	14.42	18.87	749.64	-	381.63	381.63
Transfer on capitalisation	-	-	48.00	-	-	-	-	-	48.00	-	-	-
Disposals	-	-	(0.19)	(5.92)	(0.14)	(3.94)	(5.26)	(0.97)	(16.42)	-	(4.67)	(4.67)
Gross block as at 31 st March 2020	28.10	505.35	2,773.74	46.90	79.92	79.92	102.39	111.34	3,727.67	925.43	568.52	1,493.95
Additions	-	15.27	1,072.46	5.80	14.29	26.93	14.69	24.23	1,173.67	-	245.02	245.02
Foreign currency translation reserve	-	(0.99)	(0.47)	0.27	(0.01)	0.01	0.45	-	(0.74)	-	-	-
Disposals	(2.27)	-	(231.27)	-	(0.03)	(0.85)	(10.39)	-	(244.81)	-	-	-
Gross block as at 31 st March 2021	25.83	519.63	3,614.47	52.97	94.17	106.01	107.13	135.57	4,655.79	925.43	813.54	1,738.97
Accumulated depreciation as at 1 st April 2019	-	30.65	378.79	9.28	19.45	15.13	18.80	16.91	489.04	2.28	25.99	28.27
Depreciation charge during the year	-	23.85	313.59	6.89	14.74	20.60	16.12	8.80	404.59	13.32	31.84	45.16
Transfer on capitalisation	-	-	-	-	-	-	-	-	-	2.00	-	2.00
Disposals	-	-	(0.19)	(2.76)	(0.14)	(3.73)	(4.21)	-	(11.03)	-	(0.89)	(0.89)
Accumulated depreciation as at 31 st March 2020	-	54.50	692.19	13.41	34.05	32.00	30.71	25.71	882.60	17.60	56.94	74.54
Depreciation charge during the year	-	27.99	450.26	7.30	15.21	25.32	18.96	10.19	555.25	10.48	61.31	71.78
Disposals	-	-	(221.48)	-	(0.02)	(0.77)	(8.75)	-	(231.02)	-	-	-
Foreign currency translation reserve	-	(0.16)	0.02	0.01	(0.01)	(0.01)	0.09	-	(0.06)	-	-	-
Accumulated depreciation as at 31 st March 2021	-	82.33	920.99	20.72	49.23	56.54	41.02	35.90	1,206.77	28.08	118.25	146.32
Net carrying amount as at 31 st March 2020	28.10	450.85	2,081.55	33.48	45.87	47.91	71.67	85.63	2,845.07	907.83	511.58	1,419.41
Net carrying amount as at 31 st March 2021	25.83	437.29	2,693.48	32.25	44.93	49.47	66.12	99.67	3,449.02	897.35	695.29	1,592.65
Capital work-in-progress												
Particulars										As at 31 st March 2021	As at 31 st March 2020	
Capital work-in-progress										821.36	581.37	
Total										821.36	581.37	

Notes:

- (i) In Parent Company, Building (gross block) amounting ₹ 177.58 million (31st March 2020: ₹ 167.34 million), net block ₹ 124.84 million (31st March 2020: ₹ 123.62 million, 31st March 2019: ₹ 115.29 million, 31st March 2018: ₹ 89.24 million) is constructed on leasehold land
- (ii) Refer note 44 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.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

6. INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

	Computer software	Technical knowhow	Capitalised development expenditure	Brand	Customer relationships	Total	Goodwill on consolidation (Inc assembled workforce)
Intangible assets							
Gross carrying amount as at 1st April 2019	48.38	27.18	-	670.03	-	745.59	-
Acquired pursuant to business combination (refer note 54)	13.00	-	-	-	4,009.00	4,022.00	1,758.09
Additions	89.67	-	-	17.37	-	107.04	-
Disposals	(7.95)	-	-	-	-	(7.95)	-
Gross block as at 31st March 2020	143.10	27.18	-	687.40	4,009.00	4,866.68	1,758.09
Additions *	88.57	-	992.90	-	-	1,081.47	-
Gross block as at 31st March 2021	231.67	27.18	992.90	687.40	4,009.00	5,948.15	1,758.09
Accumulated amortisation as at 1st April 2019	13.75	7.93	-	-	-	21.68	-
Amortisation charge for the year	18.62	4.53	-	-	198.30	221.45	-
Disposals	(5.63)	-	-	-	-	(5.63)	-
Accumulated amortisation as at 31st March 2020	26.74	12.46	-	-	198.30	237.50	-
Amortisation charge for the year	40.84	4.52	32.01	-	267.07	344.44	-
Accumulated amortisation as at 31st March 2021	67.58	16.98	32.01	-	465.37	581.94	-
Net carrying amount as at 31st March 2020	116.36	14.72	-	687.40	3,810.70	4,629.18	1,758.09
Net carrying amount as at 31st March 2021	164.10	10.20	960.89	687.40	3,543.63	5,366.21	1,758.09

* Includes transfer from intangible assets under development

	As at 31 st March 2021	As at 31 st March 2020
Intangible assets under development		
Patent under development	-	315.00
Others	10.76	-
	10.76	315.00

7. INVESTMENTS

	As at 31 st March 2021	As at 31 st March 2020
Unquoted equity instruments, fully paid up		
9,953 (31 st March 2020: 9,953) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands (refer note 49)	-	19.00
	-	19.00
Aggregate amount of unquoted non-current investments	-	19.00
Aggregate amount of impairment in value of unquoted investments	328.27	309.28

8. LOANS

	As at 31 st March 2021	As at 31 st March 2020
Unsecured, considered good		
Non current		
Security deposits	57.77	50.79
Total loans - non current	57.77	50.79
Current		
Security deposits	0.35	4.92
Total loans - current	15.07	4.92

Notes

(i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 36 and 37.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

9. OTHER FINANCIAL ASSETS

	As at 31 st March 2021	As at 31 st March 2020
Unsecured, considered good		
Non current		
Fixed deposits with banks with maturity period of more than 12 months (refer note (i))	-	0.87
Total other financial assets- non current	-	0.87
Current		
Receivable from related parties (refer note 40)	-	0.30
Forward contract receivables	147.87	-
Royalty income receivable	1.47	5.00
Others	2.31	-
Total other financial assets- current	151.65	5.30

Notes:

- (i) Held as margin money deposits against bank guarantees, letter of credit availed by the Group and under lien for loan facility.
- (ii) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 36 and 37.

10. INCOME TAX ASSETS (NET)

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Prepaid taxes	186.74	291.42
	186.74	291.42

* Amount paid under protest of ₹ 24.48 million (31st March 2020: ₹ 23.71 million)

11. OTHER ASSETS

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Prepaid expenses	2.07	11.41
Capital advances	251.90	219.08
Un-adjusted consideration for revenue contract	42.26	48.00
Total other assets- non current	296.23	278.49
Current		
Prepaid expenses (refer note 58)	59.79	46.65
Loans and advances to employees	3.29	4.49
Advance to suppliers for goods and services	107.61	88.47
Balance with government authorities	297.80	168.53
Un-adjusted consideration for revenue contract	19.23	-
Other assets	74.22	50.38
Less: Allowance for doubtful advances	(20.38)	(22.18)
Total other assets- current	541.56	336.34

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

12. INVENTORIES

	As at 31 st March 2021	As at 31 st March 2020
Raw materials and components *	984.56	572.41
Work-in-progress **	268.18	163.30
Finished goods ***	1,431.98	895.18
Stores and spares	174.24	174.36
Loose tools	39.06	17.91
Dies, jigs and fixtures	146.78	122.89
Scrap	10.77	16.31
Total#	3,055.57	1,962.36

Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 47.52 million (31st March 2020: ₹ 15.30 million)

* Includes raw materials and components in transit amounting ₹ 157.59 million (31st March 2020: ₹ 44.98 million)

** Includes with the vendors sent for job work ₹ 110.68 million (31st March 2020: ₹ 56.10 million)

*** Includes goods in transit ₹ 361.07 million (31st March 2020: ₹ 175.21 million)

13. TRADE RECEIVABLES

	As at 31 st March 2021	As at 31 st March 2020
Unsecured		
Trade receivables considered good	4,169.87	2,336.28
Trade receivables - credit impaired	2.97	3.94
Less: Allowances for expected credit loss	(2.97)	(3.94)
Total trade receivables	4,169.87	2,336.28

Notes:

(i) Refer note 40 for receivable balance from related parties.

(ii) Refer note 37 - Financial instruments for assessment of expected credit losses.

14. CASH AND CASH EQUIVALENTS

	As at 31 st March 2021	As at 31 st March 2020
Balance with banks		
- in current accounts	247.98	445.43
Cash on hand	0.10	0.14
Bank deposits with original maturity of less than three months	1.40	604.28
Total cash and cash equivalents	249.48	1,049.85

15. OTHER BANK BALANCES

	As at 31 st March 2021	As at 31 st March 2020
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	26.27	623.08
Total other bank balances	26.27	623.08

16.(A) EQUITY SHARE CAPITAL

	As at 31 st March 2021	As at 31 st March 2020
Authorised share capital		
998,500,000 (31 st March 2020: 50,500,000) equity shares of ₹ 10 each	9,985.00	505.00
Issued, subscribed and paid up share capital		
572,980,560 (31 st March 2020: 47,153,944) equity shares of ₹ 10 each fully paid up	5,729.80	471.54

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

i) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Equity shares outstanding at the beginning of the year	47,153,944	27,718,376
Less: Buyback of shares (refer note v below)	-	(2,592,935)
Add : Issue of shares (refer note 56)	-	22,028,503
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	594,436	-
Add : Bonus shares issued during the year (refer note vii below)	525,232,180	-
Equity shares outstanding at the end of the year	572,980,560	47,153,944

Amount	As at 31 st March 2021	As at 31 st March 2020
Equity shares outstanding at the beginning of the year	471.54	277.18
Less: Buyback of shares (refer note v below)	-	(25.93)
Add : Issue of shares (refer note 56)	-	220.29
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	5.94	-
Add : Bonus shares issued during the year (refer note vii below)	5,252.32	-
Equity shares outstanding at the end of the year	5,729.80	471.54

ii) Rights, preferences and restrictions attached to equity shares

The Parent 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 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 Group after distribution of all preferential amounts, in proportion to their shareholding.

iii) Shares of the Company held by Holding Company

	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190

iv) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	193,208,904	16,100,742

Percentage	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	66.28%	65.85%
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	33.72%	34.15%

(v) The shareholders of the Parent Company approved the buyback of 2,592,935 equity shares on 3rd July 2019 and subsequently on 5th July 2019, Group has bought back 2,592,935 equity shares and Capital Redemption Reserve has been created in accordance with provision of the Companies Act, 2013 for the buy back of equity shares. Other than this, the Parent Company has not bought back any shares during the period ended 31st March 2021 and five years immediately preceeding the year ended 31st March 2020.

(vi) In the board meeting on 27th January 2021 the Board of Directors of the Parent Company has approved the conversion of the compulsorily convertible preference shares (CCPS) into the equity shares of the Company in accordance with the Share Subscription and Share Purchase Agreement dated 16th October 2018 executed between inter alia, the Company and the Investor. Number of equity shares issued against conversion of CCPS : 594,436.

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(vii) The Board of Directors of the Parent Company have 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 10th February 2020. Other than this, the Parent 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 31st March 2021 and five years immediately preceeding the year ended 31st March 2020.

16.(B) INSTRUMENTS ENTIRELY EQUITY IN NATURE

	As at 31 st March 2021	As at 31 st March 2020
Authorised share capital		
1,500,000 (31 st March 2020: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
Issued, subscribed and paid up share capital		
Nil (31 st March 2020: 594,436) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	5.94

i) Reconciliation of shares outstanding at the beginning and at the end of the year

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Compulsorily convertible preference shares outstanding at the beginning of the year	594,436	-
Add : Issue of shares (refer note 56)	-	594,436
Less : Conversion of compulsory convertible preference shares into equity shares	(594,436)	-
Compulsorily convertible preference shares outstanding at the end of the year	-	594,436

Amount	As at 31 st March 2021	As at 31 st March 2020
Compulsorily convertible preference shares outstanding at the beginning of the year	5.94	-
Add: Issue of 594,436 preference shares of ₹ 10 each fully paid up	-	5.94
Less : Conversion of compulsory convertible preference shares into equity shares (refer note 16 A)	(5.94)	-
Compulsorily convertible preference shares outstanding at the end of the year	-	5.94

ii) Rights, preferences and restrictions attached to preference shares

Each compulsorily convertible preference shares (CCPS) has a par value of ₹ 10 and would be converted into equity shares of the holding company on the date falling five years from the date of issue of such CCPS or the last date of conversion under applicable laws, whichever is earlier. The preference shareholders shall receive a dividend of 0.01% per annum and carry a preferential right vis-à-vis equity shares of the holding company with respect to payment of dividend or repayment of capital. Each CCPS shall have the same voting as that given to the equity shareholders in the shareholders' meeting, to the extent of their respective ownership of equity shares (assuming the CCPS have been converted into equity shares in accordance with their terms).The preference shares shall have preferential rights vis-a-vis the equity shares, with respect to interest and other distribution rights and rights on liquidation, dissolution and winding up of the affairs of the holding company.

iii) Shares of the Company held by Holding Company

	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	-	594,436

iv) Details of shareholders holding more than 5% of the total number of preference shares in the Company

Number of shares	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	-	594,436

Percentage	As at 31 st March 2021	As at 31 st March 2020
Singapore VII Topco III Pte. Ltd	-	100.00%

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

17. OTHER EQUITY

	As at 31 st March 2021	As at 31 st March 2020
Retained earnings	4,821.23	3,569.95
General reserve	120.00	120.00
Securities premium	2,608.04	7,881.33
Capital redemption reserve	25.93	25.93
Foreign currency transaltion reserve	16.92	14.00
Equity instruments through other comprehensive income	(328.28)	(309.28)
Employee's stock options reserve	45.37	-
Total reserves and surplus	7,309.21	11,301.93

a) Retained earnings

Retained earnings represent the undistributed profits that the Group has till date and it includes remeasurements of defined benefit obligation.

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	3,569.95	1,115.12
Net profit for the year	2,151.65	3,652.86
Remeasurement of defined benefit obligations, net of tax	3.64	8.71
Less: Ind-AS 116 translation adjustments (net of adjustment of deferred tax)	-	(13.73)
Less:-Dividend paid	(904.01)	(968.09)
Less:-Tax on dividend	-	(198.99)
Less : Transfer to capital redemption reserve	-	(25.93)
Closing balance	4,821.23	3,569.95

b) General reserve

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	120.00	120.00
Closing balance	120.00	120.00

The Group 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 st March 2021	As at 31 st March 2020
Opening balance	7,881.33	382.14
Premium on fresh issue of equity shares	-	8,257.02
Premium on fresh issue of compulsorily convertible preference shares	-	222.81
Less: Stamp duty paid for increase in authorised share capital	(20.97)	(8.72)
Less: Amount utilised for issue of bonus shares	(5,252.32)	-
Less: Premium paid on buy back of shares	-	(788.28)
Less: Tax paid on buy back of shares	-	(183.64)
Closing balance	2,608.04	7,881.33

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 2021

(Figures in Million ₹, unless stated otherwise)

d) Capital redemption reserve

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	25.93	-
Transferred from retained earnings	-	25.93
Less: Tax paid on buy back of shares	-	-
Closing balance	25.93	25.93

Companies Act, 2013 requires that where a Group 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 Group, in paying up unissued shares of the Group to be issued to shareholders of the Group as fully paid bonus shares. The Group established this reserve pursuant to the buyback of shares in current year.

e) Foreign currency translation reserve

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.

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	14.00	(192.37)
Exchange difference reclassified to profit or loss on disposal of subsidiary	-	192.37
Currency translation during the year	2.92	14.00
Closing balance	16.92	14.00

f) Equity instruments through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. Such fair value changes are not reclassified to profit or loss even upon disposal of the investment, but are transferred to retained earnings.

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	(309.28)	-
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	(19.00)	(309.28)
Closing balance	(328.28)	(309.28)

g) Employee's stock options reserve

This reserve represents the share based compensation expense recorded with respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

	As at 31 st March 2021	As at 31 st March 2020
Opening balance	-	-
Add: Movement during the year	45.37	-
Closing balance	45.37	-

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

18. BORROWINGS

(i) Non - current borrowings

	As at 31 st March 2021	As at 31 st March 2020
Secured		
Term loans from banks		
Indian rupee loans	2,489.41	2,179.70
Vehicle loans	8.07	10.49
Deferred payment liabilities	20.13	31.54
	2,517.61	2,221.73
Less: Amount disclosed under other financial liabilities (refer note 20)	(610.60)	(453.51)
Total non-current borrowings	1,907.01	1,768.22

(ii) Current borrowings

	As at 31 st March 2021	As at 31 st March 2020
Indian Rupee loans repayable on demand from banks - secured*	1,042.05	846.09
Bills discounted from financial institution - unsecured**	102.94	-
Total current borrowings	1,144.99	846.09

* Cash credit/packing credit/other loans repayable on demand from banks are secured by hypothecation of inventories, book debts, other current assets and other collateral charges and second pari passu charge on movable and immovable fixed assets of the Group. The interest rate on these loans are ranging from 4.70% to 10.35%. (31st March 2020: 5.60% to 10.35%)

**The Group enters into factoring arrangements with recourse for its trade receivables with various banks. As at 31st March 2021 the Group had factoring facilities in place for trade receivables and amount of ₹ 102.94 million were realised by using these facilities against which the monies were yet to be collected by the financial institution from the Group's customers. The Group 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 Group from the banks but yet to be collected by the financial institution from the Group's customers.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

iii) Terms of Long term borrowing		
Name of Bank/Financial Institution	Particulars	As at 31 st March 2021
HDFC (Term loan) - 1	Outstanding Amount (₹ million)	197.12
	Interest rate	0.50% above one year MCLR of HDFC Bank
	Security	1. First pari passu charge on entire movable & immovable fixed assets of the Company
		2. Second pari passu charge on current assets (present and future) of the Company
HDFC (Term loan) - 2	Repayment schedule	Quarterly Installments 4 Installment for ₹ 22.24 million (Total ₹ 88.96) 4 Installment for ₹ 26.69 million (Total ₹ 106.75 million)
	Outstanding Amount (₹ million)	776.72
	Interest rate	0.50% above one year MCLR of HDFC Bank
	Security	1. First pari passu charge on entire movable & immovable fixed assets of company 2. Second pari passu charge on current assets (present and future) of company
HDFC (Term loan) - 3	Repayment schedule	Quarterly 11 installments of ₹ 70.15 each total amounting ₹ 771.60 million
	Outstanding Amount (₹ million)	688.03
	Interest rate	0.85% above one year MCLR of HDFC Bank
	Security	1. First pari passu charge on entire movable & immovable fixed assets of the Company 2. Second pari passu charge on current assets (present and future) of the Company
HDFC (Term loan) - 4	Repayment schedule	Quarterly 18 Installment for ₹ 37.96 million each starting from 1 st October 2021 (Total ₹ 683.28 million)
	Outstanding Amount (₹ million)	458.18
	Interest rate	0.20% above six month MCLR of HDFC Bank
	Security	1. Movable Fixed assets: First pari-passu charge on the entire movable fixed assets, present and future of the Company 2. Immovable Fixed assets: First paripassu charge on the immoveable fixed assets situated at Gurgaon. 3. Current Assets: Second paripassu charge on entire current assets of the Company, both present and future
	Repayment schedule	Quarterly 16 Installment for ₹ 28.48 million each starting from 23 rd December 2022 (Total amounting ₹ 455.73 million)
	Outstanding Amount (₹ million)	-
	Interest rate	-
	Security	-

As at 31 st March 2020
269.07
1 Year MCLR + 185 bps
Quarterly Installments 4 Installment for ₹ 17.79 million total amounting ₹ 71.17 million 4 Installment for ₹ 22.24 million (Total ₹ 88.96) 4 Installment for ₹ 26.69 million (Total ₹ 106.75 million)
989.56
1 year MCLR + 185 bps
Quarterly 14 Installment for ₹ 70.15 million each (Total ₹ 982.04 million)
424.56
0.85% above one year MCLR of HDFC Bank
Quarterly 18 Installment for ₹ 23.41 million each starting from 1 st October 2021, (total amounting ₹ 421.44)
-
-
-
-

(Figures in Million ₹, unless stated otherwise)

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

Name of Bank/Financial Institution	Particulars	As at 31 st March 2021
Citi Bank (Term loan)	Outstanding Amount (₹ million)	377.31
	Interest rate	3 Months T-Bill Rate +3.67%
	Security	1. First pari passu charge on entire fixed assets of company excluding immovable fixed assets situated at Pune. 2. Second pari passu charge on entire current assets of the company
	Repayment schedule	Quarterly Installments 12 Installments of ₹ 31.25 million each total amounting ₹ 375.00 million
Yes Bank (Vehicle loan)	Outstanding Amount (₹ million)	3.01
	Interest rate	Interest ranging from 8.39% 9.61%
	Security	Vehicle
	Repayment schedule	Monthly installment ranging from 19-28 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.
HDFC (Vehicle loan)	Outstanding Amount (₹ million)	5.11
	Interest rate	Interest ranging from 7.75% to 9%
	Security	Vehicle
	Repayment schedule	Monthly installment ranging from 32-47 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.
Deferred payment liabilities State Bank Of India New Delhi- EPC	Outstanding Amount (₹ million)	20.13
	Outstanding Amount (₹ million)	0.10
	Interest rate	MCLR(1yr)+55 bps(5.6%-6.05%)
	Security	First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company
State Bank Of India New Delhi- CC	Repayment schedule	Repayable on demand
	Outstanding Amount (₹ million)	39.56
	Interest rate	MCLR(1yr)+85 bps
	Security	First pari passu on the entire (present & future) current assets of the Company, Second on all fixed assets of the company
	Repayment schedule	Repayable on demand
	Outstanding Amount (₹ million)	-
	Interest rate	-
	Security	-

As at 31 st March 2020
500.00
3 Months T-Bill Rate +3.67%
Quarterly Installments 16 Installments of ₹ 31.25 million each total amounting ₹ 500 million
3.62
Interest ranging from 8.39% 9.61%
Vehicle
Monthly installment ranging from 24-33 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.
6.87
Interest ranging from 7.75% to 9%
Vehicle
Monthly installment ranging from 32-56 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.
31.54
41.57
MCLR(1yr)+55 bps(5.6%-6.05%)
First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company
Repayable on demand
-
-
-

(Figures in Million ₹, unless stated otherwise)

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

	As at 31 st March 2020
-	-
-	-
-	-
-	-
-	68.08
MCLR(1yr)+80 bps(10.25%-10.5%)	
First pari passu on all current assets of the company.	
Second on fixed assets (present & future) of the company	
-	255.27
MCLR(1yr)+130 bps(9.60-9.65%)	
Repayable on demand	121.09
8.5%-3%=5.85%	
Repayable on demand	
59.03	
3 months MCLR +60% p.a (9.8%-10.5%)	
-	-
Repayable on demand	
-	-
-	-
-	-

	As at 31 st March 2021	143.58
Outstanding Amount (₹ million)	Mutually agreed 6.5%/3.5% (before/after interest subvention)	
Interest rate	First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of Gurgaon plant only.	
Security	Repayable on demand	
Repayment schedule		
Outstanding Amount (₹ million)	-	
Interest rate	MCLR(1yr)+80 bps	
Security	First pari passu on all current assets of the company. Second on fixed assets(present & future) of the company	
Repayment schedule	Repayable on demand	13.12
Outstanding Amount (₹ million)	MCLR(1yr)+130 bps	
Interest rate	First pari passu on all current assets of the company. Second on fixed assets(present & future) of the company	
Security	Repayable on demand	336.01
Repayment schedule	As mutually agreed 4.3%/7.3% (before/after interest subvention)	
Outstanding Amount (₹ million)	First pari passu on all current assets of the company. Second on fixed assets(present & future) of the company	
Interest rate	Repayable on demand	0.00
Security	3 months MCLR +60% p.a (7.5%-9.8%)	
Repayment schedule	First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of gurgaon plant only.	
Outstanding Amount ₹ million)	Repayable on demand	102.94
Interest rate	The interest rate agreed with customer is 0.45% for 30 days credit period (current effective rate is 5.48% p.a.)	
Security	Trade receivables against corresponding loan	

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(iv) Assets pledged as security for borrowings

	As at 31 st March 2021	As at 31 st March 2020
(a) Assets pledged by Parent Company		
Non-current		
Non financial assets	2,631.52	2,138.42
Current		
Financial assets	2,478.63	1,334.39
Non financial assets	997.69	614.14
(b) Assets pledged by subsidiary company (Comstar Automotive Technologies Private Limited)		
Current		
Financial assets	1,507.81	1,790.00
Non financial assets	1,567.33	1,134.00

(v) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 ‘Statement of cashflows’)

The changes of the Group's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
Balance as at 1 st April 2019	1,070.94	389.10	180.90	1,640.94
Cash Flows:				
Repayment of non-current borrowings	(373.66)	-	-	(373.66)
Proceeds from non-current borrowings	1,607.55	-	-	1,607.55
Proceeds from current borrowings (net)	-	256.99	-	256.99
Acquired through business combination (net) (refer note 55)	-	200.00	-	200.00
Repayment of Deferred payment liabilities	(86.44)	-	-	(86.44)
Repayment of lease liabilities	-	-	(56.88)	(56.88)
Non-cash changes:				
Amortisation of transaction cost based on effective interest rate	(0.68)	-	-	(0.68)
Interest expense on lease liabilities	-	-	42.67	42.67
Creation of lease liabilities under Ind AS 116	-	-	441.13	441.13
Terminated during the year	-	-	(3.76)	(3.76)
Unwinding of discount on deferred payment liabilities	4.02	-	-	4.02
Balance as at 31 st March 2020	2,221.73	846.09	604.06	3,671.88
Cash Flows:				
Repayment of non-current borrowings	717.57	-	-	717.57
Proceeds from non-current borrowings	(407.97)	-	-	(407.97)
Proceeds from current borrowings (net)	-	298.90	-	298.90
Repayment of Deferred payment liabilities	(12.47)	-	-	(12.47)
Repayment of lease liabilities	-	-	(91.34)	(91.34)
Non-cash changes				
Amortisation of transaction cost based on effective interest rate	(2.32)	-	-	(2.32)
Interest expense on lease liabilities	-	-	73.37	73.37
Creation of lease liabilities under Ind AS 116	-	-	239.33	239.33
Unwinding of discount on deferred payment liabilities	1.07	-	-	1.07
Balance As at 31 st March 2021	2,517.61	1,144.99	825.42	4,488.02

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

19. LEASE LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Non-current		
Lease liabilities (refer note 47)	720.15	532.33
	720.15	532.33
Current		
Lease liabilities (refer note 47)	105.27	71.73
	105.27	71.73

20. OTHER FINANCIAL LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Security deposits	1.24	1.24
Total other financial liabilities - non current	1.24	1.24
Current		
Current maturities of long-term borrowings (refer note 18)	573.89	409.06
Current maturities of deferred payment liabilities (refer note 18)	20.64	31.54
Interest accrued but not due on borrowings (refer note 18)	16.07	12.91
Employee benefits payable	55.81	95.80
Capital creditors	131.92	98.83
Forward contract payables	-	226.15
Other payables	30.46	48.36
Total other financial liabilities - current	828.79	922.65

21. PROVISIONS

	As at 31 st March 2021	As at 31 st March 2020
Non current		
Provision for compensated absences	73.58	43.78
Provision for defined benefit plans (gratuity) (refer note 42)	2.70	14.00
Provision for warranty	10.50	9.00
Total provisions - non current	86.78	66.78
Current		
Provision for defined benefit plans (gratuity) (refer note 42)	26.29	16.94
Provision for compensated absences	27.66	16.12
Provision for warranty	18.74	18.00
Total provisions - current	72.69	51.06

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

	As at 31 st March 2021	As at 31 st March 2020
Provision for warranty		
Opening balance	27.00	-
Acquired through business combination (refer note 55)	-	45.00
Additions	12.03	9.00
Amounts utilised	(9.79)	(27.00)
Closing balance	29.24	27.00
Provision for compensated absences		
Opening balance	42.90	36.88
Acquired through business combination (refer note 55)	16.90	16.96
Additions	75.86	32.19
Amounts utilised	(34.42)	(26.13)
Closing balance	101.24	59.90

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

22. DEFERRED TAX LIABILITIES (NET)

	As at 31 st March 2021	As at 31 st March 2020
Deferred tax liabilities		
Property, plant and equipment and intangible assets	1,293.73	1,094.43
R&D expense capitalised in books allowed as expenditure as per Income Tax	-	69.00
Inventories	-	-
Foreign currency forward contracts	16.98	-
Others	9.55	4.03
Total deferred tax liabilities	1,320.26	1,167.46
Deferred tax assets		
Expenditure allowed for tax purposes on payment basis	39.68	31.51
Foreign currency forward contracts	-	31.00
Others	20.36	28.24
Total deferred tax assets	60.04	90.75
Net deferred tax liabilities	1,260.22	1,076.71

a) Movement in deferred tax assets/liabilities

	31 st March 2021	31 st March 2020
Movement in deferred tax liabilities		
Property, plant and equipment and intangible assets		
Opening balance	1,094.43	126.20
Acquired through business combination (refer note 55)	-	1,027.94
Charged/(credited):		
- to profit or loss	199.30	(64.40)
- to directly in equity	-	4.69
Foreign currency translation adjustment	-	-
Deferred tax asset directly attributable to asset held for sale (refer note 49)	-	-
Closing balance	1,293.73	1,094.43
Provision for employee benefits obligation		
Opening balance	-	-
Acquired through business combination (refer note 55)	-	-
Charged/(credited):		
- to profit or loss	-	-
- to other comprehensive income	-	-
Closing balance	-	-
Foreign currency forward contracts		
Opening balance	(31.00)	-
Acquired through business combination (refer note 55)	-	(1.00)
Charged/(credited):		
- to profit or loss	47.98	(30.00)
Closing balance	16.98	(31.00)
R&D expense capitalised in books allowed as expenditure as per Income Tax		
Opening balance	69.00	-
Acquired through business combination (refer note 55)	-	-
Charged/(credited):		
- to profit or loss	(69.00)	69.00
Closing balance	-	69.00
Inventory		
Opening balance	-	-
Acquired through business combination (refer note 55)	-	62.86
Charged/(credited):		
- to profit or loss	-	(62.86)
Closing balance	-	-

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Movement in deferred tax liabilities	31 st March 2021	31 st March 2020
Others		
Opening balance	(55.72)	(15.63)
Acquired through business combination (refer note 55)	-	(29.00)
Charged/(credited):		
- to profit or loss	4.01	(10.03)
- to other comprehensive income	1.22	3.57
- directly in equity	-	(4.63)
Foreign currency translation adjustment	-	-
Deferred tax asset directly attributable to asset held for sale (refer note 49)	-	-
Closing balance	(50.49)	(55.72)
	1,260.22	1,076.71

Deferred tax assets amounting to ₹ 82.62 million as at 31st March 2021 (31st March 2020: ₹ 77.84 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.

23. TRADE PAYABLES

	As at 31 st March 2021	As at 31 st March 2020
Trade payables		
- micro enterprises and small enterprises (refer to note 45)	495.83	166.99
- other than micro enterprises and small enterprises	1,745.26	995.26
Total Trade payables	2,241.09	1,162.25

Note:

(i) Refer note 40 for balance payable to related parties

24. CURRENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Statutory dues payable	79.11	57.30
Advance from customers	91.66	53.05
Liability to customer related to warranty case settlement	-	-
Others	-	-
Total current liabilities	170.77	110.35

25. CURRENT TAX LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Income tax liabilities (net)	170.29	118.00
Total current tax liabilities	170.29	118.00

26. REVENUE FROM OPERATIONS

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Sale of goods	14,889.34	10,030.10
Service income	4.75	-
Other operating revenue		
Scrap sales	237.46	140.94
Export incentive	133.29	171.78
Tooling income	23.56	-
Liabilities written back	-	18.00
Foreign exchange gain (net)	357.34	-
Royalty income	16.41	7.00
Others	0.85	12.00
Total revenue from operations	15,663.00	10,379.82

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

27. OTHER INCOME

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Interest income	21.96	19.91
Profit on sale of investments at fair value (net)	-	18.00
Other non- operating income	1.45	19.92
Total other income	23.41	57.83

28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Inventories at the beginning of the year		
Continuing operations		
Work-in-progress	163.30	149.68
Finished goods	895.18	181.58
	1,058.48	331.26
Inventories at the end of the year		
Continuing operations		
Work-in-progress	268.18	163.30
Finished goods	1,431.98	895.18
	1,700.16	1,058.48
Changes in inventories (A)	(641.68)	(727.22)
Adjustment:		
Acquisition of subsidiary		
Work-in-progress	-	19.00
Finished goods	-	740.00
Total (B)	-	759.00
Total changes in Inventories (A+B)	(641.68)	31.78

29. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Salaries, wages and allowances	1,217.36	863.76
Contribution to provident and other funds (refer note 42)	79.86	70.97
Staff welfare expenses	131.90	92.57
Share based payment to employees (refer note 53)	45.37	-
Total employee benefits expense	1,474.49	1,027.30

30. FINANCE COSTS

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Interest on loans	213.06	177.35
Other borrowing costs	5.12	6.33
Bank and other finance charges	16.59	23.40
Interest on lease liabilities (refer note 47)	73.37	42.67
Interest expenses on others	17.01	10.00
Total finance costs	325.15	259.75

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

31. DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Depreciation of property, plant and equipment	555.25	404.59
Amortisation of intangible assets	344.44	221.45
Amortisation of right-of-use assets	71.78	45.16
Less: Transfer to capital work-in-progress	(2.07)	-
Total depreciation and amortisation expense	969.40	671.20

32. OTHER EXPENSES

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Consumption of stores, spares and tool	664.06	392.07
Power and fuel	390.89	315.72
Freight, clearing and forwarding charges	287.02	165.46
Packing material	198.47	99.41
Sub contracting cost	592.81	483.76
Rent (refer note 47)	21.15	18.63
Repairs and maintenance - plant and machinery	248.90	163.86
Repair and maintenance - buildings	19.16	7.39
Repair and maintenance - others	121.58	78.69
Manpower hiring on contract	287.72	169.35
Legal and professional charges	152.43	208.03
Rates and taxes	9.09	13.51
Insurance	35.06	21.81
Travelling, conveyance and vehicle expenses	90.53	96.79
Communication and stationery expenses	17.02	16.31
Security charges	16.28	13.41
Corporate social responsibility expense (refer note below)	53.95	16.79
Business promotion	9.14	13.04
Sales commission	-	5.00
Foreign exchange loss (net)	-	126.56
Bad debts written off	0.16	-
Advances written off	1.27	-
Provision for other receivables	0.87	-
Directors sitting fees	27.01	19.74
Loss on sale of fixed assets (net)	2.92	5.25
Miscellaneous expenses	77.76	23.09
Total other expenses	3,325.25	2,473.67

Note: Corporate Social Responsibility expenditure

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Gross amount required to be spent by the Group during the year as per Section 135 of the Act	53.95	47.99
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	39.56	16.79
	39.56	16.79
Amount yet to be spent (refer note 60)	14.39	31.20

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

33. EXCEPTIONAL ITEM

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
(Gain) on loss of control over a subsidiary company (refer note 49)	-	(2,368.22)
Expenditure incurred for listing and offer for sale of shares (refer note 58)	139.06	-
	139.06	(2,368.22)

34. INCOME TAX EXPENSE

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Current tax	666.02	365.05
Deferred tax charge/(credit)	182.29	(99.98)
Total Income Tax expense	848.31	265.07

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 st March 2021	For the year ended 31 st March 2020
Profit before income tax expense	2,999.96	3,917.94
Income tax as per statement of profit and loss	848.31	265.07
Tax at the Indian tax rate of 25.167% (31st March 2020: 25.167%)	755.00	986.03
Current tax related to previous years	-	5.97
Effect of non-deductible expenses	15.63	1.61
Transaction cost of an equity transaction	-	1.02
Impact of gain on loss of control (non-taxable)	-	(584.03)
Tax effect of write off of investment in respect of which deferred tax asset was not recognised earlier	-	(102.60)
Income taxable at a lower rate	(29.28)	-
Difference in tax rate of subsidiary companies	75.28	(2.80)
Change in tax rate	-	(45.16)
Others	31.68	5.03
Income tax expense (as per statement of profit and loss)	848.31	265.07

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to the Company to pay Income Tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the earlier rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The Indian entities within the Group have opted for the concessional tax rate during the year ended 31st March 2020 and accordingly remeasured deferred tax and current tax liability at such concessional rate.

35. RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Revenue expenditure charged to statement of profit and loss	137.38	69.91
Capital expenditure (including certain revenue expenditure based on allocations made by the Group)	777.65	224.22
Total Research expenses	915.03	294.13

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

36. FAIR VALUE MEASUREMENTS

a) Financial instruments by category

	As at 31 st March 2021			As at 31 st March 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Loans	-	-	72.84	-	-	55.71
Trade receivables	-	-	4,169.87	-	-	2,336.28
Cash and bank balances	-	-	275.75	-	-	1,672.93
Other financial assets	-	-	3.78	-	-	6.17
Investments	-	-	-	-	19.00	-
Derivative financial assets	147.87	-	-	-	-	-
Total financial assets	147.87	-	4,522.24	-	19.00	4,071.09
Financial liabilities						
Borrowings	-	-	3,662.60	-	-	3,067.82
Trade payables	-	-	2,241.09	-	-	1,162.25
Other financial liabilities	-	-	219.43	-	-	244.23
Lease liabilities	-	-	825.42	-	-	604.06
Derivative financial liabilities	-	-	-	226.15	-	-
Total financial liabilities	-	-	6,948.54	226.15	-	5,078.36

(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 investments 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	Total
As at 31st March 2021				
Foreign exchange forward contracts- asset	-	147.87	-	147.87
Total financial assets	-	147.87	-	147.87
As at 31st March 2020				
Foreign exchange forward contracts- liabilities	-	226.15	-	226.15
Total financial liabilities	-	226.15	-	226.15
Investments measured at fair vlaue through other comprehensive income	-	-	19.00	19.00
Total financial assets	-	-	19.00	19.00

The following table presents the changes in level 3 items for the year ended 31st March, 2021.

As at April, 2020 Loss recognised in other comprehensive income.

ii) Fair value of instruments measured at amortised cost

	Level	As at 31 st March 2021		As at 31 st March 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Trade receivables	Level 3	4,169.87	4,169.87	2,336.28	2,336.28
Cash and bank balances	Level 3	275.75	275.75	1,672.93	1,672.93
Other financial assets	Level 3	3.78	3.78	6.17	6.17
Loans	Level 3	72.84	73.60	55.71	66.29
Total financial assets		4,522.24	4,523.00	4,071.09	4,081.67
Financial liabilities					
Borrowings	Level 3	3,662.60	3,662.60	3,067.82	3,067.82
Lease liabilities	Level 3	825.42	825.42	604.06	604.06
Trade payable	Level 3	2,241.09	2,241.09	1,162.25	1,162.25
Other financial liability	Level 3	235.49	235.49	257.13	257.13
Total financial liabilities		6,964.60	6,964.60	5,091.26	5,091.26

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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.

37. 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.

(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 Group 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 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.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

The Group provides for expected credit loss based on the following:

Asset group	Categorization 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 31 st March 2021	As at 31 st March 2020
Low credit risk	Loans	72.84	55.71
	Cash and bank balances	275.75	1,672.93
	Other financial assets	3.78	6.17
	Derivative financial assets	147.87	-
Moderate credit risk	Trade receivables	4,169.87	2,336.28

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 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.

Other financial assets measured at amortized cost

Other financial assets measured at amortised cost includes security deposits, other receivables etc. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(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 cash & cash equivalents and other Bank balances - Since the Group deals with only High-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as low.

For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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 31st March 2021, and for the years ended 31st March 2020 is insignificant.

Ageing of trade receivables is as follows:

	31 st March 2021	31 st March 2020
Not due and due less than 6 months	4,129.44	2,333.48
Due more than 6 months	40.43	2.80
	4,169.87	2,336.28

(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

Contractual maturities of financial liabilities: (undiscounted)

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2021				
Borrowings	2,355.74	2,129.88	88.58	4,574.20
Trade payables	2,241.09	-	-	2,241.09
Other financial liabilities	219.43	-	-	219.43
Lease liabilities	105.27	447.68	911.61	1,464.55
Total	4,921.53	2,577.56	1,000.19	8,499.27
	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2020				
Borrowings	1,454.52	2,000.22	99.07	3,553.81
Trade payables	1,162.25	-	-	1,162.25
Other financial liabilities	244.25	-	-	244.25
Derivative financial liabilities	226.15	-	-	226.15
Lease liabilities	69.12	297.61	676.83	1,043.56
Total	3,156.29	2,297.83	775.90	6,230.02

(ii) Undrawn borrowing facilities

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 st March 2021	31 st March 2020
Expiring within one year (bank loans)	670.99	532.65
Expiring beyond one year (bank loans)	-	-

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(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 Group 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 Group's borrowing to interest rate changes at the end of the reporting date are as follows:

Particulars	31 st March 2021	31 st March 2020
Variable rate borrowings	3,634.40	3,025.79
Fixed rate borrowings	28.20	42.03
Total borrowings	3,662.60	3,067.82

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 st March 2021	31 st March 2020
Interest rate (increase by 1.00% (31 st March 2020: 1.00%)*	24.92	16.33
Interest rate (decrease by 1.00% (31 st March 2020: 1.00%)*	(24.92)	(16.33)

* Holding other variables constant

(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 Parent Company's exposure to foreign currency risk at the end of the reporting period expressed as follows:

Foreign currency	31 st March 2021	31 st March 2020
Trade receivables and others		
United States Dollar (USD)	43.67	18.15
Euro (EUR)	0.54	0.44
RMB	8.49	5.03
Others	0.08	-
Trade payables		
United States Dollar (USD)	8.97	1.58
Euro (EUR)	0.30	0.46
Japanese Yen (JPY)	76.77	38.72
Canadian Dollar (CAD)^	0.00	0.00
Swiss Franc (CHF)	0.01	0.01
RMB	11.50	-
Others	2.76	0.05

^Rounded off to Nil

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Indian Rupee (₹)	31 st March 2021	31 st March 2020
Trade receivables and others		
United States Dollar (USD)	3,192.88	1,373.82
Euro (EUR)	46.49	36.82
RMB	94.51	53.25
Others	0.65	-
Trade payables		
United States Dollar (USD)	655.47	119.39
Euro (EUR)	25.38	37.60
Japanese Yen (JPY)	50.76	26.96
Canadian Dollar (CAD)^	0.15	0.18
Swiss Franc (CHF)	0.57	0.80
RMB	128.11	-
Others	18.54	5.57

^Rounded off to Nil

	31 st March 2021	31 st March 2020
Outstanding forward contracts as at the reporting date (Million USD)	89.09	78.65
Outstanding forward contracts as at the reporting date (₹)	7,242.86	5,931.35

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 st March 2021	For the year ended 31 st March 2020
Net currency receivables/(payables)		
USD sensitivity		
₹/USD- increase by 1.00% (31 st March 2020: 1.00%)*	18.99	9.39
₹/USD- decrease by 1.00% (31 st March 2020: 1.00%)*	(18.99)	(9.39)
EUR sensitivity		
₹/EURO- increase by 1.00% (31 st March 2020: 1.00%)*	0.16	(0.02)
₹/EURO- decrease by 1.00% (31 st March 2020: 1.00%)*	(0.16)	0.02
JPY sensitivity		
₹/JPY- increase by 1.00% (31 st March 2020: 1.00%)*	(0.38)	(0.20)
₹/JPY- decrease by 1.00% (31 st March 2020: 1.00%)*	0.38	0.20
RMB sensitivity		
₹/RMB- increase by 1.00% (31 st March 2020: 1.00%)*	(1.26)	1.99
₹/RMB- decrease by 1.00% (31 st March 2020: 1.00%)*	1.26	(1.99)
CAD sensitivity		
₹/CAD- increase by 1.00% (31 st March 2020: 1.00%)*	(0.00)	(0.00)
₹/CAD- decrease by 1.00% (31 st March 2020: 1.00%)*	0.00	0.00
CHF sensitivity		
₹ /CHF- increase by 1.00% (31 st March 2020: 1.00%)*	(0.00)	(0.01)
₹/CHF- decrease by 1.00% (31 st March 2020: 1.00%)*	0.00	0.01

*Holding other variables constant

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

38. 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.

	As at 31 st March 2021	As at 31 st March 2020
Long term borrowings including current maturities (refer note 18)	2,517.61	2,221.73
Short term borrowings (refer note 18)	1,144.99	846.09
Less: Cash and cash equivalents (refer note 14)	(249.48)	(1,049.85)
Net debts *	3,413.12	2,017.97
Equity share capital (refer note 16)	5,729.80	471.54
Instruments entirely equity in nature (refer note 16)	-	5.94
Other equity (refer note 17)	7,309.21	11,301.93
Total equity (excluding compulsorily convertible preference shares)	13,039.00	11,779.41
Gearing ratio	26.18%	17.13%

* Excluding lease liabilities

Dividends	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Equity share		
Interim dividend of ₹ 31.32 per each 27,718,376 equity share	904.01	868.09
Special dividend of ₹ 11.08 per each 9,024,687 equity share	-	100.00
Dividend distribution tax on dividends paid	-	198.99
	904.01	1,167.08

39. 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 revenues disaggregated by primary geographical markets as follows:

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
India	5,247.20	4,312.86
Outside India	9,642.14	5,717.24
Total	14,889.34	10,030.10

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Revenue outside India		
North America	4,756.10	3,441.33
Europe	3,708.34	2,047.45
China	1,129.64	220.06
Others	48.06	8.40
	9,642.14	5,717.24

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Customers exceeding 10% of total revenue	For the period ended 31 st March 2021	For the period ended 31 st March 2020
No of customers exceeding 10% of total revenue	3	2
Total revenue of such customers (₹ million)	6,777.34	3,775.81

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets and goodwill) are located into the following geographical regions:

	As at 31 st March 2021	As at 31 st March 2020
India	11,685.15	10,147.38
Outside India	1,312.94	1,400.74
Total	12,998.09	11,548.12

Carrying amount of non-current by location	As at 31 st March 2021	As at 31 st March 2020
North America	868.48	925.27
Others	444.46	475.47
	1,312.94	1,400.74

40. 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 Group

Singapore VII Topco III Pte Ltd. (with effect from 5th July 2019)

Sona Autocomp Holding Private Ltd. with ultimate control exercised by RK Family Trust (from 9th February 2018 till 4th July 2019)

(ii) Key Management Personnel

Name	Designation
Mr. Sunjay Kapur	Managing Director (till 4 th July 2019)
Mr.Vadapalli Vikram Verma	Executive Director (till 4 th July 2019)
	Chief Executive Officer of Parent Company
Mr. Vivek Vikram Singh	President (Finance) & Group COO (till 4 th July 2019)
	Managing Director & Group CEO (with effect from 5 th July 2019)
Mr. Rohit Nanda	Group Chief Financial Officer (with effect from 11 th April 2019)
Mr. Raajesh Kumar Gupta	Vice President (Legal) & Company Secretary (till 29 th February 2020)
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary (with effect from 24 th February 2020)
Mr. Tanay Gupta	CEO- Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V. (with effect from 5 th July 2019)
Mr. Hariprasath K	Company Secretary - Comstar Automotive Technologies Private Limited (with effect from 5 th July 2019)
Mr. Sat Mohan Gupta	Chief Executive Officer and Director - Comstar Automotive Technologies Private Limited (with effect from 5 th July 2019)

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Name	Designation
Non-Executive Directors	
Mrs. Rani Kapur	Chairperson (till 22 nd August 2019)
Mr. Sunjay Kapur	Non-Executive Chairman (with effect from 5 th July 2019)
Mr. Juergen Klaus Theodor Ziegler	Director (till 4 th July 2019)
Mrs. Bhaswati Mukherjee	Director (till 20 th August 2019)
Mr. Prasan Abhaykumar Firodia	Director (with effect from 5 th July 2019 till 26 th January 2020)
	Independent director (with effect from 27 th January 2021)
Mr. Subbu Venkata Rama Behara	Independent director (with effect from 5 th July 2019)
Mrs. Pallavi Joshi Bakhru	Independent director (till 2 nd May 2020)
Mr. Siddharth Pradip Kothari	Director (till 10 th July 2019)
Mr. Amit Dixit	Director (with effect from 5 th July 2019)
Mr. Amit Jain	Director (with effect from 5 th July 2019)
Mr. Neeraj Mohan	Director (with effect from 5 th July 2019)
Mr. Ganesh Mani	Director (with effect from 5 th July 2019)
Mrs Shradha Suri	Independent director (with effect from 5 th August 2020)
Mr. Jeffrey Mark Overly	Independent Director (with effect from 12 th February 2021)

(iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Sona Management Services Limited
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)
Sona Charitable Trust
SKAP Forging Private Limited

(iv) The entity having substantial interest in the Group

JM Financial Tustee Company Private Limited (till 4 th July 2019)
Sona Autocomp Holding Private Limited (with effect from 5 th July 2019)

(v) Ultimate holding Company

BCP Topco I Pte Ltd.

(b) Transactions with related parties :

(i) Individual/entity exercising control

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Reimbursement of expenses		
Sona Autocomp Holding Private Limited	-	0.80
Dividend paid		
Singapore VII Topco III pte Ltd.	599.18	-
Director sitting fee		
Mrs. Rani Kapur	-	0.17
Purchase of shares of Comstar Automotive Technologies Private Limited		
Singapore VII Topco III Pte Ltd. (refer note 55)	-	8,293.31
Purchase of shares of Comstar Automotive Hongkong Limited		
Singapore VII Topco III Pte Ltd. (refer note 55)	-	227.27
Sale of shares of Sona Holding B.V. The Netherlands		
Sona Autocomp Holding Private Limited (refer note 49)	-	1,399.50
Loan received		
Sona Autocomp Holding Private Limited	-	500.00
Loan repaid		
Sona Autocomp Holding Private Limited	-	500.00
Interest on loan paid		
Sona Autocomp Holding Private Limited	-	33.05

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(ii) Entity having substantial interest in the Group

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Dividend paid		
Sona Autocomp Holding Private Limited	304.84	-
Relinquishment of right of put option (refer note 49 and 52)		
Sona Autocomp Holding Private Limited	19.00	-

(iii) Key Management Personnel *

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Managerial remuneration		
Mr. Sunjay Kapur	-	9.70
Mr. Vivek Vikram Singh	31.70	27.60
Mr. Vadapalli Vikram Verma	28.39	19.44
Mr. Rohit Nanda	26.13	18.48
Mr. Raajesh Kumar Gupta	1.30	10.07
Mr. Ajay Pratap Singh	6.74	0.52
Mr. Sat Mohan Gupta	24.41	15.67
Mr. Hariprasath K	1.31	1.56
Mr. Tanay Gupta	1.59	1.07
Director Sitting Fee		
Non-Executive Director	3.60	1.95
Commission		
Non-Executive Director	27.71	17.74

(iv) 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 31 st March 2021	For the year ended 31 st March 2020
Sale of goods		
Mandira Marketing Private Limited	0.14	2.53
Sona Management Services Limited	-	3.48
Purchase of goods		
Sona Management Services Limited	-	0.16
Sales of scrap		
Mandira Marketing Private Limited	-	0.02
Services received		
SKAP Forging Private Limited	-	3.16
CSR payment		
Sona Charitable Trust	-	1.00

*Break- up of Key management personnel remuneration

Transactions	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Short-term employee benefits	121.58	104.11

*Including provident fund, leave encashment and any other benefit.

*Share based payment to Key Managerial Personnel for the period ended 31st March 2021 is ₹ 29.11 million (refer note 53)

*Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

(c) Details of balances with related parties at year end

(i) Key Management Personnel

Balances as at year end	As at 31 st March 2021	As at 31 st March 2020
Payables		
Mr. Sunjay Kapur	-	-
Mr. Vivek Vikram Singh	-	3.03
Mr. Rohit Nanda	-	1.47
Mr. Vikram Verma Vedapalli	-	2.40
Mr. Jeffrey Mark Overly	0.53	-
Total payables to related parties	0.53	6.90

(ii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Balances as at year end	As at 31 st March 2021	As at 31 st March 2020
Payables		
Sona Management Services Limited	-	0.18
Total payables to related parties	-	0.18
Receivables		
Mandira Marketing Private Limited-Trade receivable	-	1.69
Total receivables from related parties	-	1.69

(iii) Entity having substantial interest in the Group

Balances as at year end	As at 31 st March 2021	As at 31 st March 2020
Receivables		
Sona Autocomp Holding Private Limited- Other financial assets	-	0.30

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 52. All outstanding balances are unsecured and settled in cash.

41. EARNINGS PER SHARE

	31 st March 2021	31 st March 2020
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	2,151.65	3,652.86
Total number of equity shares at the beginning of the year	47,153,944	27,718,376
Buyback of shares	-	(2,592,935)
Issue of shares	-	22,028,503
Conversion of compulsory convertible preference shares into equity shares	594,436	-
Bonus shares issued during the year	525,232,180	-
Original number of compulsory convertible preference shares	-	594,436
Total number of equity shares at the end of the year	572,980,560	47,748,380
Effect of exercise of share options (refer note 53)	192,634	-
Total number of equity shares (including options) at the end of the year	573,173,194	47,748,380
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	572,980,560	42,549,335
Impact of bonus issue in previous year	-	468,042,685
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	572,980,560	510,592,020
Effect of exercise of share options	192,634	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)	573,173,194	510,592,020
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	3.76	7.15
(b) Diluted earnings per share (in ₹)	3.75	7.15
Earning per share (both basic and diluted) has been restated for both the years presented on account of issue of bonus shares (refer note 16)		

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

42. EMPLOYEE BENEFITS

A Defined contribution plans:

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
a) Provident fund	60.08	41.54
b) Super annuation fund	-	7.91
c) Employees state insurance corporation	0.40	0.76
d) Punjab/Haryana labour welfare fund	0.22	0.22
e) National Pension Scheme	7.47	2.48
	68.18	52.90

B Defined benefit plans:

(i) Gratuity

The Parent Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Parent 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 st March 2021	For the year ended 31 st March 2020
(i) Current service cost	19.54	16.39
(ii) Past service cost	3.46	-
(iii) Interest cost	6.62	10.76
(iv) Expected return on plan assets	(4.97)	(9.09)
Net expense recognised in the statement of profit and loss	24.65	18.06

II Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
(i) Actuarial changes arising from changes in demographic assumptions	0.38	(3.99)
(ii) Actuarial changes arising from changes in financial assumptions	(9.76)	(3.37)
(iii) Actuarial changes arising from changes in experience adjustments	4.68	(4.74)
(iv) Return on plan assets greater than discount rate	(0.16)	(0.18)
Net expense recognised in other comprehensive income	(4.86)	(12.28)

III Changes in obligation

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
(i) Opening balance	194.85	82.17
(ii) Acquired through business combination	-	103.00
(iii) Current service cost	19.54	16.39
(iv) Past service cost	3.46	-
(v) Interest cost	11.15	10.76
(vi) Benefit payments directly by employer	(2.80)	(0.27)
(vii) Transfer of employees from erstwhile related party	-	-
(viii) Actuarial (gain)/loss	(4.70)	(11.10)
(ix) Benefit payments from plan assets	(1.78)	(7.41)
Present value of obligation as at year end	219.72	193.54

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

IV Changes in plan assets

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
(i) Fair value of plan assets as at the beginning of the period	164.49	80.74
(ii) Acquired through business combination	-	71.00
(iii) Interest income	10.53	9.09
(iv) Actuarial gain/(loss)	-	-
(v) Contributions by employer	21.03	9.00
(vi) Benefit payments from plan assets	(4.58)	(7.41)
(vii) Transfer of employees from erstwhile related party	-	-
(viii) Actuarial gain/(loss) on plan assets	0.16	0.18
Fair value of plan assets	191.62	162.60

V Net assets / liabilities

	As at 31 st March 2021	As at 31 st March 2020
(i) Present value of obligation at the end of the year	219.73	193.54
(ii) Fair value of plan assets at the end of the year	191.62	162.60
(iii) Net liabilities recognised in the balance sheet		
- Non current	1.83	14.00
- Current	26.28	16.94

VI Experience adjustment

	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Experience adjustment loss on plan liabilities	6.37	(4.74)

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 st March 2021	For the year ended 31 st March 2020
Discount rate (per annum)	6.00%-6.40%	6%
Expected return on plan assets (per annum)	5.90%	6%
Expected increase in salary costs (per annum)	7.00% - 8.00%	8%
Attrition rate	9.10% - 15.00%	15%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Retirement age	58 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	
	As at 31 st March 2021	As at 31 st March 2020
Delta effect +1% change in rate of discounting	210.83	187.10
Delta effect of -1% change in rate of discounting	231.23	205.10
Delta effect of +1% change in rate of salary increase	220.44	204.59
Delta effect of -1% change in rate of salary increase	221.45	187.41

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

X Maturity profile of defined benefit obligation (undiscounted)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Within the next 12 months (next annual reporting period)	26.63	22.11
Between 2 and 5 years	94.62	83.43
Between 6 and 10 years	89.25	193.65

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 6.28 - 9 years (31st March 2020: 6.29 - 9.1 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.

43. CONTINGENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
a) Claims against the Company not acknowledged as debts		
i) Service tax		
Cases pending before Appellate authorities in respect of which the Parent Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
ii) Income Tax *		
Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2013-14)	2.12	2.12
Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2012-13)	3.18	3.18
Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2011-12)	4.21	4.21
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.00	
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	70.78	64.93
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)***	3.73	-
iii) Central Excise Act, 1944		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Group has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18)	14.85	14.85

*Amount paid under protest of ₹ 24.48 million (31st March 2020: ₹ 23.71 million)

** Total disputed amount of the case is ₹ 79.40 million (including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 70.78 million (including interest liability) is being disclosed as a contingent liability.

*** One of the subsidiary company of the Group has received an assessment order on 2nd April 2021 under section 143(3) for the Assessment Year 2018-19 by disallowing: (i) the deduction claimed under section 35(2AB) of Income Tax Act 1961 (the Act) amounting to ₹ 307.24 million whereas the amount of allowance in Form 3CL amounting to ₹ 266.23 million therefore excess claim of ₹ 41.01 millions. Out of the said excess claim of ₹ 41.01 millions the assessing officer has admitted an amount of ₹ 27.34 million as revenue expenditure under section 35(2AB) which otherwise the Company is eligible to claim the same under section 37 of the Act. Therefore the net disallowance amounting to ₹ 13.67 million (ii) provision for warranty amounting to ₹ 9.00 million was disallowed on the grounds that the same is disallowed during the Assessment Years 2016-17 and 2017-18. Considering the above said disallowances, the assessing officer has raised a demand of ₹ 3.73 million under section 156 of the Act. The company intends to file an appeal with the Commissioner of Income Tax-Appeals. Based on professional advice, the Company strongly believes that the case will be decided in their favour and hence no provision has been considered.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

- b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Parent Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefor. 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:

Particulars	As at 31 st March 2021	As at 31 st March 2020
Export obligation pending (₹ million)	2,903.78	1,290.94

44. COMMITMENTS

(a) Capital commitments

	As at 31 st March 2021	As at 31 st March 2020
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	1,543.48	1,154.22
	1,543.48	1,154.22

45. DUES TO MICRO AND SMALL ENTERPRISE

	As at 31 st March 2021	As at 31 st March 2020
Principal amount due to suppliers registered under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) and remaining unpaid as at year end	491.99	164.10
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;	-	-
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;	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year;	3.84	2.89
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.	3.84	2.89

46. 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 2021

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)
Holding Company								
Sona BLW Precision Forgings Limited	94.30%	12,296.10	87.39%	1,880.42	155.79%	(19.38)	87.00%	1,861.04
Subsidiaries- India								
Comstar Automotive Technologies Private Limited	33.00%	4,302.22	59.03%	1,270.21	31.45%	(3.91)	59.19%	1,266.29
Comstar Automotive Technology Services Private Limited	0.28%	36.82	0.59%	12.78	-0.88%	0.11	0.60%	12.88
Sona Comstar eDrive Private Limited	0.00%	0.10	0.00%	-	0.00%	-	0.00%	-

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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)
Subsidiaries- Foreign								
Comstar Automotive USA LLC	8.96%	1,168.85	12.86%	276.76	250.59%	(31.17)	11.48%	245.59
Comstar Automotive Hongkong Limited	-0.52%	(68.00)	0.46%	10.00	86.88%	(10.81)	-0.04%	(0.81)
Comestel Automotive Technologies Mexicana Ltd	0.47%	61.00	-0.23%	(5.00)	64.35%	(8.01)	-0.61%	(13.01)
Comstar Automotive (Hangzhou) Co., Ltd	-0.71%	(92.00)	1.30%	28.00	16.73%	(2.08)	1.21%	25.92
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.02%	2.00	0.09%	2.00	-3.86%	0.48	0.12%	2.48
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	-0.64%	(83.00)	-0.79%	(17.00)	-1.16%	0.14	-0.79%	(16.86)
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	-35.16%	(4,585.08)	-60.72%	(1,306.51)	-499.90%	62.19	-58.17%	(1,244.32)
Total	100%	13,039.01	100%	2,151.65	100%	(12.44)	100%	2,139.21

31st March 2020

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)
Holding Company								
Sona BLW Precision Forgings Limited	96.05%	11,314.56	23.02%	840.78	107.33%	(307.57)	15.84%	533.21
Subsidiaries- India								
Comstar Automotive Technologies Private Limited (with effect from 5 th July 2019)	26.23%	3,090.00	17.33%	633.00	-2.44%	7.00	19.01%	640.00
Comstar Automotive Technology Services Private Limited (with effect from 5 th July 2019)	0.20%	24.00	0.25%	9.00	0.00%	-	0.27%	9.00
Subsidiaries- Foreign								
Comstar Automotive Hongkong Limited (with effect from 5th July 2019)	0.58%	68.00	0.27%	10.00	3.14%	(9.00)	0.03%	1.00
Comstar Automotive USA LLC (with effect from 5 th July 2019)	7.82%	921.00	6.10%	223.00	0.00%	-	6.62%	223.00
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 th July 2019)	-0.02%	(2.00)	0.03%	1.00	-0.35%	1.00	0.06%	2.00
Comstar Automotive (Hangzhou) Co., Ltd (with effect from 5 th July 2019)	0.78%	92.00	-0.38%	(14.00)	0.00%	-	-0.42%	(14.00)
Comstar Hong Kong Mexico No. 1, LLC (with effect from 5 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Comestel Automotive Technologies Mexicana Ltd (with effect from 5 th July 2019)	-0.52%	(61.00)	0.41%	15.00	4.19%	(12.00)	0.09%	3.00
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 th July 2019)	0.70%	83.00	0.57%	21.00	1.40%	(4.00)	0.51%	17.00

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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)
Sona Holding B.V. The Netherlands (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona Autocomp Germany GmbH, Germany (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona Autocomp USAL LLC, USA (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Prazisionsschmiede GmbH (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Precision Forging Inc, USA (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Kft, Hungary (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Driveline LLC (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW-Hilfe GmbH, München, Germany (till 4 th July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	-31.84%	(3,750.15)	52.40%	1,914.08	-13.26%	38.00	57.99%	1,952.08
Total	100%	11,779.41	100%	3,652.86	100%	(286.57)	100%	3,366.29

47. LEASES

- i) 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.
- ii) The Group 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 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.
- iv) Lease liabilities are presented in the statement of financial position as follows:

	As at 31 st March 2021	As at 31 st March 2020
Current	105.27	71.73
Non-current	720.15	532.33
	825.42	604.06

v) Future minimum lease payments are as follows:

Particulars	As at 31 st March 2021		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	105.27	75.96	29.08
1-5 years	458.11	232.91	224.91
More than 5 years	911.13	339.69	571.43
	1,474.51	648.55	825.42

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Particulars	As at 31 st March 2020		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	78.62	6.76	71.86
1-5 years	352.61	92.39	260.22
More than 5 years	668.21	396.23	271.98
	1,099.44	495.38	604.06

vi) The following are amounts recognized in profit or loss:

Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Depreciation expense of right-of-use assets	71.78	45.16
Interest expense on lease liabilities	73.37	42.67
Rent expense (relating to short term leases on which lease liability is not recognised)	21.15	18.63
Total	166.30	106.46

vii) Total cash outflow pertaining to leases

Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Total cash outflow pertaining to leases during the year ended	112.49	75.51

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 the right to terminate. The lease term is reassessed if there is a significant change in circumstances.

48. 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 st March 2021	For the year ended 31 st March 2020
Revenue by geography		
Domestic	5,247.20	4,312.86
Export	9,642.14	5,717.24
Total	14,889.34	10,030.10
Revenue (timing)		
Revenue recognised at point in time	14,889.34	10,030.10
Total	14,889.34	10,030.10

(b) Liabilities related to contracts with customers

Particulars	As at 31 st March 2021	As at 31 st March 2020
Opening balance	53.05	43.69
Income recognised from advance	(23.52)	(10.20)
Advance received from customers during the year	62.13	19.56
Advance from customers	91.66	53.05

(c) Reconciliation of revenue recognized in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Group to its customers for the period ended 31st March 2021 ₹ 1.26 million (31 march 2020: ₹ 3.19 million).

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

49. LOSS OF CONTROL OVER SONA HOLDING B.V. THE NETHERLANDS (“SONA BV”)

The Parent Company had executed an agreement dated 16th October 2018 to sell 81% stake in its wholly owned subsidiary, Sona Holding B.V. Netherlands (Sona BV), to Sona Autocomp Private Limited, for a sale consideration of ₹ 1,399.48 million. Accordingly, in the consolidated financial statements for the year ended 31st March 2019, the consolidated assets and liabilities of Sona BV were presented as “Assets of disposal group classified as held for sale” and “Liabilities of disposal group classified as held for sale”, respectively and the consolidated profit of Sona BV was presented as “Discontinued Operations” for the year ended 31st March 2019 and 31st March 2018, in accordance with the requirement of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations. Sona BV alongwith its subsidiaries and step down subsidiaries as stated below, have historically been consolidated into the Parent Company –

- SONA AutoComp Germany GmbH, München, Germany
- SONA BLW Präzisionsschmiede GmbH, München, Germany
- PHT Beteiligungs GmbH and Co. KG, München, Germany
- SONA AutoComp USA LLC, Wilmington, Delaware, USA
- SONA BLW-Hilfe GmbH, München, Germany
- SONA BLW Hungary Ltd., Budapest, Hungary
- SONA BLW Driveline LLC, Troy, Michigan, USA

Assets and liabilities of disposal group classified as held for sale

The following asset and liabilities are reclassified as held for sale in relation to the discontinued operation as at 31st March 2019

	As at 31 st March 2019
Property, plant and equipment	2,895.29
Capital work-in-progress	48.16
Intangible Asset	1,550.43
Financial assets - Loans	280.96
Other non-current assets	380.88
Deferred tax asset (net)	275.47
Total non-current assets	5,431.19
Current assets	
Inventories	2,103.30
Financial assets	
i. Trade receivables	1,256.25
ii. Cash and cash equivalents	388.36
iii. Loans	112.46
iv. Other Financial assets	4.83
Income tax assets (net)	9.79
Other current assets	410.60
Total current assets	4,285.59
Total asset held for sale (A)	9,716.78
Non-current liabilities	
Financial liabilities	
i) Borrowings	941.51
Provisions	4,624.00
Total non-current liabilities	5,565.51

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

	As at 31 st March 2019
Current liabilities	
Financial liabilities	
i. Borrowings	126.68
ii. Trade payables	2,450.98
iii. Other financial liabilities	898.11
Other current liabilities	152.90
Provisions	889.04
Current tax liabilities (net)	443.45
Total current liabilities	4,961.16
Total liabilities directly linked with asset held for sale (B)	10,526.67
Net liabilities (B-A)	809.89
Assets pledged as security for borrowings	
Non-current	
Non financial assets	2,833.48

Financial performance and Cash flow Information

The financial performance and cash flow information are presented for the year ended 31st March 2019

	For the year ended 31 st March 2019
Income	
Revenue from operations	20,263.47
Other income	3,519.99
Total income	23,783.46
Expenses	
Cost of materials consumed	8,966.36
Changes in inventories of finished goods and work-in-progress	(90.27)
Employee benefits expense	8,934.66
Finance costs	254.40
Depreciation and amortisation expense	539.73
Other expenses	4,081.42
Total expenses	22,686.30
Profit before tax	1,097.16
Tax expense	
- Current tax	448.79
- Tax related to previous years	(7.60)
- Current deferred tax charge	(54.71)
Total tax expense	386.48
Profit/(loss) for the year from discontinued operation	710.68
Other comprehensive income	
Items that will be reclassified to profit or loss:	
Exchange differences on translation of foreign operations	21.83
Items that will not be reclassified to profit or loss:	
Remeasurements of defined benefit obligations	(13.61)
Other comprehensive income/(loss) for the year, net of tax	8.22
Total comprehensive income for the year	718.90
Cash Flow Information for asset held for sale	
Net cash flow (used in)/generated from operating activities	(652.26)
Net cash generated /(used in) investing activities	3,674.77
Net cash flow (used in)/generated from financing activities	(2,877.46)
Net increase/(decrease) in cash and cash equivalents	145.05
Cash and cash equivalents at the beginning of the year	243.31
Cash and cash equivalents at the end of the year	388.36

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

Gain on loss of control

On 4th July 2019, the Parent Company completed the aforementioned transaction and accordingly, with effect from that date, Sona Holding B.V. Netherlands ceased to be Company’s subsidiary.The sale of investment by the Company to SAHPL was carried out at a total consideration of ₹ 1,399.48 million as per the valuation report obtained from an independent expert. As per the aforementioned agreement, the Company has a put option to sell all the securities (19%) held in Sona Holding B.V., The Netherlands, by the Company along with its subsidiaries to SAHPL.

Computation for gain on loss of control over subsidiary company (refer note below)	For the year ended 31 st March 2020	
Cash consideration	1,399.48	
Less: Cash and cash equivalent	388.36	
Net cash received	1,011.12	1,011.12
Net liabilities directly linked with asset held for sale (excluding cash and cash equivalent)		1,198.25
Fair value of investment retained at the date when control is lost		328.28
Carrying amount of non-controlling interests in the former subsidiary at the date when control is lost		24.23
FCTR released to statement of profit and loss		(193.66)
Profit on disposal of subsidiary		2,368.22

Subsequent to the completion of the said transaction, due to their ongoing financial difficulties, two of Sona BV’s German subsidiaries (Sona Autocomp Germany GmbH, Subsidiary and SONA BLW Präzisionsschmiede GmbH, Step down subsidiary) filed for insolvency proceedings in self-administration on 28th January 2020. On 1st April 2020, Local Court of Wuppertal passed order for opening of insolvency proceedings in self-administration and appointed a custodian for the same. Further, due to subsequent lockdowns and business slowdown caused by spread of COVID-19 pandemic, the self-administration order was terminated and an insolvency administrator was appointed on 29th June 2020 by the Local Court. Businesses of the aforementioned two German subsidiaries have subsequently been sold by the insolvency administrator to a third party with economic effect from 1st October 2020. Owing to the insolvency proceedings and acquisition of the businesses by a third party, despite the best efforts of the management of the Company, substantiated by multiple communications over electronic mail, it has not been able to obtain audited consolidated financial statements of Sona BV for the period 1st April 2019 to 4th July 2019. Accordingly, these consolidated financial statements have been prepared without consolidating the financial statements of Sona BV (along with its subsidiaries and step down subsidiaries) for the period it remained a subsidiary of the Parent Company i.e. 1st April 2019 to 4th July 2019 as required under Ind AS 110, Consolidated Financial Statements. Further, as a result, the disclosures made pursuant to the requirements of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, presented under Note 49 do not include the financial information pertaining to aforesaid discontinued operations for the period from 1st April 2019 to 4th July 2020.

Had the Parent Company been able to obtain the consolidated financial statements of Sona Holding B.V. Netherlands for the period 1st April 2019 to 4th July 2019, the consolidated profit or loss of Sona Holding B.V. The Netherlands (“Sona BV”) for the said period would have been presented as “Profit or Loss from Discontinued Operations” in the consolidated statement of profit and loss of the Parent Company for the year ended 31st March 2020, and there would have been a corresponding impact on “Gain on loss of control” included in “Exceptional item” of the Group for the year ended 31st March 2020.

The Parent Company has till date not been able to arrange the consolidated financial statements of Sona BV for the aforementioned period and accordingly, the modification in the auditors report dated 29th December 2020, could not be adjusted in these consolidated financial statements for the year ended 31st March 2020.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

However, the non-consolidation of the financial statements of Sona BV for the period 1st April 2019 to 4th July 2019 does not have any effect on the consolidated profit of the Group for the year ended 31st March 2020 and its equity attributable to the owners as on that date. Similarly, the said non-consolidation does not have any effect on the consolidated profit of the Group or any of the balances for periods subsequent to 31st March 2020.

Basis above, the statutory auditors issued a qualified audit opinion on the consolidated financial statements for the year ended 31st March 2020.

50. WRITE OFF OF THE INVESTMENT IN SUBSIDIARY

The Parent Company had made a provision of impairment in value of investment in Sona Holding B.V. Netherlands amounting to Euro 6.90 million (equivalent to approx. ₹ 407.65 million) in its audited financial statements for the year ended 31st March 2016 as “Exceptional item” on account of bankruptcy application filed by Sona BLW Precision Forge Inc., USA, a step down subsidiary. After the consent of Board of Directors to write off the investment in Sona Holding B.V. Netherlands, Parent Company had filed an application to Reserve Bank of India through State Bank of India (i.e. authorized dealer) to obtain the approval on write off of the partial equity investment in Sona Holding B.V. Netherlands amounting to Euros 6.90 million. On 28th June 2019, Parent Company has received NOC for writing off equity investment of Euro 6.90 million vide RBI Letter (reference no. FE.CO.OID./7659/19.19.832/2018-19) and thereafter Parent Company has written off investment of ₹ 407.65 million in books of accounts.

51. PROPOSED MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

The Parent Company had filed a Scheme of Amalgamation under sections 230 to 232 of the Companies Act, 2013, read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 before the NCLT Chandigarh (the “Scheme”) on 10th January 2020. Pursuant to the Scheme, Comstar Automotive Technologies Private Limited is proposed to merge with the Parent Company from 5th July 2019, being the appointed date. The Scheme was approved by Board on 20th December 2019. The rationale for the proposed merger is for consolidation and simplification of existing structure and more focussed operational efforts, realising synergies in terms of compliance, governance, administration and costs, among other things. The first motion order was passed on 22nd December 2020 dispensing with the requirement to convene the meeting of the equity shareholders, preference shareholder, secured creditors and unsecured creditors of both Companies. The Second motion petition has been filed on 27th December 2020. The Scheme is pending approval by the NCLT and is subject to receipt of requisite approvals and third party consents

52. RELINQUISHMENT OF RIGHT

In the board meeting on 12 Feb 2021 the board has approved waiver of the right to sell 19% shares in Sona Holding B.V. (put option) to Sona Autocomp at a pre-agreed consideration of ₹ 19 million and a waiver of the right to buy 81% shares in Sona Holding B.V. (call option) from Sona Autocomp at a pre-agreed formula based price defined in ESA. The decision was made taking cognizance of the situation that Sona Holding B.V., The Netherlands now has no business operations left in any of its subsidiaries. Put option waiver was approved as a transaction not at arm’s length whereas waiver of call option was approved as a transaction at arm’s length. Accordingly, the carrying value for 19% investment in Sona B.V. of ₹ 19 million as on 31st March 2020, has been taken as ₹ Nil as at 31st March 2021 and the resultant fair value loss has been booked under other comprehensive income.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

53. SHARE BASED PAYMENTS

Sona BLW Precision Forgings Limited Employee Stock Option Plan ('Sona BLW ESOP Plan') was approved by the Board of Directors and the shareholders of the Sona BLW Precision Forgings Limited (the Company) on 30th September 2020. The plan entitles employees of the Company and Comstar Automotive Technologies Private Limited (CATPL) (together referred as 'Group') 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 Group is given below:

Particulars	Sona BLW Precision Forgings Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	1 st 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 (refer note 16 A)	3263220 The maximum number of shares that can granted under the ESOP Plan shall be 3,281,124 (Thirty two lakhs eight one thousand one hundred twenty four) shares 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. 1st 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. The total expense recognised in the statements of profit and loss for the year ended 31st March 2021 was ₹ 45.37 million. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares are not presently publicly traded. 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 Group reviewed its estimates of the number of options that are expected to vest. The Group 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	1 st October 2020	1 st October 2020	1 st October 2020
Vesting date	1 st October 2021	1 st October 2022	1 st October 2023
Expiry date	1 st October 2024	1 st October 2025	1 st 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%

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

During the year ended 31st March 2021, the Board of Directors of the Parent 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:

Particulars	Details
Options outstanding at the beginning of the period	Nil
Options vested	Nil
Options exercised	Nil
Options forfeited/ lapsed/ cancelled	Nil
Options outstanding (including vested and unvested options)	Unvested: 3,263,220
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)	Nil
Variation in terms of options	Per ESOP scheme
Money realised by exercise of options (in ₹ million)	Nil
Options outstanding at the period end	3,263,220
Options exercisable at the period end	Nil
Total number of options in force (excluding options not granted)	3,263,220
Weighted average remaining contractual life of outstanding options (in years)	4.75
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 st March 2021 is ₹ 45.37 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. Kiran Manohar Deshmukh Mr. Vikram Verma Vadaapalli Mr. Sat Mohan Gupta Share based payment to Key Managerial Personnel for the year ended 31 March, 2021 is ₹ 29.11 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.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

54. BUSINESS COMBINATIONS

Pursuant to terms of the Comstar Share Purchase Agreement and the approval of the Board of Directors and the shareholders in their meetings held on 5th July 2019, the Holding Company had acquired 100% equity shares (representing 100% voting interest) of Comstar Automotive Technologies Pvt. Ltd. (Comstar India) and Comstar Automotive Hong Kong Limited (Comstar HK) (together referred as “Comstar entities”), from Singapore VII Topco III Pte. Ltd., Singapore, as per details given below for expanding its product portfolio and capabilities to develop and integrate the powertrain and the drivetrain components.

Name of the Company	Consideration (USD in million)	Consideration (₹ in million)
Comstar Automotive Technologies Private Limited	120.69	8,290.00
Comstar Automotive Hong Kong Limited	3.31	227.00

The Company allocated purchase price in accordance with Ind AS 103 on business combinations. The fair value of net assets acquired was determined based on an appraisal of such net assets determined by an external expert on behalf of the management.

Particulars	Comstar Automotive Technologies Private Limited	Comstar Automotive Hong Kong Limited
Cash paid	8,355.53	229.45
Less: transaction cost incurred	(65.53)	(2.45)
Total purchase consideration (A)	8,290.00	227.00
Cash and cash equivalents acquired	192.00	107.00
Net cash outflow	8,098.00	120.00

ASSETS	As at 5 th July 2019	As at 5 th July 2019
Non-current assets		
Property, plant and equipment	579.00	95.00
Capital work-in-progress	44.00	2.00
Right-of-use assets	634.59	49.00
Other intangible assets (refer note a)	3,773.00	249.00
Intangible assets under development	160.00	-
Financial assets:		
(i) Other financial assets	8.00	-
Income tax assets (net)	220.00	-
Other non-current assets	48.00	-
Total non-current assets	5,466.59	395.00
Current assets		
Inventories	1,307.00	159.00
Financial assets		
Investments	59.00	-
(i) Trade receivables	1,087.00	111.00
(ii) Cash and cash equivalents	192.00	107.00
(iii) Loans	368.00	-
(iv) Other financial assets	45.38	2.00
Other current assets	200.74	91.01
Total current assets	3,259.12	470.01
Total assets	8,725.71	865.01

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

LIABILITIES		
Non-current liabilities		
Financial liabilities		
(i) Lease liabilities	12.00	49.00
Provisions	34.00	-
Deferred tax liabilities (net) (refer note a)	1,015.01	45.79
Total non-current liabilities	1,061.01	94.79
Current liabilities		
Financial liabilities		
(i) Borrowings	200.00	383.00
(ii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	165.00	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	505.00	237.00
(iii) Lease liabilities	3.00	-
(iv) Other financial liabilities	47.00	-
Other current liabilities	65.00	3.00
Provisions	67.00	1.00
Total current liabilities	1,052.00	624.00
Total liabilities	2,113.01	718.79
Net assets acquired (B)	6,612.70	146.22
Goodwill including assembled workforce (A-B)	1,677.30	80.79

Note:

- Customer relationships amounting to ₹ 3,760.00 million pertaining to Comstar Automotive Technologies Private Limited and ₹ 249.00 million pertaining to Comstar Automotive Hong Kong Limited has been identified as a part of purchase price allocation. Further, deferred tax liability on customer relationship amounting to ₹ 961.60 million (Comstar Automotive Technologies Private Limited) and ₹ 44.34 million (Comstar Automotive Hong Kong Limited) is also recognized.
- Goodwill including assembled workforce amounting to ₹ 1,758.09 million is on account of acquisition of Comstar Automotive Technologies Private Limited and Comstar Automotive Hong Kong Limited on 5th July 2019.

The results of these subsidiaries, after elimination of inter company transactions and balances, as included in the consolidated statement of profit and loss for the period 5th July 2019 to 31st March 2020 are given below:

	For the period 5 th July 2019 to 31 st March 2020	
	Comstar Automotive Technologies Private Limited	Comstar Automotive Hong Kong Limited
Total Revenue	4,165.00	828.00
Total Expenses	3,551.23	876.55
Profit before tax	644.77	(31.55)
Tax	167.03	2.36
Profit after tax	477.74	(33.91)
Total comprehensive income	562.74	(97.91)

Had the business combination been consummated on 1 April, 2019, the revenue and profit after tax would have changed as follows:

	Comstar Automotive Technologies Private Limited	Comstar Automotive Hong Kong Limited
Revenue Increase	1,684.00	137.00
Profit after tax (Increase/(Decrease))	357.91	(12.27)

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

55. FOREIGN DIRECT INVESTMENT MADE BY SINGAPORE VII TOPCO III PTE LTD

During the year ended 31st March 2020, pursuant to the terms of the Shares Subscription and Share Purchase Agreement dated 16th October 2018 entered into by the Parent Company with Singapore VII Topco III Pte Ltd and the approval of the Board of Directors and the shareholders in their meetings held on 5th July 2019, the Parent Company has issued 22,028,503 equity shares having a face value of ₹ 10 per share and 594,436 compulsorily convertible preference shares having a face value of ₹ 10 per share at ₹ 374.83 per share. Pursuant to this, Company has recorded ₹ 220.29 million as equity share capital, ₹ 5.94 million as compulsorily convertible preference shares capital and ₹ 8,479.83 million under Securities Premium Account.

56. GOODWILL AND BRAND IMPAIRMENT TESTING

Goodwill

As mentioned in Note 55 above, as on 5th July 2019, the Group acquired two entities, Comstar Automotive Technologies Private Limited ("Comstar India") and Comstar Automotive Hong Kong Limited ("Comstar Hongkong"), wherein the Group had recognized an amount of ₹ 1,758.09 million as Goodwill including assembled workforce. Annual test for impairment of goodwill was carried out as at 31st March 2021 and 31st March 2020, 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 12.00%-14.00% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed four-year forecast with a compounded annual growth rate ranging between 1.50%-2.50%, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3% as determined by the management.

Brand

On 1st August 2018, the Parent Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives. This was due to the expectation of permanent use of acquired brand. The Group 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. As at March 2021 and March 2020, 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 Parent company using a discount rate ranging between 14.00%-17.00% 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 with a growth rate ranging between 16.00%-30.00%, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 1.50%-3.00% 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.

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

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.

57. In March 2020, the World Health Organization declared the COVID-19 to be a pandemic. Consequent to this, Government of India declared a nationwide lockdown on 25th March 2020, which has impacted the business activities of the Group. The Group has assessed the impact that may result from this pandemic on its liquidity position, carrying amount of receivables, inventories, tangible and intangible assets, investment and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic condition because of this pandemic, the Group has considered internal and external information available till the date of approval of these consolidated financial statements and has assessed its situation. Given the uncertainties of the pandemic, the final impact on the Group's assets in future may differ from that estimated as at the date of approval of these financial results, and the Group will continue to closely monitor any material changes to future economic conditions.

58. The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) on 23rd February 2021 for a proposed Initial Public Offering (IPO) of its equity shares.

The Issue related expenses include, among others, fees payable to the Book Running Lead Managers (BRLMs) and legal and professional fees, Accountants' fees relating to prospectus (Auditors' fee), Listing fees, advertising, marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All Issue related expenses shall be shared by our Company and the Selling Shareholders in proportion to the number of Equity Shares being issued or offered, as the case may be, by each of them in the Fresh Issue and the Offer for Sale. Any payments by our Company in relation to the Issue on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Issue. However, in the event that the Issue is withdrawn by our Company or not completed for any reason whatsoever, all the Issue related expenses will be solely borne by our Company.

Basis relevant guidance available under Indian accounting standard, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received, if the entity settles the obligation. Considering the reimbursement of expense incurred is not virtually certain, management has decided to charge off ₹ 139.06 million to Statement of Profit and Loss account as an exceptional item.

59. CODE ON SOCIAL SECURITY

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13th November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective.

NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2021

(Figures in Million ₹, unless stated otherwise)

60. PROPOSED TRANSFER OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ACCOUNT

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“the Rules”), the Company has transferred ₹ 5 million the unspent amount relating to ongoing project for CSR for FY 2020-21 in a ‘Unspent Corporate Social Responsibility Account (UCSRA)’ as on 16th April 2021. Further, one of the Subsidiary Company is required to transfer an amount of ₹ 9.86 million to ‘Unspent Corporate Social Responsibility Account (UCSRA)’ by 30th April 2021.

61. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March 2021 were approved by the Board of Directors on 27th April 2021.

Summary of significant accounting policies and other explanatory information.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon
Partner

Membership No: 517273

Place: New Delhi
Date: 27th April 2021

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Sunjay Kapur
Chairman and Non-Executive Director
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. F5253

Place: Gurugram
Date: 27th April 2021

FORM NO. AOC-1

Sl. No.	Name of the subsidiary	Comstar Automotive Technologies Private Limited	Comstar Automotive Technology Services Private Limited	Comstar Automotive USA LLC	Comstar Automotive Hong Kong Ltd	Comstar Automotive Hong Kong Mexico No. 1, LLC	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Sona Comstar Drive Pvt. Ltd.
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March, 2021	31 st March, 2021	31 st March, 2021	31 st March, 2021	31 st March, 2021	31 st March, 2021	31 st March, 2021	31 st March, 2021
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	USD - 73.11	USD - 73.11	USD - 73.11	MXN - 3,55276	MXN - 3,55276	INR
3	Share capital	645.28	1.30	13.68	121.00	-	0.07	114.79	0.10
4	Reserves & surplus	2,896.47	35.52	807.53	(80.96)	-	(2.80)	(3.26)	(0.08)
5	Total assets	5,627.75	38.35	1,001.99	192.44	-	99.88	149.25	0.02
6	Total liabilities	2,100.97	1.53	180.79	264.71	-	102.61	37.72	-
7	Investments	14.98	(0.00)	0.00	112.31	-	-	-	-
8	Turnover	6,329.74	34.49	1,493.54	-	-	79.06	(3.08)	-
9	Profit/ (Loss) before taxation	1,607.40	16.94	373.99	(2.13)	-	0.54	6.40	(0.08)
10	Provision for taxation	413.36	4.27	97.23	-	-	-	6.74	-
11	Profit/ (Loss) after taxation	1,194.04	12.67	276.76	(2.13)	-	0.54	(0.34)	(0.08)
12	Proposed Dividend								
13	% of shareholding	100%	100%	100.0%	100%	100.0%	99%	99%	100%



SONA BLW PRECISION FORGINGS LIMITED

Registered office: Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004

CIN: L27300HR1995PLC083037; **Email:** Investor@sonacomstar.com

Tel: +91-124-4768200; **Website:** www.sonacomstar.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty fifth (25th) Annual General Meeting (“AGM”) of the members of **Sona BLW Precision Forgings Limited (Company)** will be held on **Thursday, 9th September, 2021, at 12:00 Noon (IST)** through video conferencing (VC) / other audio-visual means (OAVM) to transact the following businesses:

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 March 31, 2021 together with the Reports of the Board of Directors and Auditors thereon.

Item no. 2:

To appoint a director in place of Mr. Vivek Vikram Singh (DIN: 07698495) who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item no. 3:

To approve the payment of remuneration to Mr. Sunjay Kapur (DIN:00145529), Non-Executive Director and Chairman of the Company for the Financial Year 2021-22.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in terms of Regulation 17(6) (a) and 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and provisions of Sections 197, 198 and other applicable provisions, if any of the Companies Act, 2013 (“**Act**”) and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company and in accordance with the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company, and in furtherance to the resolution passed by the members of the Company at the Extra-ordinary General Meeting held on 22 February 2021 approving the variation in terms of remuneration of Mr. Sunjay Kapur, Non-Executive Director and Chairman, the approval of the members of the Company be and is hereby accorded

for payment of annual remuneration of INR 24,000,000/- (Indian Rupees twenty four million) by way of monthly payment to Mr. Sunjay Kapur (DIN: 00145529), as a Non-Executive Director and Chairman of the Company for the Financial Year 2021-2022, along with other benefits as detailed in the explanatory statement annexed herewith, being in excess of 50% (fiftypercent)ofthetotalannualremunerationpayabletoall Non-Executive Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors including the Nomination and Remuneration Committee be and is hereby authorize to do all such acts, deeds, matter, things and to take all such steps as may be considered necessary, appropriate, expedient or desirable in this regard to give effect to this Resolution.”

Item no. 4

To approve the payment of remuneration or compensation to Non-Executive Directors (including Independent Directors) of the Company.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 197, 198 and all other applicable provisions, if any of the Companies Act, 2013 (“**Act**”) and Rules made thereunder read with Schedule V of the Act, Regulation 17(6)(a) and all other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof) and any other law for the time being in force, and in accordance with provisions of the Articles of Association of the Company, and pursuant to the recommendations of the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded for payment of remuneration or compensation not exceeding 3% of net profit of the Company for each financial year, calculated in accordance with section 198 of the Act, to be paid and distributed amongst the Non-Executive Directors (i.e., other than Directors who are either in whole-time employment of the Company or Managing Director of the Company but including Independent Directors) of the Company or some or any of them of such amounts or in such proportions and in such manner and in all

respects as may be decided by the Board of Directors of the Company, for a period of five financial years from 2021-2022.

RESOLVED FURTHER THAT the Board of Directors including the Nomination and Remuneration Committee be and is hereby authorize to do all such acts, deeds, matter, things and to take all such steps as may be considered necessary, appropriate, expedient or desirable in this regard to give effect to this Resolution.”

Item No.5

To approve the payment of remuneration to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO of the Company.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to other regulations, sanctions, if any, read with the special resolutions passed by the members of the Company in the Extraordinary General Meetings of the Company held on 5th July, 2019 and 22nd February, 2021 for approval of terms of appointment of Mr. Vivek Vikram Singh (DIN 07698495) as Managing Director and Group CEO of the Company for three years w.e.f. 5th July, 2019 and for variation in the terms of appointment respectively, the consent of members of the Company be and is hereby accorded for payment of remuneration to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO of the Company, in the nature of perquisites, which may arise as a result of allotment of shares pursuant to exercise of Options granted under Sona BLW Precision Forgings Limited -Employee Stock Option Plan 2020 (hereinafter referred to as the “ESOP 2020”), in such manner as may be approved or decided by the Nomination and Remuneration Committee/ Board of Directors, from time to time, which is over and above of the remuneration already approved by the shareholders, notwithstanding that the aggregate remuneration including perquisites on exercise of under ESOP 2020, may exceed the limits permissible under section 197 read with Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during his term of appointment, remuneration as approved to be paid to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO, shall be considered

as the minimum remuneration, in accordance with the provisions of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as it may in its absolute discretion think necessary, proper or expedient to give effect to this resolution and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent as may be required in this regard.”

Item no. 6

To approve the Exit Return Incentive Plan(ERI) for the employees of the Company by Singapore VII Topco III PTE. Ltd.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Regulation 26(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, other SEBI regulations as may be applicable in this regard, applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Foreign Exchange Management Act, 1999 and regulations framed thereunder and such other laws as may be applicable, the approval of the members be and is hereby accorded for participation of employees (including Executive Directors but excluding the promoters directors or promoters) of the Company and its subsidiaries (such employees as may be identified and selected by Singapore VII Topco III Pte. Ltd. (**Singapore VII**) from time to time) in the **Singapore VII Topco III Pte. Ltd. Exit Return Incentive Plan (the ERI Plan)** (as amended from time to time) as adopted by Singapore VII on September 2, 2020.

RESOLVED FURTHER THAT approval of the members be and is hereby also accorded to Singapore VII to offer the ERI Plan to the employees (including Executive Directors but excluding the promoters directors or promoters) of the Company and its subsidiaries (such employees as may be identified and selected by Singapore VII from time to time). Under the ERI Plan Singapore VII may grant awards to certain identified employees of the Company and/or its subsidiaries, which awards provide for cash payments (Disposition Payments) upon disposition of all or part of the ownership interests held directly or indirectly by Singapore VII in the Company beyond certain identified thresholds (**Disposition Event**) and the quantum of such cash awards will be linked to a multiple of the invested capital of the sale proceeds eventually realised by Singapore VII from a Disposition Event.

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RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company, be and is hereby authorized to take such steps and actions as it may in its absolute discretion deem necessary to give effect to the above resolution and to settle any question that may arise in this regard.”

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: 6th August, 2021

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated January 13, 2021 read with circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and SEBI vide its circulars dated January 15, 2021 read with May 12, 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 Companies Act, 2013 (the “Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the 25th AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the 25th AGM through VC/OAVM.
2. 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.
3. Institutional / Corporate members are required to send a scanned copy (in PDF/JPG format) of certified true copy of the Board resolution authorising its representative to vote through either through remote e-voting/ e-voting in the AGM and attend the AGM through VC / OAVM. The said certified true copy of the Board resolution should be sent to the Scrutinizer at info@piassociates.co.in with a copy marked to

evoting@nsdl.co.in through their email address registered with the Depositories.

4. In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail address is registered with the Company’s Registrar and Share Transfer Agent / Depository Participants as on Friday, 6th August, 2021. No physical copy of the Annual Report will be sent to the Members. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company’s website www.sonacomstar.com, websites of the Stock Exchanges, that is, BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of NSDL at www.evoting.nsdl.com
5. The Board of Directors of the Company has appointed Mr. Ankit Singhi (ACS No. - 20642; 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 cast at the Meeting and votes cast through remote e-voting, 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 results within two working days from the conclusion of the AGM.
7. The result declared along with the Scrutinizers Report will be placed on the Company’s website www.sonacomstar.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of result and the same will also 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 15 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 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 holding shares in demat mode are requested to register / update their e-mail address with their Depository Participant and Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at investor@sonacomstar.com along with the copy of the signed request letter mentioning the Folio Number, name and address of the Member, scan copy of share certificate (front and back), self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member.
12. An Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (“the Act”), relating to the Special Business(es) set out in the Notice to be transacted at the Meeting is annexed hereto.

13. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.

14. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on the record date (cut-off date) i.e Thursday, 2nd September, 2021, 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.

15. 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 Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014 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. Thursday, 9th September, 2021 and also during the AGM. Members seeking to inspect such documents can send an email at investor@sonacomstar.com.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING/ E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Monday, 6th September, 2021 at 9:00 A.M. and ends on Wednesday, 8th September, 2021 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 record date (cut-off date) i.e. Thursday, 2nd September, 2021, 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, i.e Thursday, 2nd September, 2021.

NOTICE

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 December 9, 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.

Type of members	Login Method
Individual Members holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ 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 “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL 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 & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on 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. Members/Member can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Individual Members holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
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 evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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 helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for members other than Individual members holding securities in demat mode and members holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- 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***

- Password details for members other than Individual members are given below:

 - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- How to retrieve your ‘initial password’?

 - 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

NOTICE

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.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.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. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password?**" or "**Physical User Reset Password?**" option available on www.evoting.nsdl.com to reset the password.
2. 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 or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Soni Singh, Assistant Manager at NSDL at 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.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to 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 for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual 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 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.

NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 3.

A summary of the below item was set out in the Company's Red Herring Prospectus filed on 7th June, 2021.

Based on the recommendation of Nomination and Remuneration Committee and Board of Director, the members of the Company in its meeting of 5th July, 2019 has appointed Mr. Sunjay Kapur as Non-Executive Director and Chairman of the Company.

Mr. Sunjay Kapur is a qualified professional with expertise and experience in the business of the Company. He has over 21 (twenty-one) years of experience in the automotive industry. He also served as director on the board of directors of various companies and was Managing Director of Sona Koyo Steering Systems Limited (now JTKET India Limited). He holds membership in various autonomous bodies, such as Automotive Component Manufacturers Association of India where he has been appointed as the Vice President, and the Confederation of Indian Industry. He is also acting as the chairman of the Haryana State Council and the co-chairman of the Manufacturing Council of the Confederation of Indian Industry and has been an erstwhile chairman of the Entrepreneurs' Organization.

The roles and responsibilities of Mr. Kapur includes, amongst others, introducing to new customers, connecting with new technology partners etc.

Mr. Kapur is also involved in engagement with the customers wherever required. Being member of various forums & associations, Mr. Kapur represents the Company and its subsidiaries in such industry associations, forums, conferences and other business events.

In view of the initial public offering of the Company, and the rich experience that Mr. Sunjay Kapur lends to the business of the Company, the members of the Company in its extra-ordinary general meeting held on 22nd February 2021 approved variation in terms of remuneration of Mr. Sunjay Kapur, Non-Executive Director and Chairman, as recommended by the Board, based on the recommendations of Nomination and Remuneration Committee and the Audit Committee held on 22nd February, 2021 with effect from 22nd February 2021.

The terms and conditions in connection with appointment and remuneration of Mr. Sunjay Kapur,

shall remain the same as approved by the shareholders on 5th July, 2019 and 22nd February, 2021.

In accordance with Regulation 17(6)(a) and 17(6) (ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 ('the Act'), Companies are required to obtain approval of the shareholders by passing of a special resolution every year for payment of remuneration to Non-Executive Director exceeding fifty percent of the total annual remuneration payable to all Non-Executive Directors of the Company.

Since payment of remuneration to Mr. Sunjay Kapur is likely to exceed such above referred limit of fifty percent and accordingly, members' approval is sought for payment above mentioned remuneration for the Financial Year ending on March 31, 2022.

The Board of Directors accordingly recommends the resolution as Set out in the Item No. 3 of the Notice for the approval of the members as a Special Resolution.

Except Mr. Sunjay Kapur Non-Executive Director and Chairman of the Company, none of the Directors Company or their relatives, is in any way concerned or interested in the resolution as set out in item no. 3 of the Notice.

ITEM NO. 4.

A summary of the below item was set out in the Company's Red Herring Prospectus filed on 7th June, 2021.

Considering the rich experience and enhanced level of participation brought in by the Non-Executive Directors (including Independent Directors) and in appreciation of the services and contribution made by them, the Board of Directors at their meeting held on 6th August, 2021, on the recommendation of the Nomination and Remuneration Committee, recommended the payment of remuneration or compensation to the Non-Executive Directors (including Independent Director) of the Company, subject to approval of Members of the Company, to be determined by the Board of Directors for each of such Non-Executive Director in such a manner as the Board may determine (including payment of remuneration or compensation to any Non-Executive Director) not exceeding 3% of net profit of the Company calculated in accordance with section 198 of the Act for

each financial year, for a period of five financial years from 2021-2022.

Accordingly, to comply with the provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 ('the Act') and Rules made thereunder and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) approval of members of the Company by way of Special Resolution is sought for payment of remuneration or compensation to the Non-Executive Directors (including Independent Directors) of the Company not exceeding 3% of net profit of the Company calculated in accordance with section 198 of the Act for each financial year.

The Company has not made any default in repayment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor.

The Board of Directors accordingly recommends the resolution as set out in the Item No. 4 of the Notice for the approval of the members as a Special Resolution.

None of the Directors (except Non-Executive Directors of the Company who shall be deemed to be concerned or interested in resolution set out as Item No. 4 of the Notice to the extent of the compensation that may be received by them in future), Key Managerial Personnel and their relatives is in any way, concerned or interested, financially or otherwise, except to the extent of their shareholdings in the Company, if any, in the resolution as set out in item no. 4 of the Notice.

ITEM NO. 5

The members of the Company pursuant to the recommendation of the Board of Directors and Nomination and Remuneration Committee in Extraordinary General Meeting held on 5th July, 2019 had appointed Mr. Vivek Vikram Singh (DIN: 07698495) as the Managing Director and Group CEO of the Company for a period of 3 (three) years with remuneration, with effect from 5th July, 2019.

The members of the Company in the Extraordinary General Meeting held on September 30, 2020 had approved the Sona BLW Precision Forgings Limited-Employee Stock Option Plan 2020 (hereinafter referred to as the "ESOP 2020"), for incentivizing, inducing, rewarding and motivating the employees of the Company and its subsidiaries' to contribute effectively towards the future growth and profitability of the Company, align the employees towards a common objective of creating value for the Company's shareholders as well

as to induce the employees to remain in the service of the Company.

The members of the Company, in the abovesaid meeting, had also approved the following criteria for grant of Options under the ESOP 2020:

- Criticality of the Role to the Company;
- Uniqueness of the skills sets of the Employee;
- Technical Knowledge;
- Seniority of the Employee;
- Past Performance;
- Future Potential;
- Any other criteria as may be framed by the Nomination and Remuneration Committee/ Compensation Committee ("Committee"), from time to time.

Accordingly, the Nomination and Remuneration Committee granted Options to the eligible employees of the Company and its subsidiaries w.e.f. October 1, 2020.

Amongst others, Mr. Vivek Vikram Singh (DIN: 07698495) as the Managing Director and Group CEO of the Company was granted 6,62,088 Options (including additional options consequent to adjustments pursuant to the bonus Issue undertaken by the Company) under the ESOP 2020, out of which one third options would vest on October 1, 2021 and rest of the options would vest in the subsequent two years, equally on October 1, 2022 and October 1, 2023 each.

Consequent to this, the remuneration (including perquisite(s) arising as a result of allotment of shares pursuant to exercise of Options granted under ESOP, 2020) payable to Mr. Vivek Vikram Singh (DIN: 07698495) may exceed the limits permissible under section 197 read with Schedule V of the Companies Act, 2013, for each of the financial year, during the term of his appointment. The other terms and conditions in connection with appointment of Mr. Vivek Vikram Singh, shall remain the same as approved earlier by the shareholders on 5th July, 2019 and 22nd February, 2021. It is clarified that the remuneration payable to Mr. Vivek Vikram Singh may exceed the abovesaid permissible limits only on account of exercise of the existing options granted to him. There is no other proposal to grant any additional options to Mr. Singh under ESOP, 2020. Therefore, the approval of the members of the Company is sought for payment of above mentioned remuneration by way of above said resolution.

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Information as per schedule v of the Companies Act, 2013;

Sl. No.	General Information
1.	Nature of the Industry
2.	Commencement of Commercial Production
3.	In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus
4.	Financial Performance
5.	Foreign investment or collaboration, if any
6.	Background Details
7.	Past Remuneration:
8.	Recognition or awards
9.	Job profile and his suitability
10.	Remuneration Proposed

Auto components manufacturing industry	
The Company commenced its commercial production since 1998	
Not applicable	
The financial performance of the Company (audited) for FY 2020-21	
Particulars	FY 2020-21 (INR in million)
Total Revenue	8,438.93
PAT	1,880.41
The Company has foreign investments in its subsidiaries as mentioned in the Annual Report.	
Mr. Singh is the Managing Director and Group Chief Executive Officer of the Company. He holds a 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. He has over 15 years of experience, including six years of experience in the automotive industry. Mr. Singh was recognised as one of the India's 40 under forty hottest business leaders by the Economic Times in 2018.	
Mr. Singh joined the Company on July 1, 2016. He was appointed as the Managing Director and Group Chief Executive Officer on the Board with effect from July 5, 2019.	
Previously, Mr. Singh was the advisory leader for the industrials and auto sectors for Grant Thornton India. He has a decade's experience in business advisory services with exposure to several advisory areas spanning transactions as well as strategy related advisory services. His primary work areas were working with private sector clients to assist them with strategy formulation/implementation, due diligence and synergy evaluation for private equity transactions, performance improvement and architecture, and business planning.	
INR 34.73* million (*Includes variable pay for Financial Year 2020 and for Financial Year 2021 paid in Financial Year 2021.)	
Economic Times Award for under 40 Hottest Business Leaders of Indian award	
Mr. Vivek Vikram Singh is associated with the group since last 6 years and is responsible for implementing strategic decisions for growth (both organic and inorganic), internal performance monitoring across safety, quality, delivery and other operational metrics, management of financial stakeholders (investors, lenders and other financial partners), performance assessment of individual business units and their leaders, for the Company and its subsidiaries.	
He is also responsible for overseeing the production of auto components and systems platform in electric vehicles and hybrids, capital allocation decisions, external shareholder management at the Company.	
As detailed in the abovesaid Special Resolution.	

Sl. No.	General Information
11.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person
12.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any
Other Information	
1.	Reasons of loss or inadequate profits:
2.	Steps taken or proposed to be taken for improvement
3.	Expected increase in productivity and profits in measurable terms

The Company has not made any default in repayment of dues to any bank or public financial institution or nonconvertible debenture holders or other secured creditor.

The Board of Directors accordingly recommends the resolution as set out in the Item No. 5 of the Notice for the approval of the members as a Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives (except Mr. Vivek Vikram Singh and his relatives) are in any way concerned or interested, financially or otherwise in the resolution as set out in item no. 5 of the Notice except to the extent of their shareholding in the Company, if any.

ITEM NO. 6

A summary of the below item was set out in the Company's Red Herring Prospectus filed on 7th June, 2021.

On September 2, 2020, Singapore VII Topco III PTE. Ltd. (**Singapore VII**), being a promoter of the Company, adopted a plan – the “Exit Return Incentive Plan” (**ERI Plan**) to reward certain identified employees of the Company and/or its subsidiaries at the time when Singapore VII disposes all or part of its interests (direct or indirect) in the Company beyond certain identified thresholds (**Disposition Event**).

The ERI Plan is a means to incentivize and motivate such employees to work towards the growth of the

The remuneration of Mr. Vivek Vikram Singh, Managing Director and Group CEO is in line with the remuneration in similar sized industries in same segment of business. The aforesaid remuneration may be considered as appropriate, having regard to factors such as past experience, position held, criticality to his role in the company, his contribution as Managing Director and Group CEO to the growth of the Company, its business and its profitability and value creation for the shareholders,.

Except to the extent of his employment with the Company, Mr. Vivek Vikram Singh does not have any pecuniary relationship directly or indirectly with the Company.

The inadequacy of profits may arise as a result of exercise of Options granted to Mr. Vivek Vikram Singh. It may be noted that the excess remuneration may arise only on account of perquisite value of equity shares under ESOP 2020, as may be exercised by Mr. Singh and that managerial remuneration excluding the perquisite value of ESOP shares is within the prescribed limits, as approved by the shareholders previously. The Company keep on exploring new strategic and operational measures in its normal course of business to increase its profitability.

Not Applicable

Company, to retain employees for the long term, to reward employees for strong performance, and to create value for all the Company's shareholders.

No shareholder of the Company will be diluted as a consequence of the ERI Plan. No shareholder other than Singapore VII is required to make payments or rewards to employees as per the ERI Plan. The Company is not liable to make any payments as a consequence of the ERI Plan.

Under the ERI Plan, Singapore VII proposes to give the identified employees cash payments from the proceeds it received/receives from a Disposition Event (**Disposition Payments**). These Disposition Payments may be made in three installments, part at the time of the Disposition Event and then on the first and second anniversaries of Singapore VII's complete disposition of its ownership in the Company, as per ERI Plan. Thus, through staggered long term payment structure the ERI Plan is expected to promote retention of the employees.

The amount of the cash awards made to the employees will depend on the multiple of the invested capital and returns realised by Singapore VII from the proceeds of a Disposition Event.

The key features of the ERI Plan are as follows:

1. Singapore VII will offer to certain identified employees (and such other eligible employees who may be identified from time to time) of the

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Company and/or its subsidiaries, a discretionary award payable in cash post a Disposition Event;

- The amount of the cash payment will depend (among others) on the 'multiple of invested capital' on the gross proceeds eventually realised by Singapore VII from and the size of Singapore VII's ownership interest in the Company disposed through a Disposition Event.

- Subject to Singapore VII achieving the identified return thresholds and an upper cap, the indicative amount of cash awards for the eligible employees (collectively) may range between 1 % (one percent) and 4% (four percent) of the gross proceeds realized by Singapore VII across all Disposition Events. No payments will be made under the ERI Plan if the identified threshold returns are not satisfied in a Disposition Event. Each employee's share in the cash awards will be determined by the board of Singapore VII pursuant to the terms of the ERI Plan.

- The range of cash awards set out in paragraph 3 above are an indicative in nature, and actual payouts may depend on various factors and terms as may be set out in the ERI Plan or determined by Singapore VII from time to time. The Company will make the appropriate disclosure of awards made under ERI Plan on an ongoing basis.

- The payment of cash awards will be made by Singapore VII from the proceeds received by Singapore VII from a Disposition Event without any recourse or liability to the Company.

- The offering or participation in the ERI Plan will not imply a guaranteed Disposition Event, nor will it imply any intent on the part of Singapore VII or its affiliates to passively dispose of its interests in the Company. The ERI Plan merely intends that, if there is a Disposition Event, Singapore VII will show its appreciation and gratitude to the identified employees for their hard work, dedication, time and efforts towards the growth of the Company and the value which they create for its shareholders. The payment of such cash awards is intended to be a gesture of appreciation and recognition towards the identified employees and their contribution to the growth of the Company and the value which they create for all shareholders.

- The ERI Plan will be offered to the employees of the Company and/or its subsidiaries as identified

by Singapore VI from time to time, and may include any key managerial personnel and/or director of the Company and/or its subsidiaries. Under the ERI Plan, none of the promoter director or promoter of the Company is beneficiary.

- Other than the ERI Plan, as referred herein, there is no other arrangement between the Singapore VII and the employees identified under the ERI Plan.

The payouts under ERI Plan thus are inherently linked to performance as they are linked to the company's equity value. Hence, there is strong alignment of interest with shareholder value creation as there is no fixed pay component in the ERI Plan.

The Company was listed on 24th June, 2021. As per Regulation 26(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), no employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself 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 such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution. The proposed ERI Plan falls within the remit of Regulation 26(6) of the Listing Regulations. Since the ERI Plan may be offered to the employees of the Company and/or its subsidiaries, considering the letter and spirit of the Listing Regulations, approval of the public shareholders of the Company by way of an ordinary resolution is being sought for permitting the employees of the subsidiaries of the Company to participate in the ERI Plan.

The Board had in its meeting held on 6th August, 2021 considered and approved the ERI Plan and recommended the same to the public shareholders for their approval by means of an ordinary resolution.

All interested persons involved in the ERI Plan shall abstain from voting on this resolution. In this regard, "interested person" shall mean any person holding voting rights in the Company and who is in any manner, whether directly or indirectly, interested in the proposed ERI Plan. The Promoter, the Directors (other than the Independent Directors) and the employees, including the Key Managerial Personnel and their relatives, may be deemed to be interested in the resolution as set out in item no. 6 and shall not vote on the resolution.

DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE MEETING AS PER SECRETARIAL STANDARD-2 ON GENERAL MEETING AND REGULATION 36(3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Name	Mr. Vivek Vikram Singh	Mr. Sunjay Kapur
Director Identification Number (DIN)	07698495	00145529
Date of Birth and Age	24.07.1979 (42 years)	15.10.1971 (49 years)
Date of appointment	05.07.2019	05.07.2019
Qualification	Bachelor's in Technology (computer science and engineering) from HBTI, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad	Bachelor's in Science (business studies) from the University of Buckingham
Brief resume/Experience (including expertise in specific functional area)	He has over 15 years of experience, including six years of experience in the automotive industry. He is inter alia responsible for overseeing the production of auto components and systems platform in electric vehicles and hybrids, capital allocation decisions, external shareholder management at our Company.	He has over 21 (twenty-one) years of experience in the automotive industry and holds membership in various autonomous bodies, such as Automotive Component Manufacturers Association of India where he has been appointed as the Vice President, and the Confederation of Indian Industry. He is also acting as the chairman of the Haryana State Council and the co-chairman of the Manufacturing Council of the Confederation of Indian Industry and has been an erstwhile chairman of the Entrepreneurs' Organization.
Terms and Conditions of Appointment / Re-appointment	As disclosed in the Corporate Governance Report	As disclosed in the Corporate Governance Report
Remuneration last drawn (including sitting fees, if any)	INR 34.73* million (*Includes variable pay for Financial Year 2020 and for Financial Year 2021 paid in Financial Year 2021.)	INR 24.00 million
Remuneration proposed to be paid	As per existing terms and conditions	As per existing terms and conditions
Shareholding in the listed entity, including shareholding as a beneficial owner in the Company as on March 31, 2021	Nil	He is the Significant Beneficial Owner as per the Companies Act, 2013 and indirectly hold 33.12% shares of the Company through Sona Autocomp Holding Private Limited
Relationship with other Directors / Key Managerial Personnel/ Managers	None as per the definition of Relatives specified in the Companies Act, 2013 and Listing Regulations	None as per the definition of Relatives specified in the Companies Act, 2013 and Listing Regulations
Number of meetings of the Board attended during the year	As mentioned in the Corporate Governance Report	As mentioned in the Corporate Governance Report
Directorship of other Boards as on March 31, 2021	Comstar Automotive Technologies Private Limited	1. Comstar Automotive Technologies Private Limited 2. Sona Autocomp Holding Private Limited 3. Sona Management Services Limited 4. Raghuvanshi Investment Private Limited 5. BRS Finance and Investment Company Private Limited 6. Azarias Advance Systems Private Limited 7. Automotive Component Manufacturers Association of India 8. Indian Public Schools Society

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Name	Mr. Vivek Vikram Singh	Mr. Sunjay Kapur
Membership / Chairmanship of Committees of the other Boards as on March 31, 2021	Sona BLW Precision Forgings Limited:	Sona BLW Precision Forgings Limited:
	a. Stakeholders Relationship Committee and	c. Nomination and Remuneration Committee,
	b. Risk Management Committee	d. Corporate Social Responsibility Committee and
	c. Environment Social and Governance (ESG) Committee	e. Risk Management Committee
		Comstar Automotive Technologies Private Limited
		a. Nomination and Remuneration Committee,
		b. Corporate Social Responsibility Committee and
		c. Audit Committee
		d. Environment, Social and Governance (ESG) Committee

Place: Gurugram
Date: 6th August, 2021

By Order of the Board
Sona BLW Precision Forgings Limited

Ajay Pratap Singh
Vice-President (Legal), Company Secretary
and Compliance Officer
Membership No. F5253

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

Statutory Auditors

**Walker Chandiok & Co LLP,
Chartered Accountants**
21st Floor, DLF Square Jacaranda Marg,
DLF Phase II Gurugram
Haryana - 122002, India
Tel: +91 124 462 8000
E-mail: arun.tandon@walkerchandiok.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

Sona Enclave, Village Bengumpur Khatola,
Sector 35, Gurgaon - 122 004
Tel. No. +91-124-4768200

Email: investor@sonacomstar.com

www.sonacomstar.com