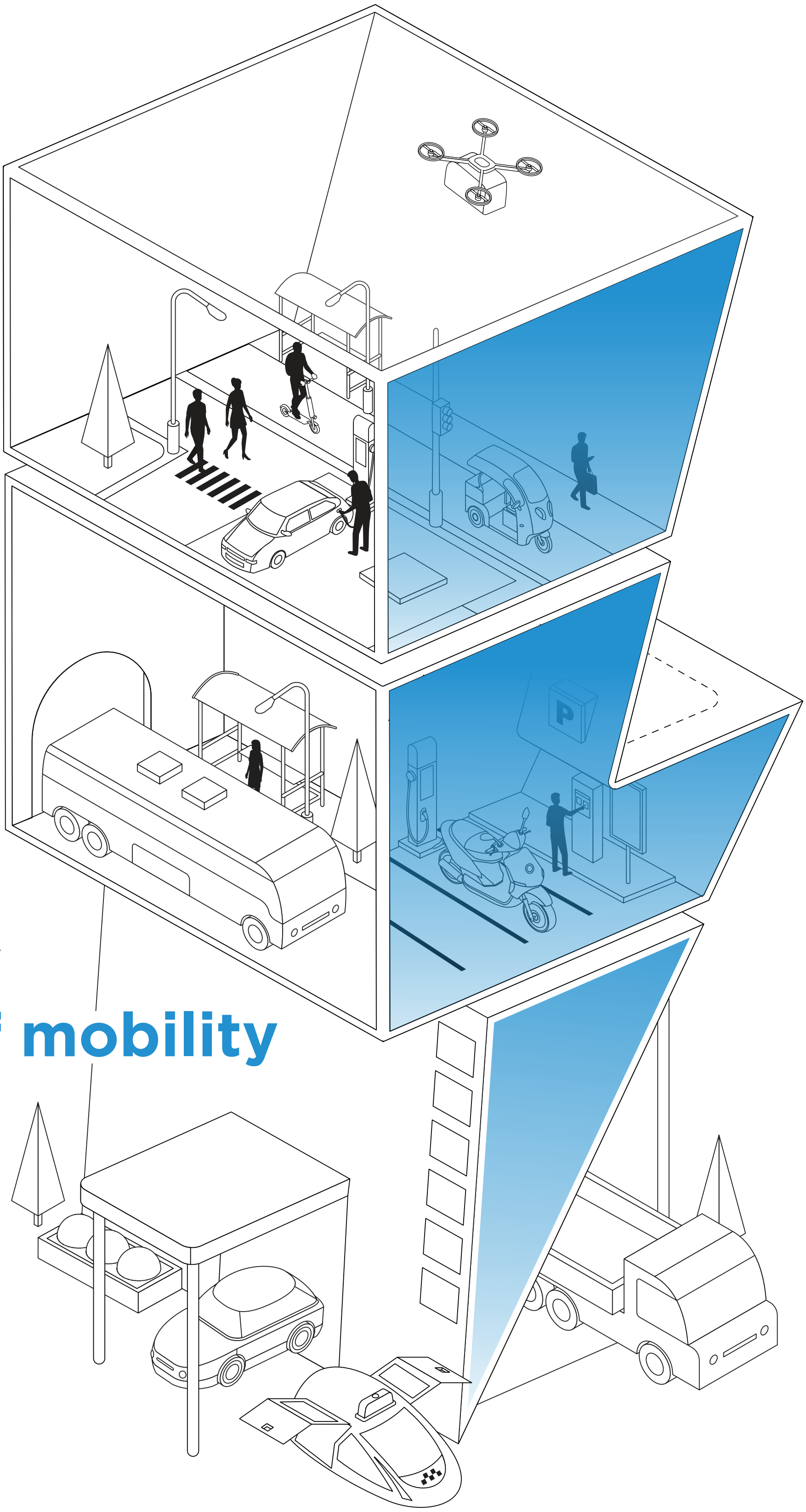
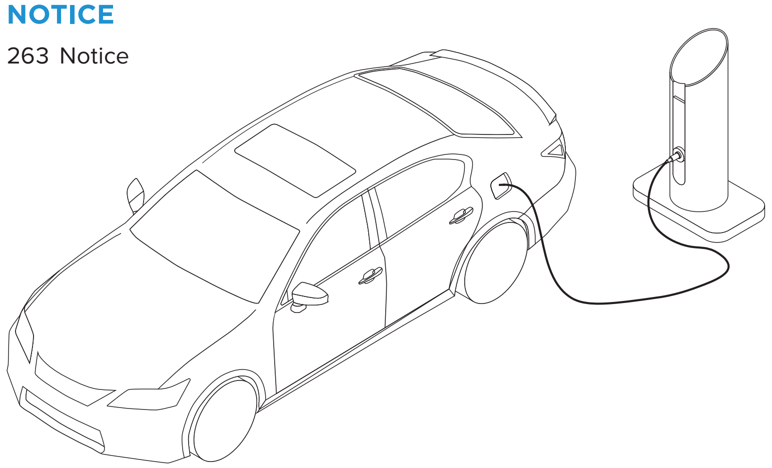
SONA COMSTAR



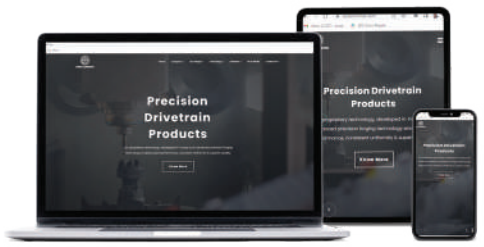
Accelerating the future of mobility

Annual Report 2021-22

Index



Forward-looking statement
This document may contain statements about expected future events which may be forward-looking. By their nature, forward-looking statements require the Company to make assumptions which may 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 may differ materially from those expressed in the forward-looking statements.



Online version of the report can be accessed https://sonacomstar.com/

Accelerating the future of mobility

Today we stand at the edge of massive change, with the world around us rapidly evolving to embrace the next normal. Paradigmatic shifts have redefined every layer of our existence, and the automotive industry is no stranger to these changing tides. We are becoming industry leaders in our product segments globally, manufacturing and supplying the best-in-class automotive technology products and systems, across diverse customer bases, with a vast geographic footprint. As the global market goes through a complete overhaul with changing consumer preferences and demands, we have continued to thrive with our visionary approach and agile technologies.

Amid growing concerns about climate change and the need of the hour to foster greener alternatives, the mobility ecosystem is swiftly shifting gears to cut down its deep dependence on fossil fuels. The rising adoption of EVs worldwide has boosted the global automotive transition towards a greener, safer and cleaner tomorrow. We are proud to be at the forefront of this evolution, fast-tracking these changes with our robust research and development initiatives. Torque is the driving force behind the acceleration of a vehicle, and EVs require a higher torque density than traditional ICE vehicles. Our focussed R&D has engineered products that provide 'more torque per gram', successfully elevating the performance of EVs. With such innovative offerings that adeptly capture and build upon emerging trends, we are truly accelerating the future of mobility for both local and global customers.

Highlights of the year

Riding high on a stellar growth trajectory

INR 21,306mn
REVENUE 36% ▲

INR 5,591mn
EBITDA 27% ▲

INR 3,615mn
PROFIT AFTER TAX 68% ▲

INR 5,042mn
BATTERY EV REVENUE
25% OF SALE OF GOODS

INR 186,000mn
NET ORDER BOOK
62% EV SHARE OF ORDER BOOK

30
EV PROGRAMMES
ACROSS 19 DIFFERENT CUSTOMERS

Proven track record

34.2%
5-YEAR REVENUE CAGR

27.4%
5-YEAR AVERAGE EBITDA

>28%
ROE IN LAST 5 YEARS

Chairman's communique

Kick-starting an era of green mobility

"GOVERNMENT POLICIES LIKE DIFFERENTIATED TAX POLICY AND LOCALISED INCENTIVES TO PROMOTE START-UPS WILL FURTHER PUSH ELECTRIFICATION IN THE RIGHT DIRECTION."

Sunjay Kapur
Chairman and Non-Executive Director

Business enhancement is through future technology

Our ability to embrace change and promote innovation has resulted in a successful year for the Company. Our revenue has grown 36% in the last financial year, even as the global light vehicle market witnessed a decline in sales. EVs have become a significant part of our portfolio and account for 62% of the net order book. Our dependence on pure ICE is also reducing, going down to 18% from 25% last year. As part of our future-forward technology roadmap, we introduced three new products in FY 2021-22.

The movement toward sustainable development to slow down the adversity of climate change is gaining momentum globally. Our green energy initiatives are agile in adopting the latest innovations and aligned with global CO2 regulations. We are working towards guiding a well-entrenched novel ecosystem in the fast lane development of Electric Vehicles. The continued rise in technology investments is metamorphosing us and the automotive industry into a mobility ecosystem.

Simultaneously, the automobile sector is also going through a global semiconductor chip shortage. The supply-side pressure on the industry is intense with a move toward vehicle electrification and hybridisation. The industry solution is the development of a robust semiconductor manufacturing ecosystem.

Electric Vehicles (EVs) sales have gained momentum in the last few years. It is driven by tightening regulations and rising customer awareness. The sales of electric cars – Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs) – nearly doubled to 6.6 million in 2021, representing more than 8% of total light-vehicle sales. It is up from 4.0% in 2020 and a noticeable leap from 0.9% in 2016. As we advance, the increase in sales of EVs will be a big goal to meet CO2 targets.

The EV market is driven by mass and low-cost-mobility segments in India, mainly two- and three-wheelers. Government policies like differentiated tax policy and localised incentives to promote start-ups will further push electrification in the right direction. The Union Budget emphasises on creating urban fossil fuel zones, a battery swapping policy, and recognition of energy as a service. Another landmark announcement was the policy on Green Hydrogen, envisioning India as a global leader by producing 5 million tons of Green Hydrogen by 2030. State Governments are also measuring up to the task of promoting e-mobility. 18 states are providing incentives to EV consumers.

THE ESG PRACTICES PROPEL THE COMPANY FORWARD WITH LONG-TERM STRATEGIC DECISIONS USING TECHNOLOGY IN EVERY POSSIBLE ACTION OF THE ORGANISATION.

We are committed to ESG (Environment, Social, and Governance) practices, and to that effect, we have constituted a committee to ensure the implementation of the ESG reporting framework. The paradigm shift in our revenue focus towards EVs aids our quest to ensure compliance with ESG norms. Through the ESG committee, I draw focus on a connected approach toward sustainability, environmental issues, carbon neutrality, and stakeholder longevity. The ESG practices stride the Company forward with long-term strategic decisions using technology in every possible action of the organisation. The current impact is slight but visible regarding resource efficiencies, quality standards, monitoring carbon footprint, social implications, equality in opportunity, and aligning CSR activities with ESG. However, the absolute and complete impact of the committee's practices will come to light as the Company's purpose evolves with these implementations.

I firmly believe the future of mobility is charged with technology leaning into electric powertrain to prompt a clean and innovative way of transportation. Shaping direction towards this future, I am grateful for the support of all stakeholders for believing in our conviction. Embracing change has put us on the edge of a broader ecosystem, where innovation is defining industry leaders.

Regards,

Sunjay Kapur
Chairman and Non-Executive Director

Corporate identity

Engineering a culture of innovation

We are at the cusp of a new age of green mobility, with an expansive thrust on pioneering innovative automotive solutions. We aim to consistently deliver progressive technologies to our customers across the globe, to engineer a smarter, more intelligent future of mobility.

We are one of the world's leading automotive technology companies, designing, manufacturing and supplying mission-critical, high-quality complex systems and components, for both electrified and non-electrified powertrain segments. Our global presence and diversified product portfolio have enabled us to emerge as a 'partner of choice' for Original Equipment Manufacturers (OEMs) globally.

Our mission

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

Our vision

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

Our values

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

Integrity

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

Vitality

Build better products

Frugality

Build better products — more economically

Agility

Build better and more economical products — faster

Our Products

Differential assemblies	Differential gears	EV transmission gears
EV traction motors	Motor control units	Conventional and micro/plug-in hybrid starter motors

Key Facts

9
MANUFACTURING FACILITIES

3
R&D CENTRES

8
WAREHOUSES

3,555
EMPLOYEES

IATF 16949, ISO 14001, ISO 45001, ISO 50001, TPM, ENMS, OHSAS 18001, ASES, VQE

LEADING INDUSTRY CERTIFICATIONS

Milestones

Tracking our journey through the years

The acquisition of Comstar Automotive by Sona BLW in 2019, marked the creation of a new identity - Sona Comstar.

With this new identity, we are well-poised to capitalise on the emerging market opportunities, leveraging our inherent strengths to increase our market share significantly over the foreseeable future.

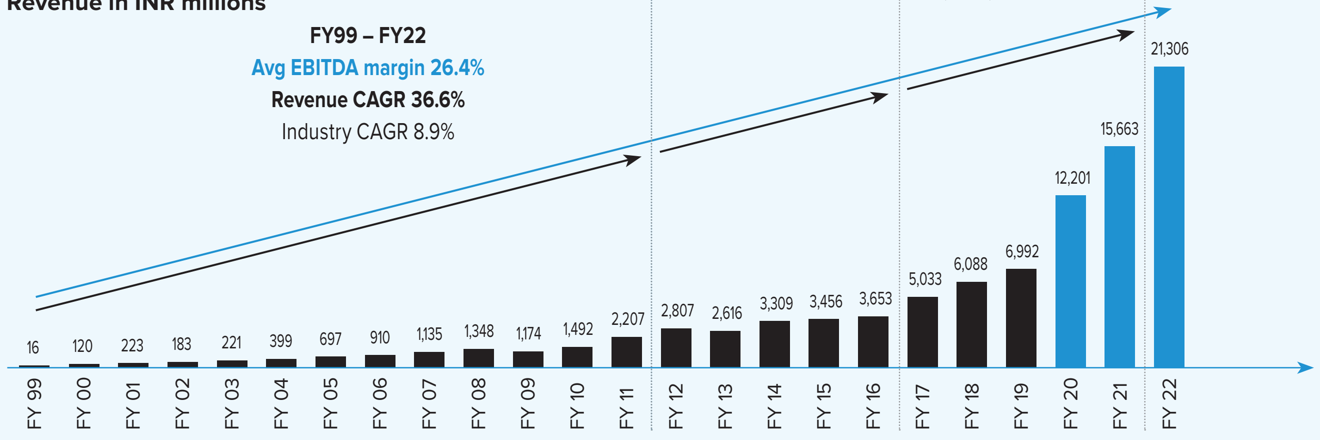
Phase - 1
- 18 customers
- 2 plants
- 1 product

Phase - 2
- 22 customers
- 2 plants
- 2 products

Phase - 3
- Acquisition of Comstar
- 47 customers (37+10)
- 9 plants (5+4)
- 10 products (5+5)

Phase - 4
- Started journey as public company
- 57 customers
- 9 plants
- 13 products

Revenue in INR millions



Notes:

Sona BLW standalone financials upto FY19. FY20 onwards Sona BLW + Comstar combined Industry data source: SIAM

FY99– FY11
Avg. EBITDA margin 21.5%
Revenue CAGR 50.6%
Industry CAGR 14.6%

FY12– FY16
Avg. EBITDA margin 25.0%
Revenue CAGR 10.6%
Industry CAGR 1.7%

FY17– FY22
Avg. EBITDA margin 27.4%
Revenue CAGR 34.2%
Industry CAGR 1.4%

1990s

1995

Incorporated as Sona Okegawa Precision Forgings Ltd., a JV with Mitsubishi Materials Corporation.

1998

Embarked on the production of differential bevel gears at our first plant in Gurugram, Haryana, India.

1999

Commissioned our manufacturing plant in Chennai, Tamil Nadu, India.

2000s

2005

Commissioned a manufacturing plant in Pune, Maharashtra, India.

2008

Acquired Thyssen Krupp's precision forging business.

2010s

2013

- Rechristened as 'Sona BLW Precision Forgings Limited'
- Launched our final assembly and finishing plant in Tecumseh, MI, USA.
- Awarded 'North American OEM of PV's and CV's World Excellence Award (Silver)'.

2016

- Launched our final assembly and finishing plant in China.
- Awarded the 'North American OEM of PV's and CV's World Excellence Award (Gold)'.
- Received investments from JM Financial Trustee
- Terminated the technical know-how agreement with Mitsubishi Materials Corporation and Metal One Corporation

2017

- Commenced operations in two new plants - Unit II and Unit III, located in Gurugram, Haryana, India
- Launched final assembly and finishing plant in Mexico, North America.

2018

- Acquired new land for a second plant in Chakan, Pune, Maharashtra, India
- Execution of investment agreements with Singapore VII Topco III Pte. Ltd, an affiliate of The Blackstone Group Inc. (Blackstone)
- Awarded contract for differential assembly supply by a renowned global electric vehicle manufacturer

2019

- Blackstone acquired a controlling stake in our Company
- Acquired the Comstar entities
- Adopted 'Sona Comstar' as our brand name
- Commenced operations at our new differential assembly plant located in Manesar, Haryana, India

2020s

2020

- Completed the vehicle level trials for BSG (Belt Starter Generator) with an OEM
- Reached the production milestone of 250 million gears
- Awarded contracts for BLDC (Brush Less Direct Current) motor supply by two Indian electric 2-wheeler manufacturers

2021

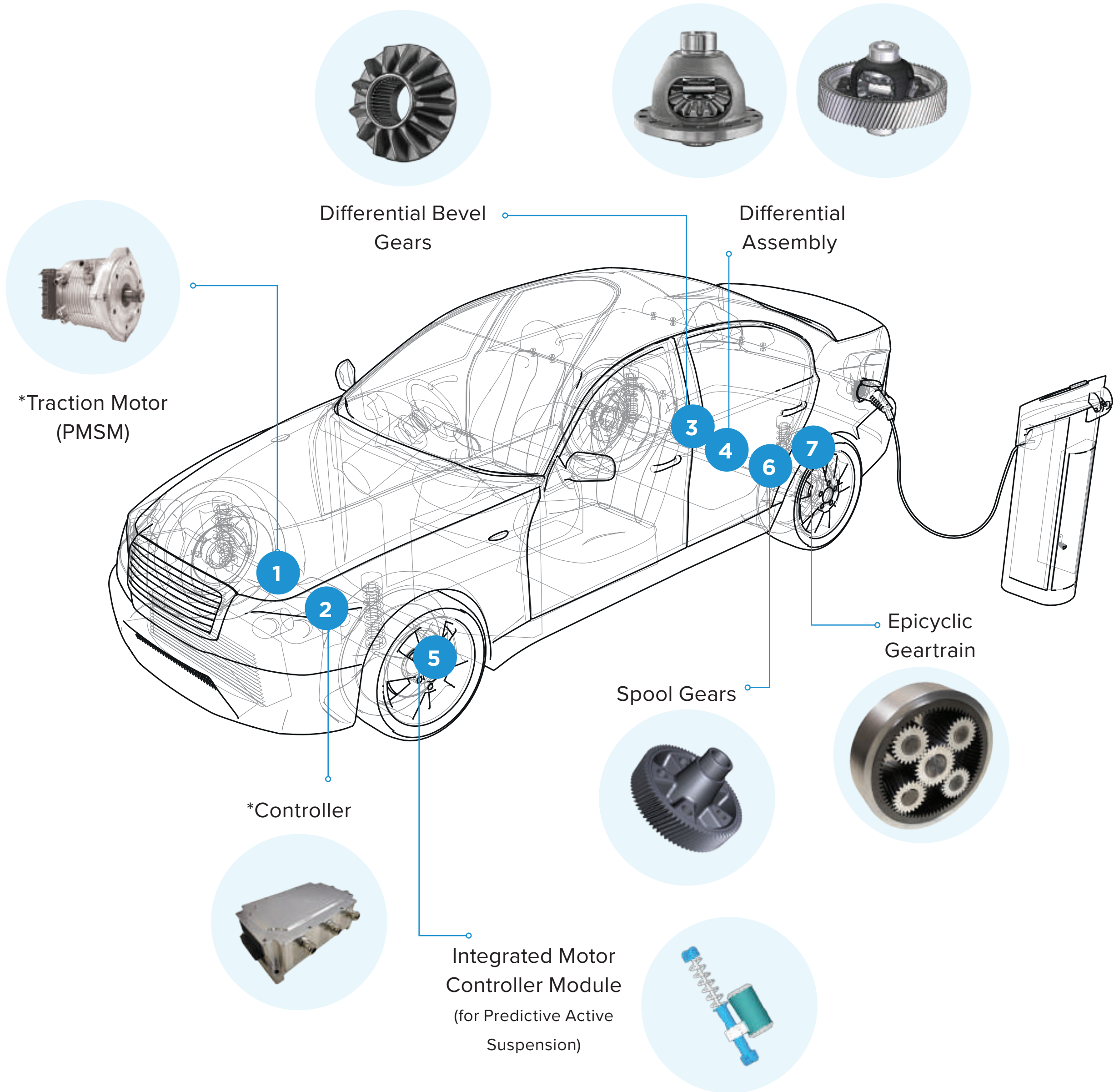
Listed as a public company

Product portfolio

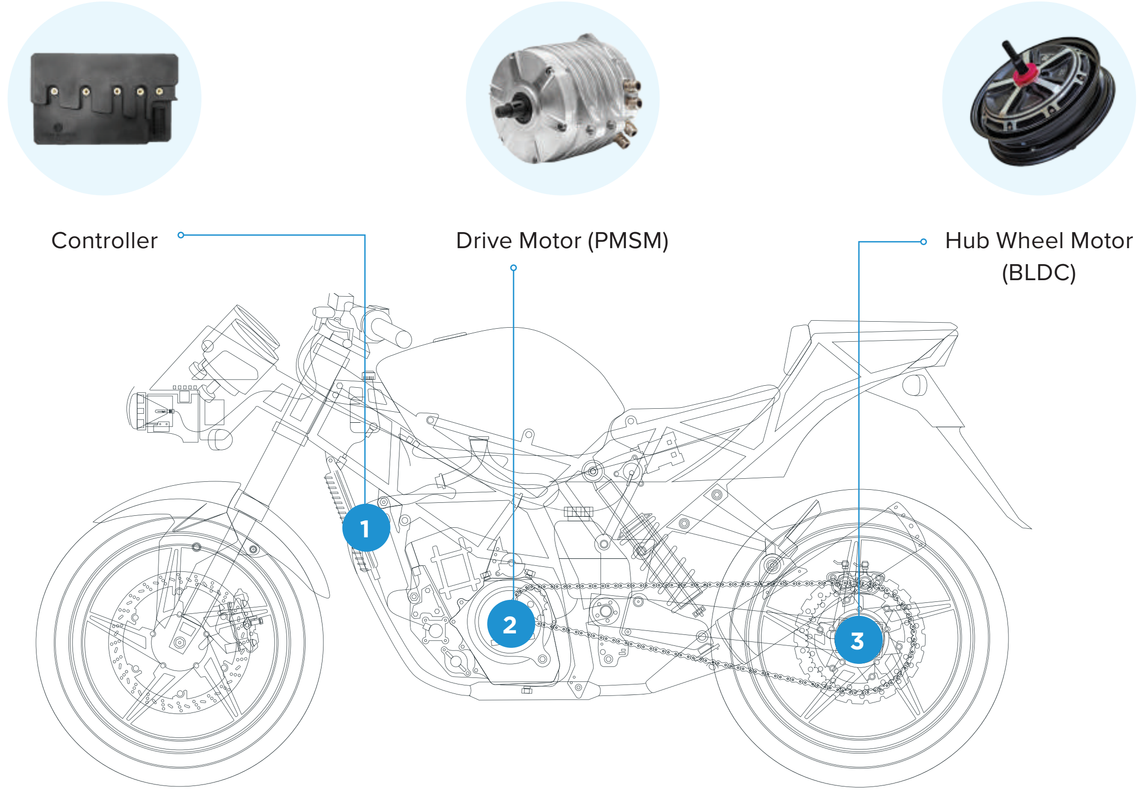
Powered by an innovative product basket

We rely on our R&D team to develop world-class products for our customers. Our ability to deliver cutting-edge products and diverse one-stop solutions for electric vehicles, passenger vehicles, commercial vehicles and off-highway vehicles has solidified our position as a preferred partner for OEMs across the world.

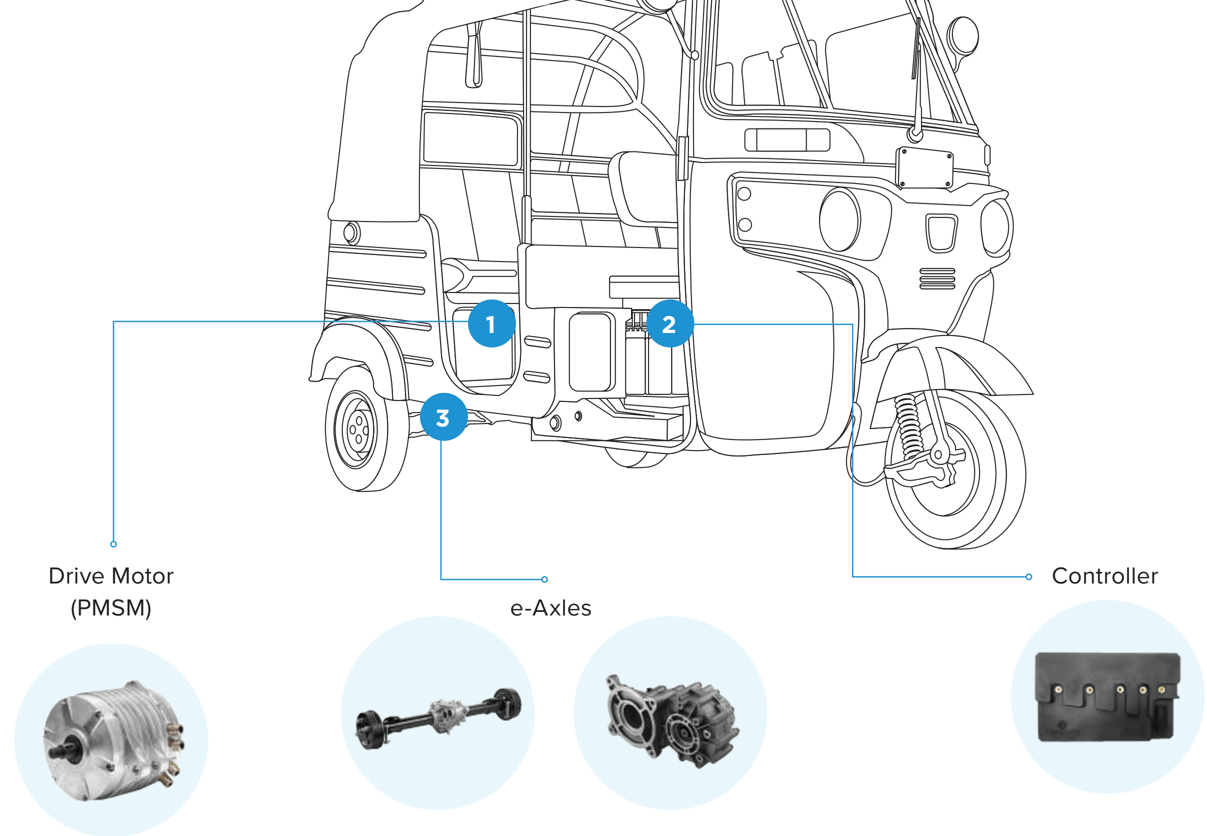
ELECTRIC CARS



ELECTRIC 2-WHEELERS



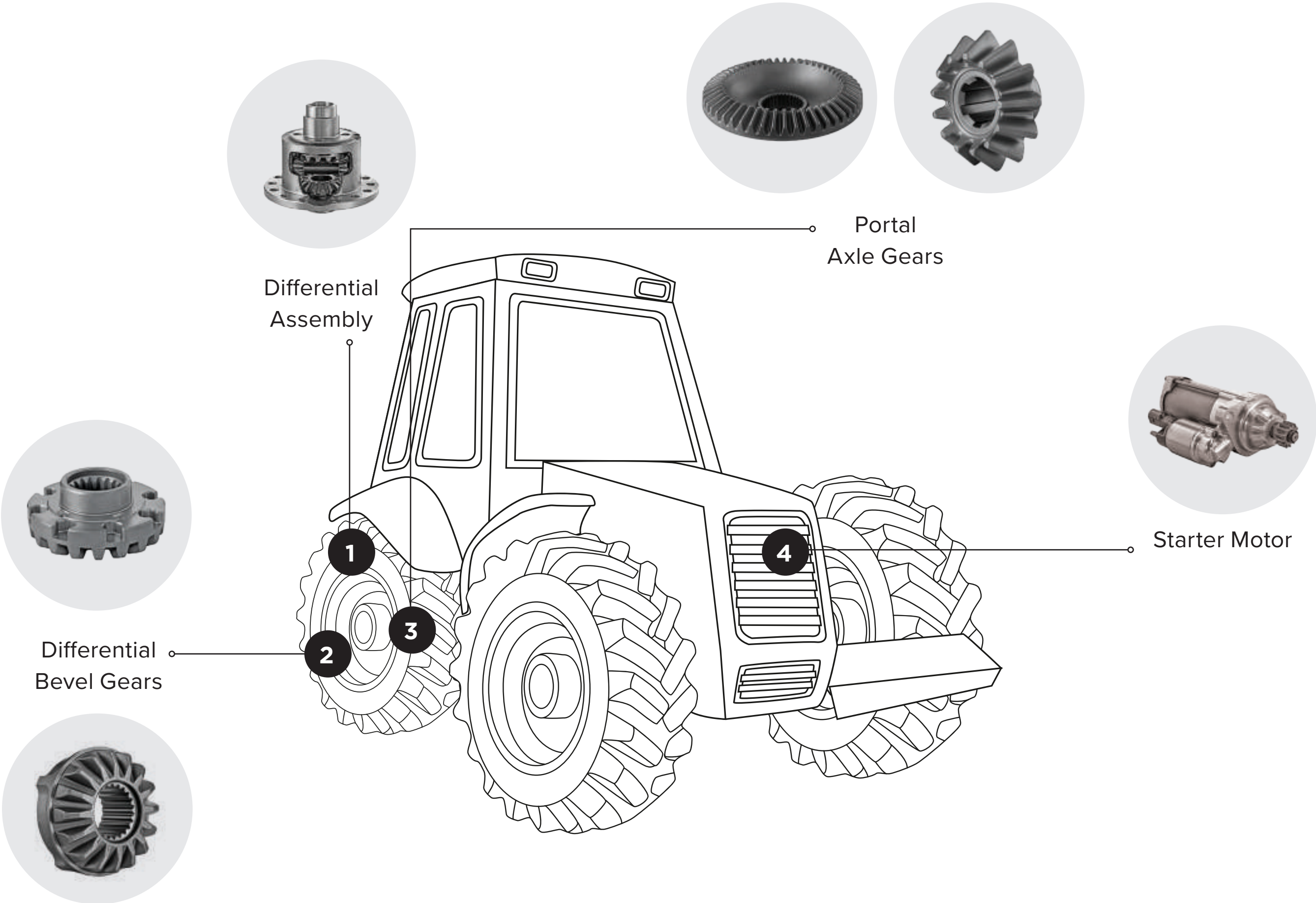
ELECTRIC 3-WHEELERS



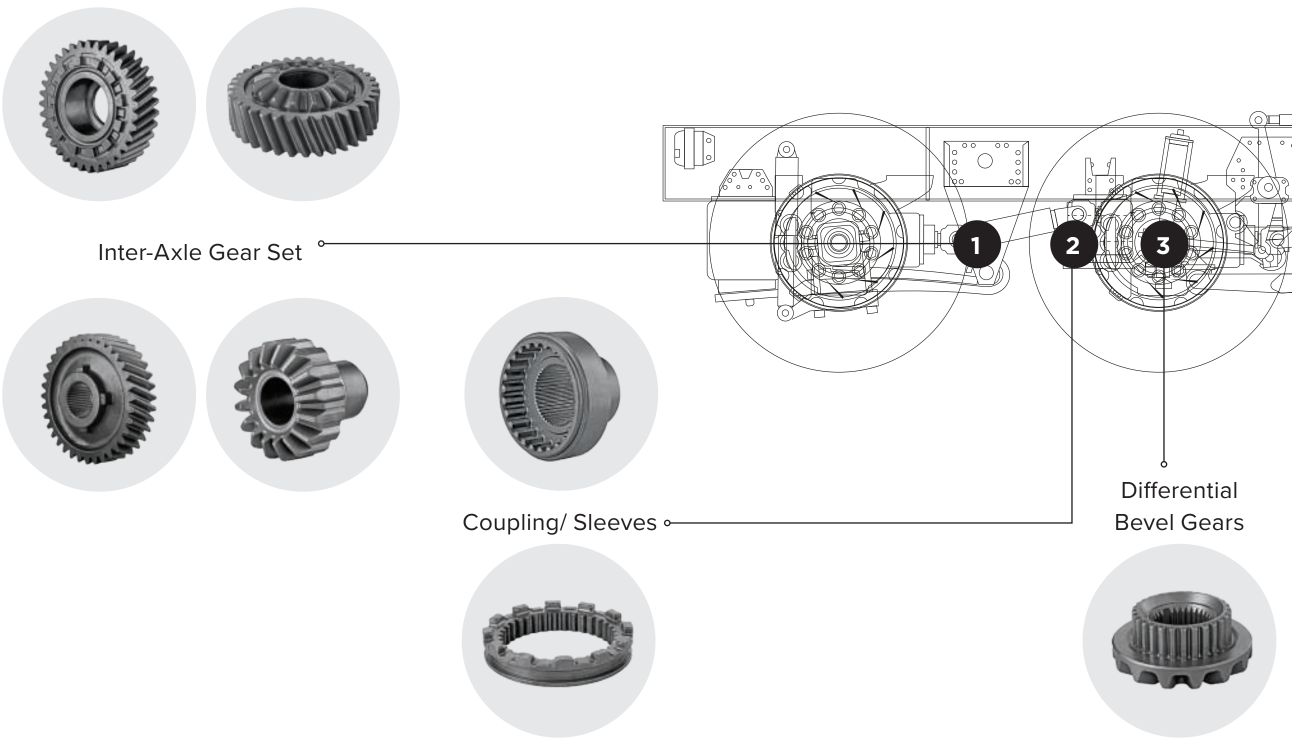
Note:
Product Images and technical drawings are for representation purpose only.
* Products under development

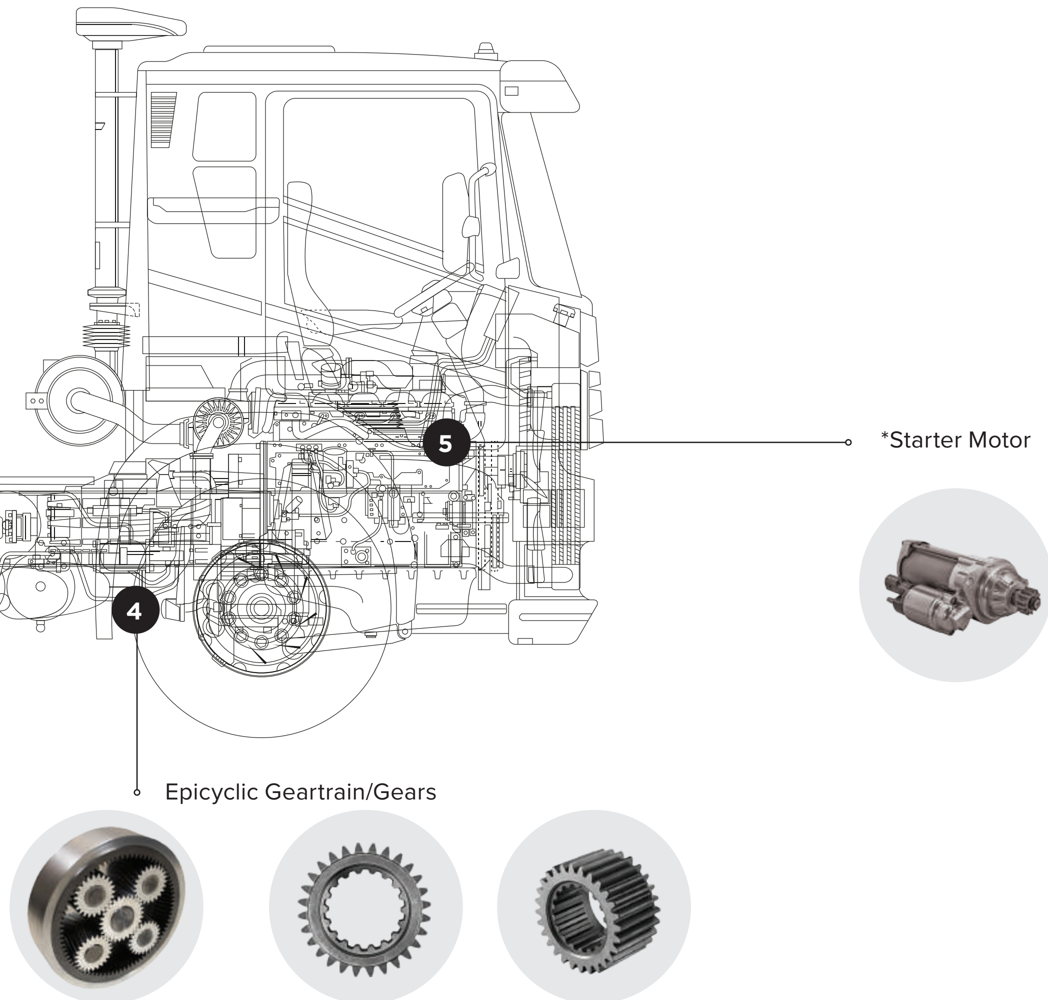
Product portfolio

OFF HIGHWAY VEHICLES

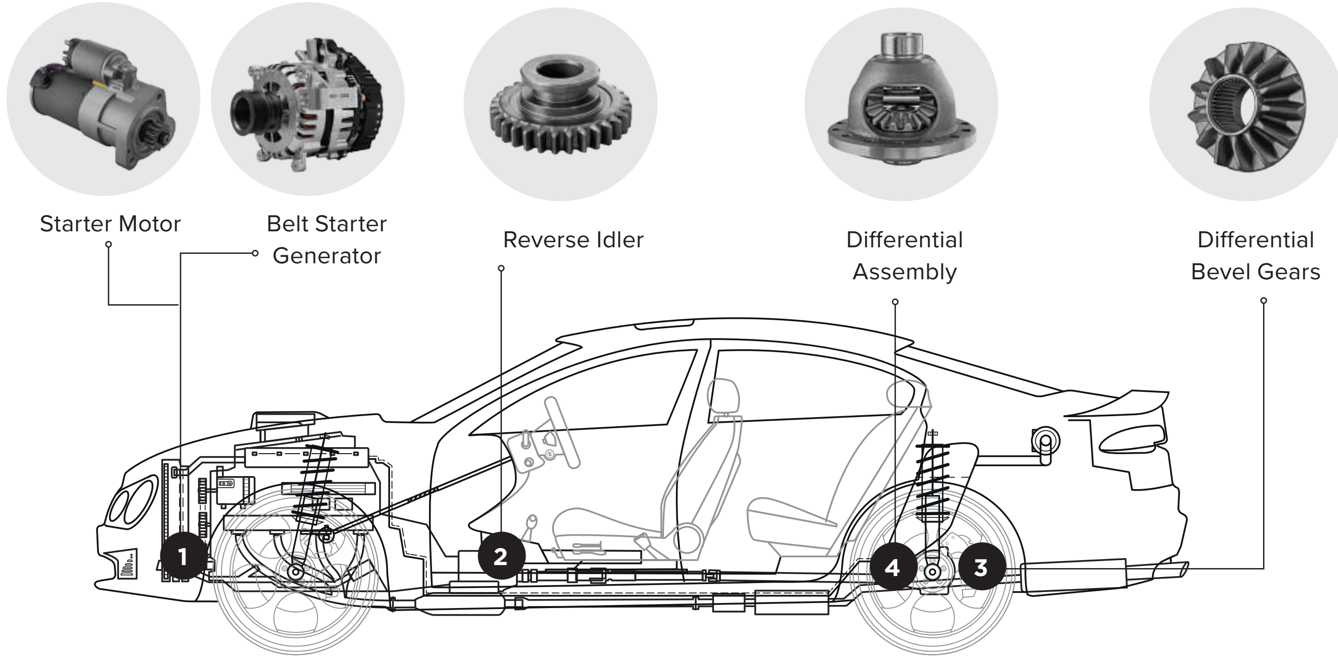


COMMERCIAL VEHICLES





PASSENGER VEHICLES



Note:

Product Images and technical drawings are for representation purpose only.

* Products under development

Global presence

Applied globally, actioned locally

We are constantly striving to increase our presence in the global automotive market, establishing ourselves as industry leaders across geographies. In a bid to increase efficiencies, widen our reach and to serve our customers better, we are strategically carrying out expansions to position ourselves as a global organisation of high repute.

India

Manufacturing plant	Capacity
Gurugram	**31.9 million gears**
Manesar	**1.2 million differential assemblies**
Pune	**9.3 million gears**
Chennai	**3.8 million starter motors**

USA

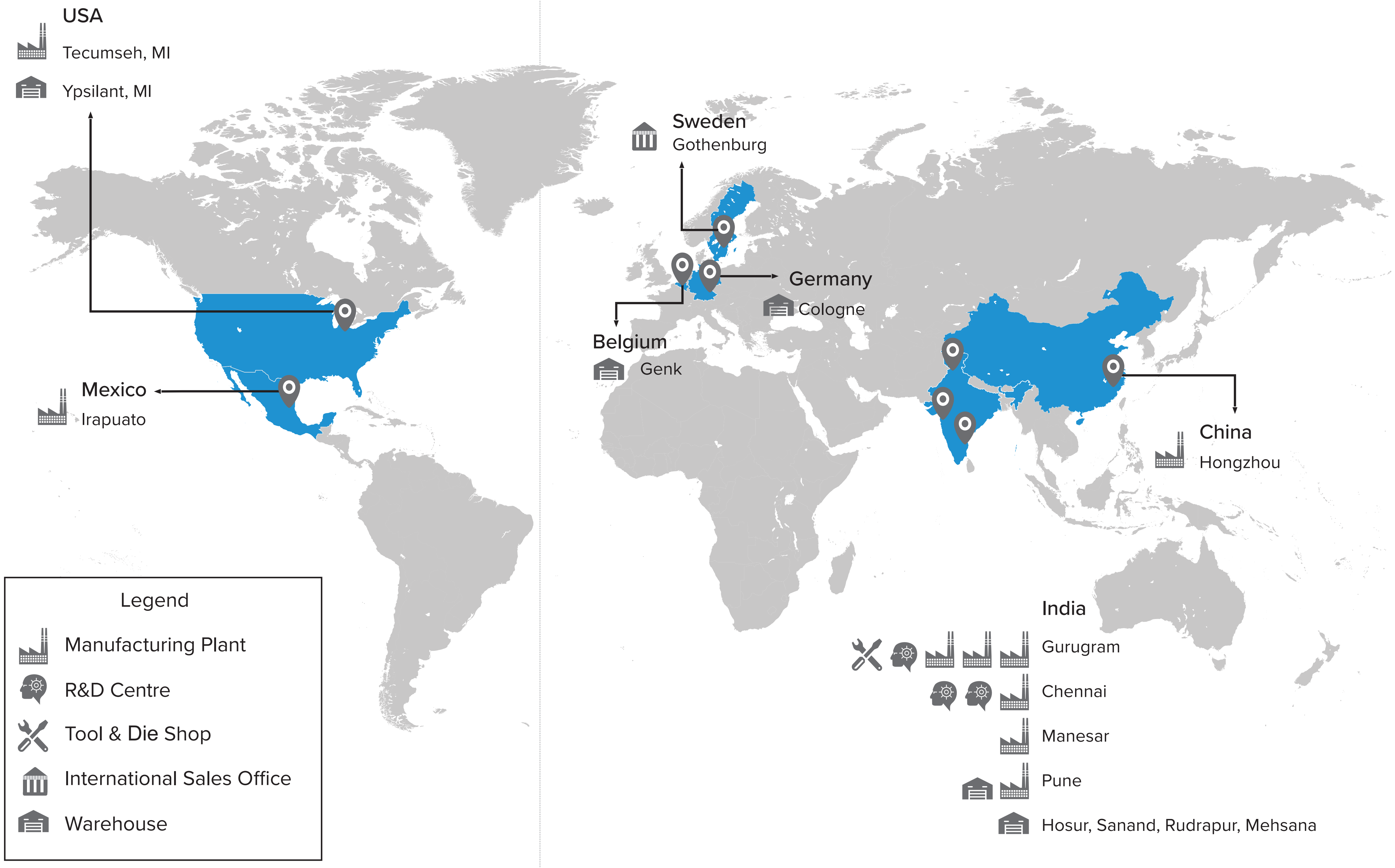
Manufacturing plant	Capacity
Tecumseh, MI	**1 million starter motors**

Mexico

Manufacturing plant	Capacity
Irapuato	**1 million starter motors**

China

Manufacturing plant	Capacity
Hangzhou	**1 million starter motors**



Business model

The engine of value creation

INPUTS

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

Experienced management team
Our management team possess more than 110 years of cumulative experience and are well-versed with the nuances of the auto industry.

Strong track record
We possess a strong track record and have been successfully able to navigate all headwinds.

R&D prowess
We place great focus on R&D and have spent around INR 1,761 million on R&D initiatives over the last three years.

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

OUR PRODUCTS

Differential assemblies

EV traction motors

Differential gears

Motor control units

EV transmission gears

Conventional and micro/ plug-in hybrid starter motors

STRATEGIC PRIORITIES

Increasing EV presence

Increasing global markets share

Diversifying revenue mix

Investing in technology

OUTCOMES

Revenue:
INR 21,306 million

EBITDA:
INR 5,591 million

PAT:
INR 3,615 million

EPS:
INR 6.21 per share

5-year revenue CAGR:
34.2%

5-year average EBITDA:
27.4%

Amongst the leading player in the automotive technology space

Global market share in differential gears:
6.3%

Global market share in starter motors:
4.6%

New products developed during the year:
3

Order book as on 31st March, 2022:
INR 186 billion

Board of Directors

Synergising sustainable growth

Sunjay Kapur
Chairman Non-Executive Director
2 3 5 6 7

Vivek Vikram Singh
Managing Director & Group CEO
4 5 6

Amit Dixit
Nominee Director
2

Ganesh Mani
Nominee Director
1 3 5 6 7

Prasan Abhaykumar Firodia
Independent Director
1 2 4 3

Shradha Suri
Independent Director
2 3

Venkata Rama Subbu Behara (B V R Subbu)
Independent Director
1 2

Jeffrey Mark Overly
Independent Director
1 2 4 5 7

BOARD COMMITTEE

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

● Chairperson
● Member

Leadership team

Upholding managerial efficiency

Mr. Vivek Vikram Singh
Managing Director & Group CEO

Mr. Vikram Verma Vadapalli
CEO, Driveline Business

Mr. Sat Mohan Gupta
CEO, Motor Business

Mr. Kiran Manohar Deshmukh
Group CTO

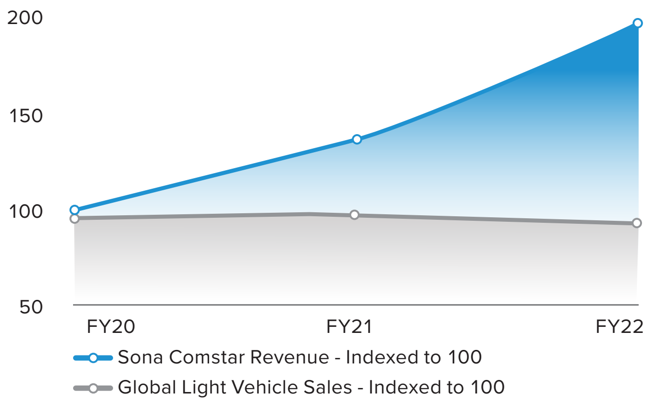
Mr. Rohit Nanda
Group CFO

Managing Director and Group CEO's message

Rising against the tide

ROBUST PERFORMANCE AGAINST ALL ODDS

A picture, it is said, is worth a thousand words, and so I will let this simple chart show how we have risen against the adversities that have impacted our industry.



Any company's performance only has meaning when seen in the context of the industry it operates in. Being a global company with majority of our revenue coming from light vehicles, the best benchmark for us is global light vehicle sales. Since the onset of the pandemic in early 2020, the automotive industry has been under enormous pressure, shrinking ~7% in the last two years, while our sales have grown nearly 75% during the same period and registered a 5-year CAGR of 34.2%.

Our performance is even more remarkable considering headwinds like the Russia-Ukraine crisis, renewed Covid lockdowns in China, increasing material and energy prices and rising inflationary pressure. Despite all these challenges, we recorded a 36% increase in revenues to INR 21,306 million during the year and an EBITDA of INR 5,591 million, an increase of 27% y-o-y. Our profit after tax was INR 3,615 million, a staggering increase of 68%. Excluding one-time exceptional items contributing to our net profit, we still registered PAT growth of ~37%.

"OUR ACTIONS SHOULD SPEAK LOUDER THAN OUR WORDS, AND HENCE OUR NUMBERS SHOULD DO MOST OF THE TALKING. DESPITE STRONG HEADWINDS FROM MULTIPLE DIRECTIONS, WE HAVE DELIVERED AN IMPRESSIVE PERFORMANCE, VALIDATED BY THE SIGNIFICANT GROWTH IN OUR REVENUE AND PROFITS."

Vivek Vikram Singh
Managing Director and Group CEO

ELECTRIFYING OUR FUTURE

As a company, intent on becoming one of the leading global providers of automotive technology solutions, our biggest strategic priority is to be at the forefront of electrification of mobility worldwide. In this regard, we have increased our BEV revenue share from 14% in the previous year to 25%, with a 1.5x growth in absolute revenue to surpass the INR 5 billion mark. I envision this number to increase exponentially over the foreseeable future as we have doubled the number of EV programmes to 30 over the previous year and now serve 19 electric vehicle customers across the globe.

PROGRESSING ON OUR TECHNOLOGY ROADMAP

The future of mobility will only be achieved by product innovation. We introduced three new products in FY 2021-22 and have a pipeline of new products in various stages of R&D. The advent of Electrification, and Autonomous Vehicles brings us many interesting and challenging opportunities. One of them is around smarter suspension, and our most important new product, the integrated motor controller module or IMCM. This futuristic suspension system with our IMCM senses every bump and speed breaker and independently responds to all external disturbances. This new product not only validates our faith in the power of innovation but with almost 2 million lines of code per IMCM; it also validates our belief that the ability to integrate hardware and software will keep gaining importance as vehicles and the systems inside them get increasingly smarter and more autonomous. Another milestone that we are incredibly proud of is the order win for a new driveline product called spool gear from a major global EV customer. This order win is perhaps one of our most significant achievements as it demonstrates our R&D capabilities to develop and manufacture products for all powertrain architectures, even beyond our domain of traditional differential assemblies. In addition to this, to fortify our position in the EV segment, we have entered three strategic partnerships with IRP Systems, Enedym Inc and C-Motive Technologies. All three partnerships are intended to develop motors for different end segments and eventually offer the right motor, made using the right technology, to each vehicle application.

STRENGTHENING OUR GLOBAL SIGNIFICANCE

Another area that we place immense focus on is our global significance. During the year, we were able to acquire two of the top 10 global passenger vehicle manufacturers as our customers and are proud to say that as of today, we serve seven of the top 10 global carmakers. Our global market share of differential gears and starter motors increased to 6.3% and 4.6%, respectively, while we continue to dominate the Indian market for differential gears with 50-90% market share across vehicle categories. Our pursuit for global significance is also reflected in the additions of new programmes and new customers in our net order book. At the end of FY 2021-22, our net order book stood at INR 186 billion, of which 62% is contributed by EV.

BROAD-BASED DIVERSIFICATION TO BALANCE RISK

Strategically, we have been undertaking initiatives to ensure that we are able to accomplish diversification across powertrains, products, geographies and vehicle segments. Predominantly, we were ICE-dependent for our revenues. However, that has changed drastically of late as revenues from the ICE segment only account for 18%, whereas the share of BEV revenue has increased from just 1% to 25% over the course of three years. Similarly, our revenue share is balanced across all major markets in terms of geography. With regards to vehicle segments, our concerted efforts toward electric 2-wheelers and 3-wheelers are yielding results as they accounted for ~1.5% of our revenue and will increase rapidly in FY 2022-23.

TREADING AHEAD RESPONSIBLY

We also understand that a company's success is not determined by its financial success alone, and we must be responsible in everything that we do. We place utmost importance on the safety and wellbeing of all our employees and undertake many initiatives in this regard. Especially during a year ravaged by the pandemic, we ensured their safety through comprehensive sanitation of all our manufacturing plants and a large-scale vaccination drive for all our employees. We have a well-structured CSR framework and place a great focus on education, healthcare, livelihood and self-sustenance for our stakeholders and the communities we influence.

WAY FORWARD – RISING TO NEW EXPECTATIONS

Great success comes with great responsibility and great expectations. We are now additionally responsible to nearly 4,00,000 new shareholders and those we already served - our customers, employees, communities, and promoters. We need to rise to these expectations and assign ourselves loftier goals as a team. As Swami Vivekananda's favorite verse from the Katha Upanishad goes, "उत्तिष्ठत जाग्रत प्राप्य वरान्निबोधत" ("Uttisthata Jagrata Prapya Varannibodhata"), which translates to: "Arise, awake, and stop not till the goal is reached".

We cannot allow ourselves to buckle under these expectations and become myopic, resorting to short-term thinking and constraining our teams' freedom to fail. Because, borrowing from Neil Gaiman, if we are making mistakes, we are making new things, trying new things, learning, living, pushing ourselves, changing ourselves, and changing our world. We must retain what got us here in the first place: our integrity, ingenuity, frugality, bias for action, and ability to think long term.

The one thing that always keeps us winning is our talented team, whom I can never thank enough. Thank you also to the Shareholders and the Board for continuing with me in this position of trust. I know how fortunate and blessed I am to lead this wonderful company, and there is not a day that goes by that I do not thank God for where I am.

Vivek Vikram Singh
Managing Director and Group CEO

CFO's review

Delivering robust growth

DEAR SHAREHOLDERS,

At the start of FY 2021-22, the global economy was enjoying macro tailwinds in the form of the most accommodative monetary and fiscal policies ever seen. It looked like a promising year ahead despite the ascendant commodity prices, semi-conductor chip shortage and waves of multiple variants of COVID-19. Inflationary pressures were being perceived as transitory and therefore the Central banks were willing to continue with their accommodative stance for longer to support growth.

In India, we went through a terrible second wave of COVID-19 at the very start of the year affecting our domestic sales in the first quarter, though our operations continued uninterrupted. Globally, semi-conductor chip shortage kept on dogging the production of automotive companies, though not everyone was equally affected. Auto component and system suppliers which were well diversified across geographies and customers did better than the ones which were not so diversified and were also not lucky to be on the less affected models of their customers. As the year progressed, the spectre of inflation kept testing the market's conviction on transitory inflation phenomenon and the benchmark bond yields continued to trend higher. The momentum in sale of light vehicle in our key markets of US and Europe started to decline from the second quarter onwards.

KEY DEVELOPMENTS FOR US

With these industry dynamics in the background, our first year report card post-listing is out. Our Revenue and PAT grew by 36% and 68% to INR 2,131 crore and INR 362 crore respectively. The key driver of our growth was BEV market segment with sales at INR 504 crore, a growth of 145% over last year. It now constitutes 25% of our total sales against 14% last year and 2% the year before. Revenue in non-BEV market segment was INR 1,627 crore as it grew by 20%. Our robust growth numbers despite a challenging year,

> **"PURSUING TECHNOLOGY FOR GROWTH IS ONE OF OUR STRATEGIC PRIORITIES, AND WE NOT ONLY CONTINUE TO PURSUE THE TECHNOLOGY ROADMAP WE HAD LAID OUT FOR OURSELVES BUT ALSO EXPAND IT AS WE GO ALONG."**
>
> **Rohit Nanda**
> Group CFO

once again demonstrate how the strategic clarity of thought and direction can bring qualitative and sustained growth. Our order book also grew from INR 14,000 crore at the end of 1st quarter to INR 18,600 crore as at the end of the year, 62% of it is constituted by EV orders. We now have a total of 30 EV programmes spread across 19 different customers, including 21 programmes which are part of the order book.

The company generated INR 445 crore of cash flow from operations, out of which INR 344cr were deployed in capex. The pace of capex spending during the year was slower than the initial plan due to elongated lead times. However, we do not expect this to have any adverse effect on the growth plans of the company. We will shortly be commissioning our new plant at Chakan which will give us additional capacity in the gears business to meet expanding needs of our existing and new customers.

We could also deleverage our Balance Sheet through INR 300 crore raised in the IPO by way of primary issuance. It has not only reduced our finance cost but also offers us protection in an environment of rising borrowing costs. It also offers us an opportunity to use this headroom to lever the Balance Sheet in case of a suitable inorganic opportunity.

The merger of our 100% Indian subsidiary Comstar Automotive Technologies Private Limited (Comstar) was approved by NCLT Chandigarh on 7th January 2022 with 5th July 2019 as the appointed date, being the date of its acquisition. This allows us fungibility of cash flows across the merged entities thereby improving efficiencies. The credit rating of the company was further upgraded to AA by India Ratings owing to strong fundamentals of the company. During the year, the company also received approval under the Govt of India's Production Linked Incentive (PLI) Scheme, meant to provide financial incentives to boost Advanced Automotive Technology products and attract investments in the automotive manufacturing supply chain.

Pursuing technology for growth is one of our strategic priorities, and we not only continue to pursue the technology roadmap we had laid out for ourselves but also expand it as we go along.

We've announced new technology collaborations with IRP Nexus of Israel, Enedym of Canada and C-Motive of USA. These collaborations are for developing magnet-less motors using different technologies having different power ratings and end-applications in the automotive industry. We also introduced three new products during the year along with customer orders won for these products. This pace of launch of new products with customer orders has been possible only due to the R&D investments that the company has made in the past and continues to make.

As a responsible corporate citizen, your company is cognisant of the importance of Environment, Social and Governance (ESG) aspects as three critical pillars of sustainable growth. We have therefore decided to start sharing our sustainability indicators through the Business Responsibility and Sustainability Report (BRSR) in our Annual Report from FY 2021-22 onwards, a year ahead of SEBI mandated timeline. We will follow this up with a separate and detailed Sustainability Report on GRI based indicators later this year.

OUTLOOK FOR FY 2022-23

As it stands today the global economy is facing major headwinds in the form of high inflation and rising interest rates. An expected slow-down in growth may ease off commodity prices but the key to demand revival would lie in the lowering of inflationary expectations. Meanwhile, we feel that the trend to electrify automobiles would continue to intensify as oil prices stay elevated. 62% of our order book is constituted of orders in the EV segment which should lend resilience to the trajectory of our future growth. We therefore foresee economic environment in FY 2022-23 as challenging yet promising for the company.

In the end, we would like to thank all the people who have worked tirelessly to ensure that the company's operations are run uninterruptedly to exceed the customer expectations. A special thanks to all the shareholders for reposing their trust and confidence in the growth story of Sona BLW.

Rohit Nanda
Group CFO

Key performance indicators

An impressive lap amid external challenges

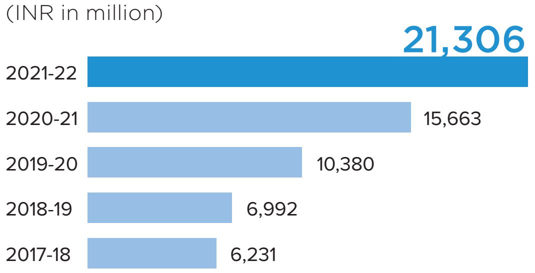
Our performance over the past few years has earned us the trust of our stakeholders. Irrespective of the challenges that may arise, we will continue to adapt and strive to grow.

As a testament to our innovative endeavours, our revenues have grown at a CAGR of 34% over the past five years, despite the disruptions posed by the pandemic. Even during the year under review, our revenues have grown by 36% and our profit after tax by 68%.

Profit and Loss

REVENUE[1]

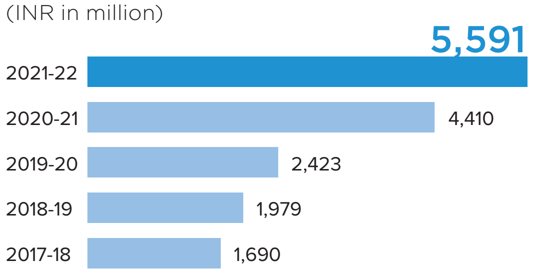
(INR in million)



[1]Revenue from the year from continuing operations

EBITDA[2]

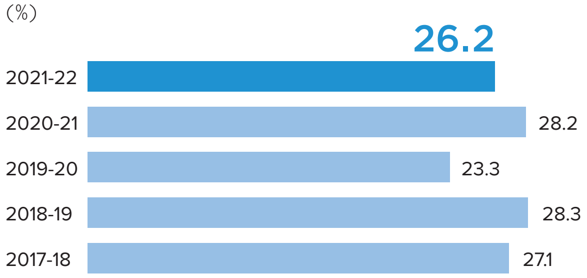
(INR in million)



[2]EBITDA for the year from continuing operations

EBITDA MARGIN[3]

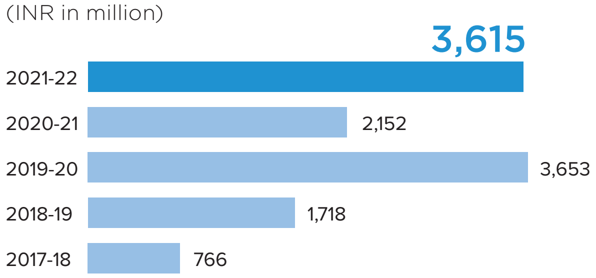
(%)



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

PAT[4]

(INR in million)

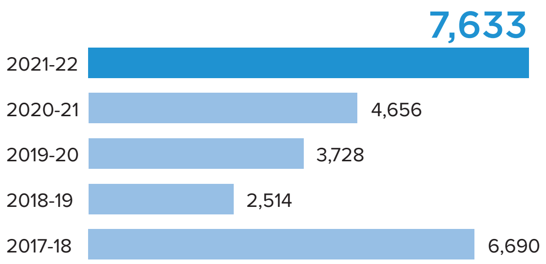


[4]2018, 2019 & 2020 include profit / loss from discontinued operations.

Balance Sheet

GROSS BLOCK[5]

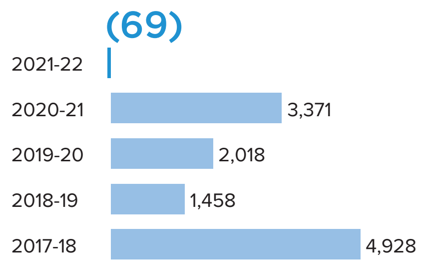
(INR in million)



[5]Property, plant and equipment only

NET DEBT[6]

(INR in million)

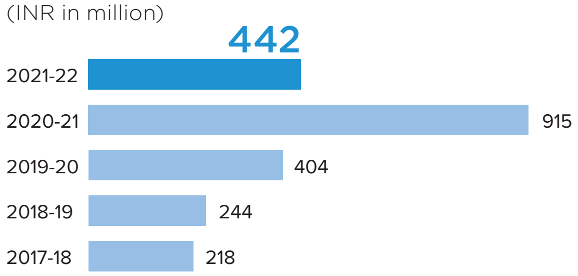


[6]Long term debts and Short term borrowing less Cash and cash equivalents.

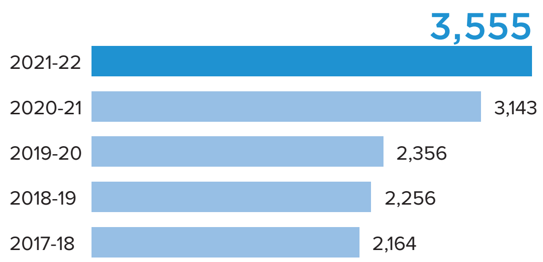
Non-financial*

R&D INVESTMENTS

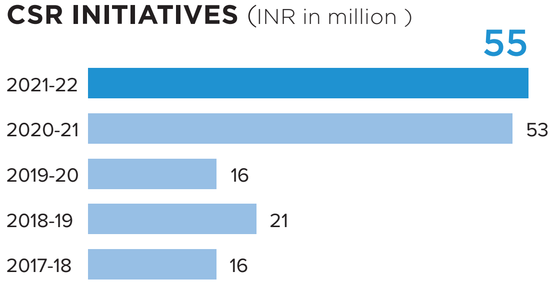
(INR in million)



TOTAL EMPLOYEES

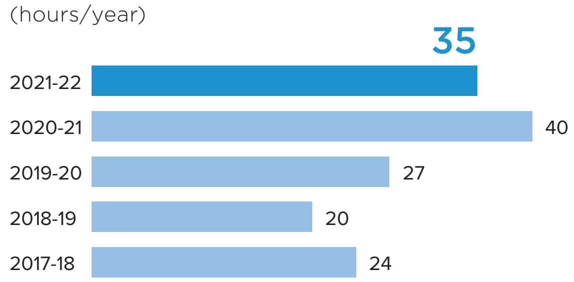


ALLOCATION TOWARDS CSR INITIATIVES (INR in million)



TRAINING HOURS PER PERSON

(hours/year)



*includes Comstar

Opportunity landscape

Propelled by the on-going EV revolution

The global automotive industry is undergoing a paradigm shift with the widespread adoption of EVs across the world. Responding to the changing mobility patterns, we have undertaken strategic initiatives in line with the latest advancements in the global automotive market, to capitalise on these emerging opportunities.

INCREASED EV ADOPTION

Globally, EV adoption is in full swing and has surpassed initial estimates by a long shot. From only 1 million EVs being active in 2016, the number of total plug-in vehicles on roads is expected to cross ~20 million in 2022. According to the 2016 edition of BP's Energy Outlook, a fleet of 71 million plug-in vehicles are estimated to be on the move by 2035. However, the analysis of recent trends and sales data by BloombergNEF indicates that this can be accomplished by 2025 — 10 years ahead of the initial projections. Favourable government policies, coupled with increasing consumer awareness of climate change, are expected to drive EV sales in the foreseeable future.

EMERGING TRENDS

The future of mobility is coalescing through the application of the 'EASC' model — electrified, autonomous, shared and connected.

Electrified
Transition to emissions-free mobility is becoming a global requirement. Electricity used to charge vehicles will increasingly come from renewable sources to ensure carbon neutral mobility.

Autonomous
Development of vehicles requiring no human intervention will reduce the dependence on public mobility platforms, offering enhanced individual mobility to new user groups.

Shared
Professionally managed fleets of shared vehicles will reduce the cost of mobility by a significant amount, through more efficient use of expensive mobile assets.

Connected
Application in two ways - communication between cars or with traffic management infrastructure, or between vehicle occupants and the outside world. The car of the future will become a "third place" between home and workplace, combining features of both.

GEARING UP FOR THE NEXT

With deep domain expertise and insightful market analytics, we are well-poised to capitalise on these emerging trends with agility. We have set out **four specific strategic priorities** to capture the new opportunities that have sparked in the global arena.

- Electrification
- Global market significance
- Diversification
- Technology

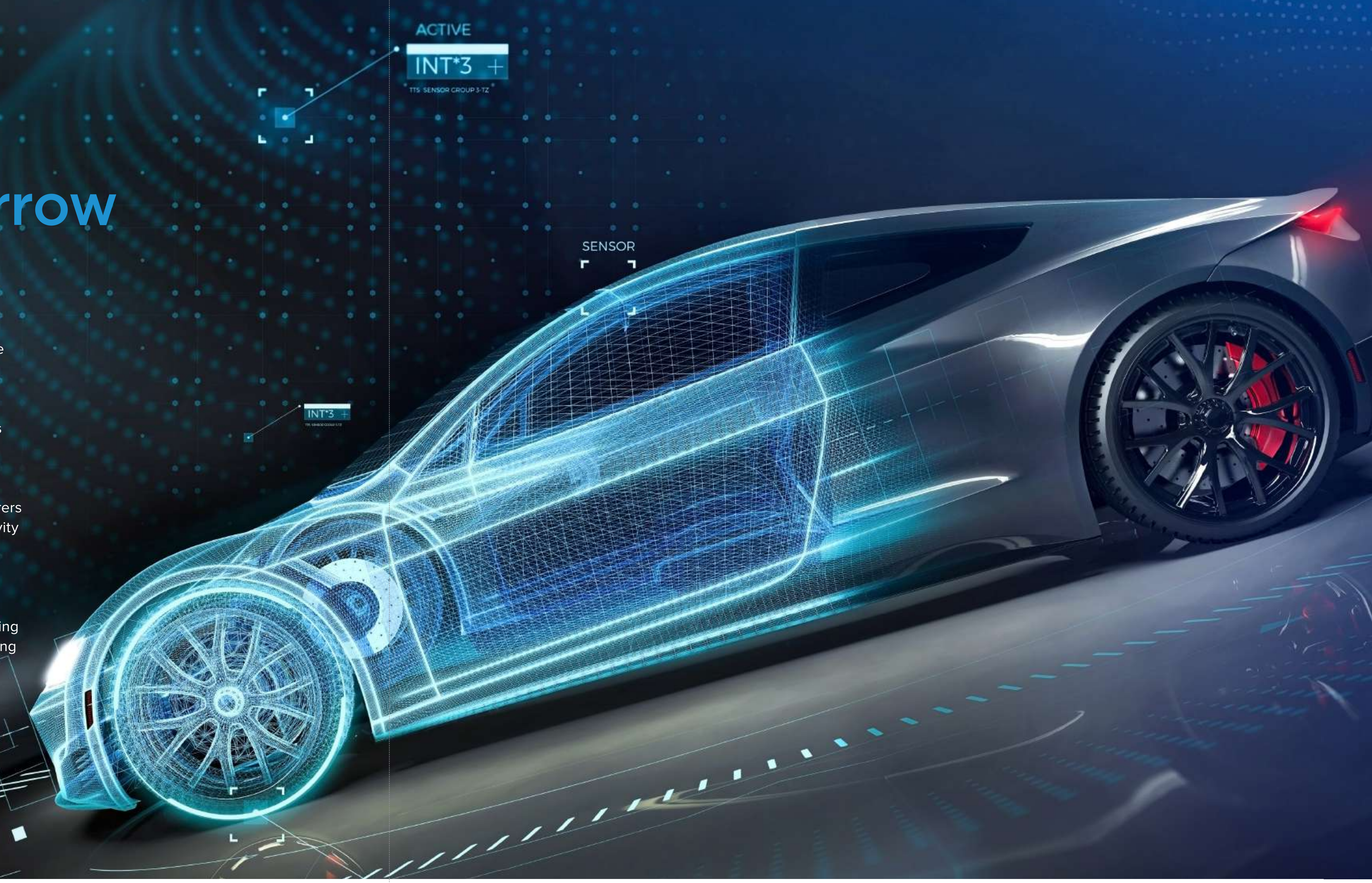
Strategic priorities

Electrifying the machines of tomorrow

We have always kept a close watch on evolving consumer preferences, and the EV boom is no surprise to us. We have geared up our production to cater to these changing needs with an aim to increase our revenue share from the EV segment by winning new orders.

Over the last couple of years, the tangible impact of climate change has been felt sharply. This has led to increased awareness and cognisable actions to combat the phenomenon. In an attempt to wean off fossil fuels and reduce the harmful emission effects of ICE vehicles, the world has witnessed a rapid adoption of EVs. The governments have undertaken proactive measures to catalyse this process. The automobile manufacturers have responded with increased activity in the EV space.

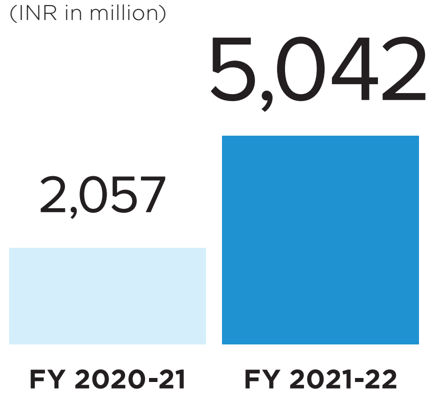
At Sona Comstar, our foresight to anticipate this change resulted in proactive investments in R&D, ensuring a diversified product portfolio covering all types of electrified powertrains to cater to the growing needs of EV OEMs.



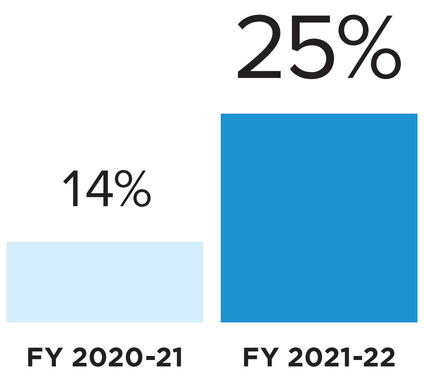
IMPACT

CONSEQUENTLY, WE HAVE BEEN AWARDED WITH NEW EV PROGRAMMES, WHICH HAVE HELPED US TO SIGNIFICANTLY INCREASE OUR REVENUE AND REVENUE SHARE FROM THE BATTERY ELECTRIC VEHICLE (BEV) SEGMENT.

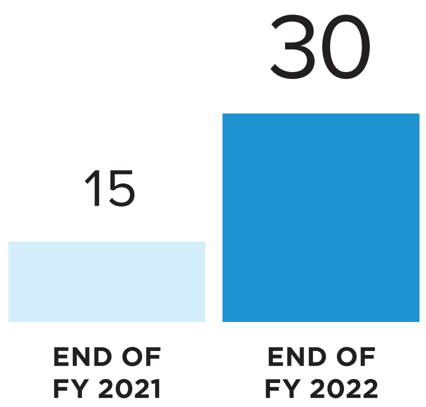
REVENUE FROM THE BEV SEGMENT
(INR in million)



REVENUE SHARE FROM THE BEV SEGMENT



TOTAL EV PROGRAMMES



Strategic priorities

Amping up our global market share

Our ability to meet the evolving needs and demands of the automotive industry has helped us secure our leading position. We have continued to scale our operations by expanding our influence and presence on a global scale.

Our manufacturing and assembly units are spread across three continents, strategically located near major automotive markets. We have consistently delivered quality products for over 23 years and have become the preferred choice for OEMs worldwide. We have achieved this on the back of our enhanced capabilities to address the emerging needs of OEMs globally, and this is further validated by our significant order wins.

We are focused on innovating and developing new products to become the market leader in the EV systems and components space. We have significantly increased our market share in differential gears and starter motors over the previous year and remain focused on growing our market share further on the back of product innovation.

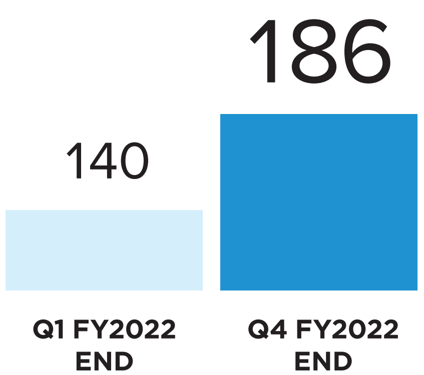
IMPACT

EV CONTRIBUTES ~62% TO OUR ORDER BOOK OF INR 186 BILLION IN FY 2021-22

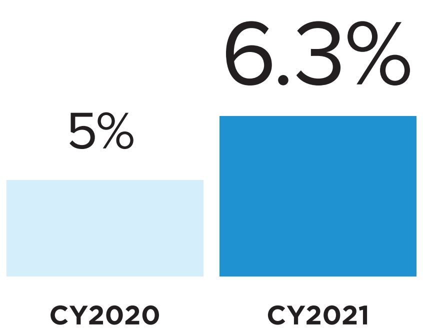
43

NEW ORDERS WON IN LAST 3 QUARTERS OF FY 2021-22

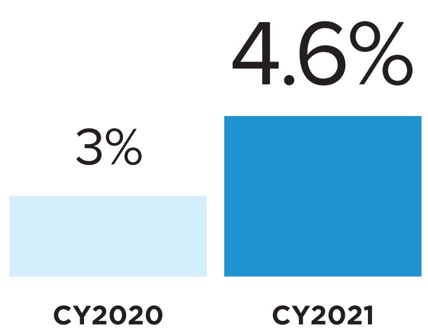
TOTAL ORDERBOOK
(INR in billion)



GLOBAL MARKET SHARE OF DIFFERENTIAL GEARS



GLOBAL MARKET SHARE OF STARTER MOTORS

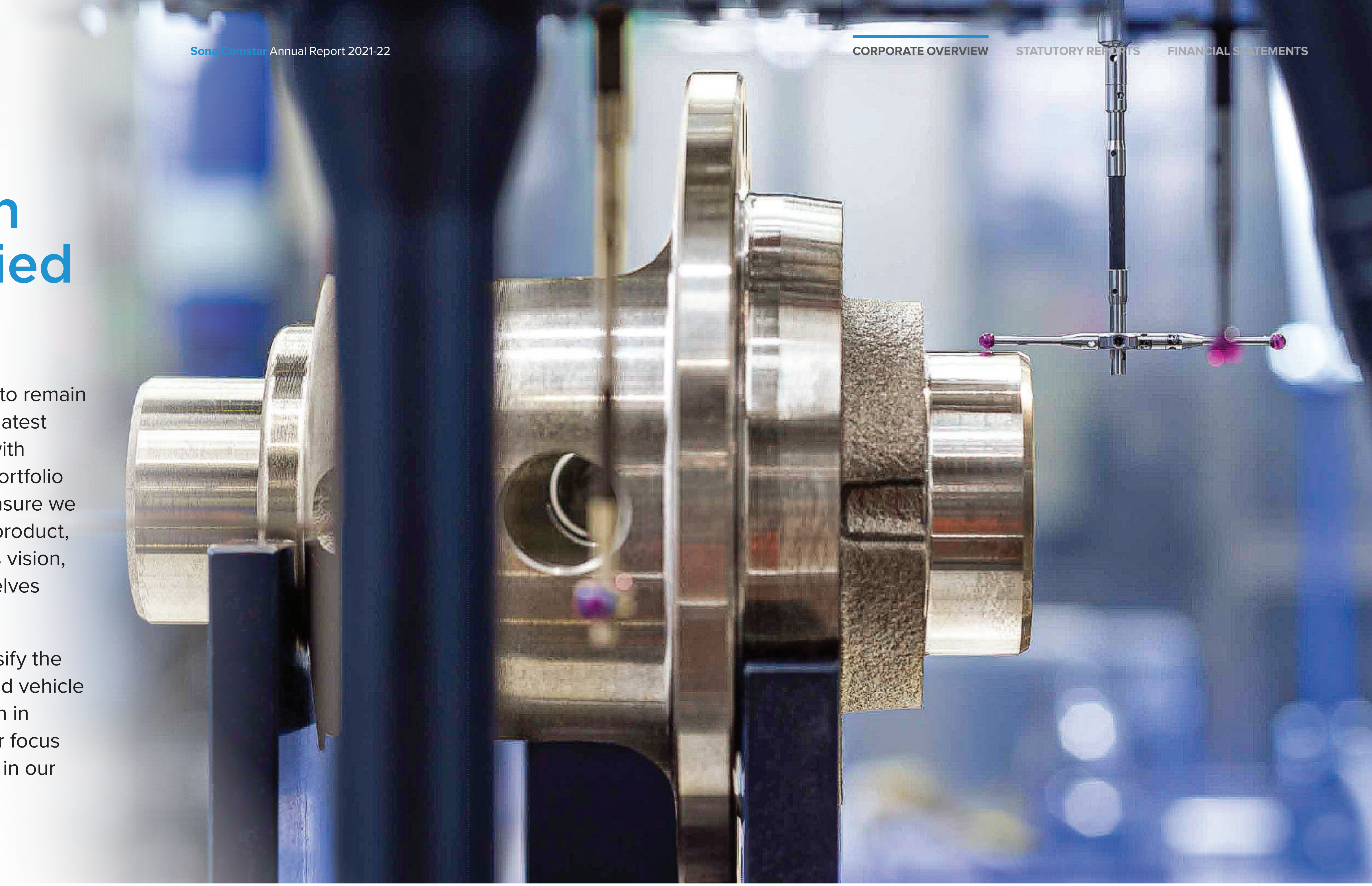


Strategic priorities

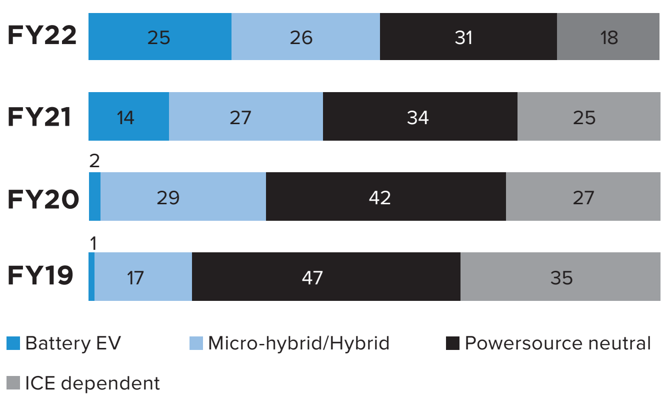
Driving growth with a diversified portfolio

We have always taken strong measures to remain agile with our offerings, adapting to the latest disruptions in the automotive industry, with focussed enthusiasm. Diversifying our portfolio has created more revenue streams to ensure we do not remain dependent on a specific product, geography or vehicle segment. With this vision, we have successfully safeguarded ourselves against any overdependence risk.

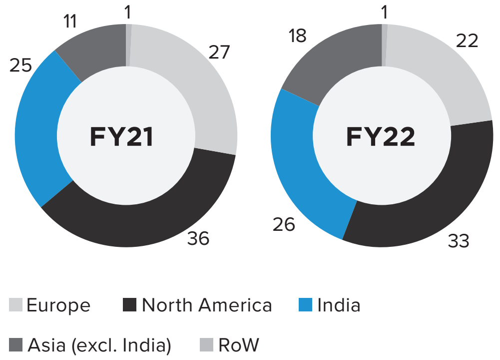
One of our strategic priorities is to diversify the revenue mix by geography, products, and vehicle segments to reduce risk of concentration in one geography or product segment. Our focus on electric vehicles drives the reduction in our dependence on ICE powertrain.



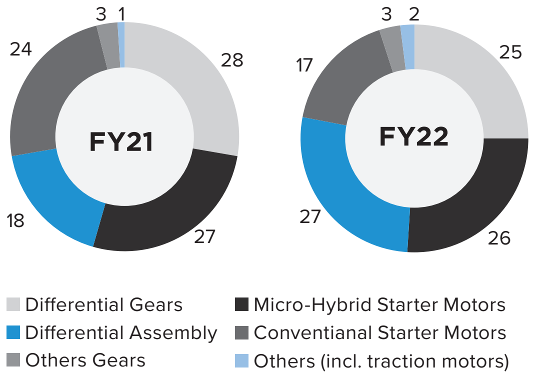
DIVERSIFIED REVENUE MIX BY POWERTRAIN (%)



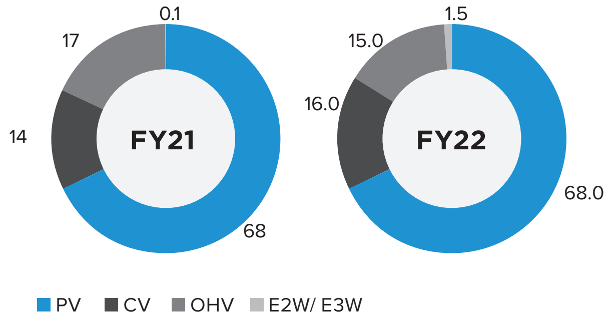
DIVERSIFIED REVENUE MIX BY GEOGRAPHY (%)



DIVERSIFIED REVENUE MIX BY PRODUCT (%)



DIVERSIFIED REVENUE MIX BY VEHICLE SEGMENT (%)



Strategic priorities

Technology and R&D focus

The automotive industry is currently experiencing two simultaneous revolutions: electrification and automation. These disruptions, like the decline of horse-drawn carriages in the early 20th century, are of a magnitude not seen in hundred years. While electrification is fostered by the concerns about global warming and regulations, automation of mobility is driven by the technology's societal benefits relating to safety, convenience, reliability, and equity. Sona Comstar's vision is to become a significant player in electric vehicles and autonomous and connected vehicles, offering integrated solutions to our global customers. Our R&D efforts are directed towards this goal.

We began preparing for these emerging trends in 2016 when we developed our advanced technology differential gears specifically for high-performance electric passenger vehicles. Since then, we have been investing massively in R&D and bringing to the market innovative products that exceed the expectations of our discerning customers.

THE ELECTRIC REVOLUTION

In FY 2021-22, we have introduced two new products for the EV drivetrains: spool gear and epicyclic gear set. The introduction of these two products has extended our reach in the EV drivetrains' varying architectures.

As more carmakers introduce new electric vehicles, new architectures emerge. Depending on the specific application, design constraints, and manufacturing considerations, EV drivetrains have evolved into four different architectures. Where one motor drives two wheels, we need a mechanical differential to enable the wheels to turn at different speeds when the vehicle makes a turn. Where one motor drives a single wheel, we need a compact, high-efficiency gear reduction unit that is also quiet.

AS AUTOMATION MOVES TO HIGHER LEVELS, MANY SYSTEMS AND SUB-SYSTEMS IN THE VEHICLE WILL GET 'SMARTER' AND NEED COMPUTING INTELLIGENCE, IN-SITU MEMORY, AND CLOSELY INTEGRATED SENSING AND ACTUATION FUNCTIONS.

Kiran Manohar Deshmukh
Group CTO

Our final drive differential assemblies are already fitted in one- and two-motor configurations of mass-manufactured EVs. Spool gears and epicyclic geartrain developed by us offer the demanding features of electric vehicles. They find their relevance even in the absence of a mechanical differential. They also have a broader application in commercial vehicles' gearboxes and hub wheel reduction units.

While one- and two-motor architecture is likely to be the most prevalent configuration in the future, now we have solutions for every format of the electric drivetrain. Alternate architectures are more sophisticated and more expensive, and hence we also realise higher value per vehicle than with the differential assembly.

We will continue this journey and make more products to support the electrification of the drivetrain. We are developing high-performance, high-efficiency, and high-power-density motors of different types, with compatible liquid-cooled, state-of-the-art, high voltage inverters. We aim to leverage our core strengths and create a range of integrated electric drive units to meet the highly demanding requirements of electric passenger cars and commercial vehicles of all types.

THE AUTOMATION REVOLUTION

Our hardware and software engineering, integration, and thermal management competencies have allowed us to expand our product range into the growing autonomous and connected space.

As automation moves to higher levels, many systems and sub-systems in the vehicle will get 'smarter' and need computing intelligence, in-situ memory, and closely integrated sensing and actuation functions. This presents many opportunities for suppliers who can and will integrate hardware and software to develop this new generation of automotive systems.

In FY 2021-22, we introduced Integrated Motor Controller Module (IMCM) for a predictive active suspension system that offers comfort and convenience to the occupants of a car. This futuristic suspension system with our IMCM senses every bump and speed breaker and independently responds to all external disturbances. The motor generates an exact counteracting force to mitigate the impact of uneven road surfaces so that the vehicle glides over all kinds of roads. This capability extends further to anticipating oncoming potholes or road disturbances through sophisticated geospatial software and reacts with lightning speed.

This new product has only been possible due to our extensive R&D on Belt Starter Generator (BSG), especially the thermal management and the software modules. Owning and controlling our primary technologies has given us the ability to keep iterating and innovating and finding multiple different applications and products for the same technology. Our IMCM with nearly two million lines of code is just one example of our abilities to integrate hardware and software—something that will keep gaining importance as vehicles and the systems inside them get increasingly more intelligent and more autonomous.

NEW PARTNERSHIPS

We have recently partnered with three technology companies from three countries, each using a different core technology to develop magnet-less motors. We are co-developing an electrically magnetised synchronous machine (EMSM) with Israel's IRP Nexus that uses a patented power transfer module and no magnets. Our strategic partnership with Enedym Inc., the Canadian technology company incubated at the McMaster University in Ontario, aims to offer switched reluctance motors (SRMs) with advanced acoustic noise control. Finally, our partnership with C-Motive Technologies, a high-tech electric motor company based in Wisconsin, US, will harness electrostatic forces to build a motor through multiplicative gains in mechanical, electrical, and electrochemical innovations.

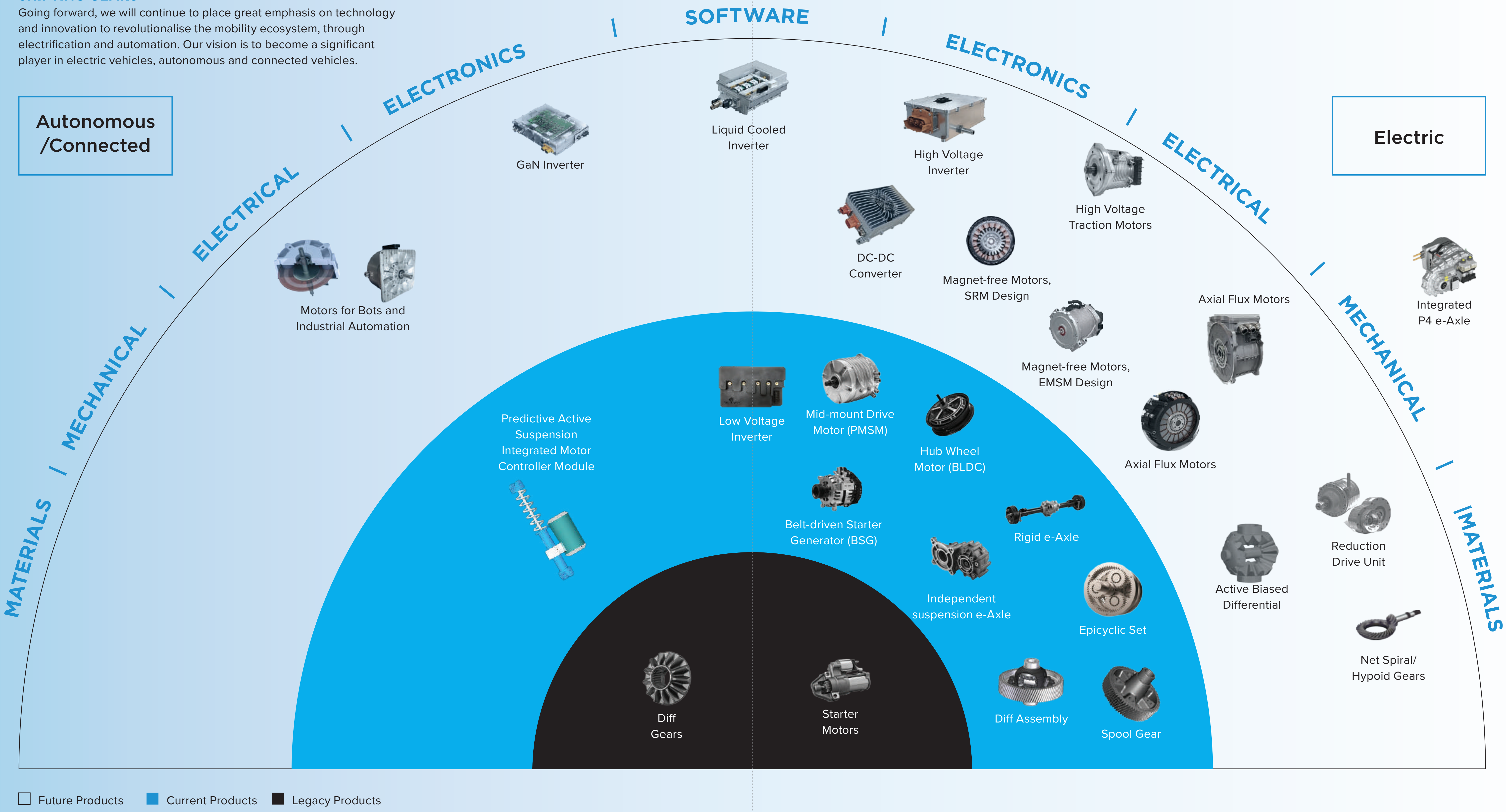
These initiatives of eliminating magnets from motors will provide us with the advantages of supply security, cost reduction, and product recyclability. Most of the world's rare earth magnets come from China. Dynamic geopolitical situations cause their prices to fluctuate dramatically and erratically. Further, the permanent magnets are difficult to isolate during the recycling process. Having a motor without magnets is an intelligent way of overcoming all these problems.

One of our top strategic priorities is to grow our EV revenue. We will accomplish this by expanding our traction motor offerings, addressing the entire range of EVs, spanning from below 5 kilowatts to above 300 kilowatts. Our other top priority is to serve the budding autonomous and connected space by expanding our product offerings to address this emerging field. We will realise both these objectives through our internal capabilities and partnerships with able technology companies from across the world Kiran Manohar Deshmukh Group CTO.

Strategic priorities

SHIFTING GEARS

Going forward, we will continue to place great emphasis on technology and innovation to revolutionalise the mobility ecosystem, through electrification and automation. Our vision is to become a significant player in electric vehicles, autonomous and connected vehicles.



Note: The product images shown are for illustration purposes only and may not be an exact representation of the products

People

Fuelling the aspirations of our people

Our employees are the essential gears that help us keep running smoothly and efficiently, like a well-oiled machine. We have always given utmost priority to ensuring the safety and wellbeing of all our employees. It was but natural for us to double down on our efforts during a pandemic-ravaged year.

SONA HEALTH APPLICATION

During FY 2020-21, we had introduced the Sona Health Application to track employees who were infected or residing in a containment zone. We kept the app active throughout this year as well and continued monitoring and containing the spread of the virus through it. Employees were only allowed entry at the gates if the application gave a green signal.

HEALTH AND SAFETY

We continued to adhere to stringent COVID-19 protocols at the workplace to create a safe space for everyone. We regularly sanitised all our plants to ensure the safety of all our employees who stayed back at our manufacturing units. During the year, we launched a vaccination drive for all our employees to further immunise them against the virus followed by booster doses.

RECREATIONAL ACTIVITIES

With the adoption of work from home to safeguard our employees, we worked proactively to create a stress-free environment, making the shift easy and enjoyable for them. We collaborated with yoga and meditation centres and curated exclusive wellness sessions for our employees and their families. We also organised several online competitions for the families of our employees.

TRAINING AND DEVELOPMENT

Employee development is the key to creating an agile workforce. We have always emphasised on upskilling our people to keep them up to date with latest technological advancements as well as boosting their aspirations of career progression. We conducted both online and offline training sessions to ensure all our employees were equipped with the necessary skills and knowledge to adapt to the evolving trends in the industry. In FY 2021-22, we became the first in the automotive industry to upskill our work force through NASSCOM's FutureSkills® Prime program that provides our employees free access to various courses on emerging technologies.

35

TRAINING HOURS PER EMPLOYEE DEVOTED IN FY 2021-22

Corporate social responsibility

Charging ahead with responsibility

We don't measure our success solely through growth in financial numbers. Rather, we believe that true success lies in the positive impact we create, on society and the communities in which we operate. We are focused on creating opportunities for all stakeholders through our multi-pronged CSR interventions, that encompass education, healthcare, livelihood and self-sustenance trainings.

Our CSR activities are guided by these four pillars:

Samridh Bharat	Swasth Bharat	Surakshit Bharat	Saksham Bharat

Samridh Bharat Programme

FOSTERING A CULTURE OF START-UPS

We collaborated with the Centre for Innovation, Incubation and Entrepreneurship (CIIE) of Indian Institute of Management, Ahmedabad, for the development of an Incubation Infrastructure to create a holistic ecosystem to incubate start-ups. This project is expected to be completed by October 2022.

- ~6,000+ innovators/entrepreneurs to benefit from the incubation space
- Capacity building support to be provided to ~200 early-stage start-ups
- ~0.5 million stakeholders/individuals to be influenced
- ~1 million people to be directly influenced by the technology and solutions developed by these start-ups

INCUBATION LABS FOR SCALING INNOVATIONS

We collaborated with the Foundation for Innovation and Technology Transfer (FITT), an industry interface of Indian Institute of Technology, Delhi, to foster, promote and sustain the commercialisation of science and technology. We are focussing on tech-based research to bolster sustainable innovations, that may have commercial potential in the automotive industry. We will fund, support and collaborate with FITT on the various activities under the programme, building opportunities for Indian innovators to create safe, convenient and eco-friendly mobility for everyone.

We partnered with Foundation of Innovation and Technology Transfer (FITT), IIT Delhi, to foster, promote, and sustain commercialization of science and technology. Under this program, we supported Quanteon Powertrain, a startup incubated in IIT Delhi and founded by two former Indian Navy officers, Commander Ramesh Lakra (retd) and Commander KV Narsimham (retd). They are leading the way in homegrown motor designs to power the EV revolution in the country. In the true spirit of Atmanirbhar Bharat, their designs and processes are homegrown, aimed at creating a true value proposition.

- Working in the niche field of axial flux machine design
- Developed manufacturing processes, enabling seamless translation for volume production of axial flux machines
- Motors designs are powering the L5 and L7 segments, while other designs are in various stages of testing and validation
- A novel design for an axial flux, eAxle – Sudarshan Chakra designed by the startup, was selected for the inaugural grant under Sona Comstar – IIT Delhi Innovation Program for Safe and Eco-friendly Mobility; their design leverages the benefits of axial flux technology for a customised motor for eAxle application which is more efficient than any available product in the market
- The design work has been completed and the motor testing is scheduled to be undertaken in June 2022

Corporate social responsibility

Swasth Bharat Programme

DISTRIBUTION OF HEALTH CARE ESSENTIALS

We partnered with M/s. Kaushalya Foundation to provide medical kits, hygiene kits, oxygen concentrators, masks and other health care facilities to the underprivileged people in different blocks and villages.

- Providing immediate sustenance relief by distributing cooked meals and rations
- Preparing the community through communication and other interventions
- Building long-term resilience through health and hygiene services to support livelihood

STRENGTHENING HEALTH INFRASTRUCTURE

We collaborated with several medical institutions and government facilities to strengthen health infrastructure and increase accessibility.

Medical Equipment for Paediatric ICU

We partnered with Aakash Healthcare Super Specialty Hospital (Aakash Healthcare Private Limited) to purchase medical equipment for the building of a paediatric ICU. The Hospital acquired various medical equipment including HFNC machines, paediatric wrap for SPO2 probes, universal ventilators, multipara monitor with EtCO2.

Deployment of BiPAP Machines

We collaborated with Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA) for the procurement of 20 units of BiPAP Machines and distributed them to various hospitals in Delhi NCR including Aakash Healthcare, Moolchand Hospital, Artemis Hospital, Prakash Hospital, Civil Hospital, Vedic Hospital and Tirath Hospital.

100-bed COVID-care centre

We partnered with CII and Young Business Leaders Forum of ACMA in association with the District Administration, Gurugram, to set up a 100 Bedded COVID Care Centre in Gurugram.

Oxygen concentrators

We procured six oxygen concentrators for deployment in Rajmata Vijaya Raje Scindia Centre for Development, Madhya Pradesh.

Vaccination camps

We made donations towards the infrastructural development of vaccination camps, to ensure seamless vaccinations in the Primary Health Care Centre in Gurgaon.

>4.5 lakhs

MEALS PROVIDED IN FY 2021-22

Saksham Bharat Programme

RENOVATIONS UNDERTAKEN FOR GOVERNMENT SCHOOL

We undertook the responsibility of renovating and improving the infrastructure of The Government Senior Secondary School located at Begumpur Khatola in Gurgaon, Haryana, India.

Installation of solar panels

We installed solar panels in the Govt. Senior Secondary School to ensure adequate access to electricity for an uninterrupted and comfortable learning experience along with considerable savings and awareness about green energy.

Construction of boundary walls

We fixed the broken boundary walls around the school premises to ensure the safety of the students.

Renovating the playground and toilets

We renovated the school playground by covering the floor area measuring ~490 sq. mt. with tiles. Additionally, we also renovated eight urinals and two toilets to improve the hygiene and sanitation facilities.

BASIC INFRASTRUCTURE MAINTENANCE OF VARIOUS GOVERNMENT SCHOOLS

We initiated the construction and renovation of several school buildings and toilets for various government schools across different locations in Chennai, including the schools located in Chunampet, Nellikuppam, Vandalur, Maraimalainagar, Manampathy.

Restroom construction at Chunampet

- No. of restrooms - two
- Total area - 1,204 sq. ft.
- Building type - RCC roof
- No. of restroom cabins - 14

Classroom renovation at Nellikuppam

- No. of renovated blocks - three blocks (18 rooms)
- Total painted area - 1,85,000 sq. ft.
- Repairing of doors, floor tiles and wall damages.

Class-room tile laying work at Manampathy

- Total tile laying area - 2100 sq ft
- Polycarbonate roofing at Vandalur and Maraimalai Nagar
- Polycarbonate roof sheet work for four existing restrooms

Painting work at Spkoil

- Restroom painting work at the Spkoil School

Surakshit Bharat Programme

We contributed to Lal Bahadur Shastri foundation to support the children of the war veterans getting the desired education with the aid of scholarships under their Param Vir Chakra winners program. Under this program the foundation launched a digital platform to enable corporates connect with the familiies of war veterans to assist them in getting access to employment opportunities. The foundation also aim to create awareness about the Param Vir Chakra Holders of our nation through its project - 21 Salaam initiative.

Management Discussion and Analysis

INDUSTRY OVERVIEW

Global light vehicle sales were around 81 million units in 2021. Although the automotive industry sales recovered from the lows of Covid-affected quarters, it was still far behind the peak of ~94 million units in 2018. The automotive industry faced multiple supply-side disruptions that depressed global vehicle production, particularly in the second half of the year. The emergence of new Covid-19 variants and the geopolitical conflict in Europe compounded the supply-side challenges caused by the global semiconductor shortage. Wide-scale vaccination across the globe has helped the resumption of economic activities from the pandemic-induced restrictions, thus supporting the demand for new vehicles across the markets.

The automotive industry is in the midst of a transformational phase. Global megatrends such as evolving competitive landscape, electrification of powertrain, growing digitalisation and supply chain recalibration, are transforming the mobility industry at an unprecedented pace.

EVOLVING COMPETITIVE LANDSCAPE

The competitive realm of the automotive industry is shifting away from traditional classifications based on legacy, established production systems or geographical factors. Due to the convergence of multiple new technologies, the sector has witnessed a plethora of new entrants and new business models.

The industry now comprises the legacy brands, leading contenders from the globalization era and new technology companies. The automakers have reset the production lines to incorporate software, data and cloud as crucial elements of the final product, and the road has opened up for platforms and partnerships in the sector as participants bring varied, but complementary strengths to the table.

The basis of competition in the industry has shifted from cost-leadership and manufacturing excellence to leadership through technology and design excellence, complimented by mass customisation, which marks the current competitive frontier. As a result, the leading contenders in the global industry today comprise players with vastly differing origins.

ELECTRIFICATION

While the automotive industry had to navigate through various uncertainties in recent years, a sustained trend has been the accelerated adoption of EVs. Rising awareness regarding climate change, regulatory guidelines with regards to stringent emission and fuel economy norms, consumer preferences to reduce CO2 emissions, coupled with favourable government policies and fiscal support, are expected to drive the growth of electric vehicles over the foreseeable future.

As per IEA's Global Electric Vehicle Outlook 2022, sales of electric cars – battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) – nearly doubled year on year to 6.6 million in 2021, accounting for >8% of total light-vehicle sales. It increased from 4.0% in 2020 and from merely 0.9% in 2016. While EVs, including plug-in hybrids, remain a small market, executives and experts expect an aggressive ramp-up over the next decade. CY 2021 marked an inflection point in the electrification trend as BEV volumes have achieved critical mass, and nearly all major automakers have announced or indicated a pivot to electric vehicles.

By 2025, IEA expects global electric vehicle sales to reach ~15 million, accounting for ~15% of global light-vehicle sales by volume. By 2030, IEA expects global electric vehicle sales to cross 27 million, accounting for ~22% of light-vehicle sales.

GROWING DIGITALISATION

Technological advancements and rapid digitalisation have enhanced all vehicle life cycle stages, including R&D, design, production and on-road performance. Digitalisation drives higher process efficiency and has resulted in increased performance and safety. Customers' expectations have increased significantly, and the features and functions that a vehicle must offer, have become increasingly relevant, as they have started viewing vehicles as digital objects which are connected and need to integrate with other products in their environment. Therefore, the digital business models is becoming extremely significant to automakers.

Scalable central computing clusters, embedded artificial intelligence (AI) capabilities and connected experiences, delivered through tech ecosystems will characterise the future vehicle architectures. New automotive applications and services will leverage such technology to communicate road conditions, improve ride experiences and improve machine efficiencies and performance. Alongside digitalisation, the development of assisted and autonomous driving remains a crucial factor for the future of mobility. New paradigms in user experience and service offerings are clearly around the corner.

RECALIBRATION IN SUPPLY CHAINS

The pandemic brought to the fore challenges within the supply chain. The supply chain issues including a global shortage of semiconductor chips, which resulted in historically-low vehicle inventories and drove record pricing, amid resilient consumer demand and shift towards higher-value models, as automakers rationalised available supply towards premium products. Along with mass customisation, this may serve as a reset towards a lower sales channel inventory model for the industry.

INDUSTRY OUTLOOK

The outlook for 2022 is of continued recovery in vehicle sales, principally led by a gradual easing of supply-side constraints, particularly the availability of semiconductors. IHS Automotive expects the global light vehicle sales to reach ~80.4mn in 2022, but supply and demand issues, coupled with the ongoing pandemic risks, may cause hindrance to auto industry's recovery throughout the year.

COMPANY OVERVIEW

Sona BLW Precision Forgings Limited was incorporated in 1995 as Sona Okegawa Precision Forgings Limited in New Delhi, India. In 2013, the company was renamed as Sona BLW Precision Forgings Limited. After the acquisition of Comstar Automotive Technologies Private Limited in 2019, the Combined Entity has a new brand identity - Sona Comstar.

Sona Comstar 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 the US, Europe, India and China, for both electrified and non-electrified powertrain segments.

The Company has nine manufacturing and assembly facilities located across India, USA, Mexico and China, of which six are located in India. The facilities in India (Chennai), China, Mexico and USA manufacture conventional and micro/plug-in hybrid starter motors and BLDC/PMSM traction motors. The plants in Gurugram, Manesar and Pune (India) manufacture differential gears, differential assemblies and other gears. While the facilities in India are manufacturing plants, the facilities in the US, Mexico and China operate as satellite final assembly plants.

The company is a global supplier and around 76% of its revenues are from international sales. It is also one of the leading suppliers for battery electric vehicles, with 25% of its revenues being derived from the BEV market.

With a strong focus on research and development ("R&D"), it develops mechanical and electrical hardware systems and components, along with base and application software solutions, to meet the evolving demands of its customers. It is one of the few companies globally possessing 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, thereby enabling EV manufacturers to enhance the vehicle range, acceleration and overall efficiency.

It is a technology- and innovation-driven company, which is guided by an experienced Board of Directors and a professional management team with expertise in the automotive industry and a proven track record.

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

OPPORTUNITIES

"Electrification" – Capturing market opportunity in the growing EV space

The global trend toward electrification of vehicles continues to expand. Today, Sona Comstar's product offerings in all types of electrified powertrains, places it attractively to leverage the mega-market opportunity of the emerging and high growth EV business. Its commitment and focus on ESG will continue to increase as it plans to expand its EV revenue share. As of 31st March 2022, it had 30 EV programme awards across 19 unique customers. As part of its growth strategy, the Company plans to increase its market share in both the Indian and overseas markets by catering specifically to EV OEMs across both of its product lines:

- **EV geartrain components:** Anticipating the overall market shift towards electric mobility, it has developed its EV geartrain components, such as differential assemblies, differential gears and transmission gears, with core design features that meet the demand of increasing vehicle electrification such as high-power density, improved fuel efficiency and reduced weight. The Company has been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018. The consistent efforts undertaken by the Company to grow in this segment have enabled it to garner new business awards and strengthen its position to compete in the global marketplace. The Company remains confident of benefiting from the growing shift towards electrified drivetrains by further increasing its customer base and expanding its share of business with existing EV customers.

- **EV traction motors and motor control units:** With the growing market shift towards electrification of vehicles, the demand for hybrid and battery electric PVs, electric two-wheelers and three-wheelers are growing rapidly in India and globally. As the Company already designs and manufactures traction motors and motor control units for electric vehicles, with PMSM motors for EV and hybrid PVs and BLDC & PMSM motors for electric two-wheelers

Management Discussion and Analysis

and electric three-wheelers, it is well-positioned to benefit from the expected growth in the Indian EV market across all vehicle categories. It also pioneered the launch and commenced the supply of BLDC motors for Indian electric two-wheelers and three-wheelers in November 2020. As part of its growth strategy to establish market leadership in the Indian EV segment, it aims to increase its customer penetration and acquire new customers for its traction motors and controllers.

Increasing market share globally

- **Achieving significant global share from existing systems and components:** Sona Comstar has increased its global market share of differential gears and starter motors to 6.3% and 4.6%, respectively, in CY 2021, and from 5.0% and 3.0%, respectively, in CY 2020, as per the data from the Ricardo Report. As part of the strategy, the Company intends to penetrate the European market by supplying differential assemblies and differential gears, where it currently has a limited market share for its driveline products. It also plans to expand its presence in China to supply its micro/plug-in hybrid starter motors for PVs and LCVs and 48V BSG systems for hybrid PVs, as it expects to benefit from China's growing position as a leading market for EV manufacturers. As part of its growth strategy, the Company set up an assembly plant in China in 2015 and Mexico in 2017 in order capture a higher market share in the Chinese and North American markets.

- **Benefiting from the industry trend towards multi-axle vehicle drives:** According to the CRISIL Report, the automotive industry across the globe is experiencing an increased market preference for multiple axle vehicles in PVs, CVs and tractors. A gradual shift in demand towards four-wheel-drive vehicles, particularly in the utility vehicle segment, is projected to result in higher per-vehicle gear content. It expects this trend to increase the demand for its differential gears significantly and aims to achieve its growth objectives by capitalising on this shift in market preference for multiple axle vehicles.

- **Benefiting from integrated powertrain systems in EVs:** Today, it is among the limited number of players who are well placed to combine its motor and driveline capabilities to offer a compelling value proposition to its EV customer base. Integrated drive units have three key components namely, differential assembly, high voltage traction motors and high voltage inverters. Since it already manufactures electric drive motors and inverters for electric 2-wheelers and hybrid PVs, as well as differential assemblies for battery electric passenger vehicles, it is placed uniquely to integrate the three key constituents of the electric powertrain into a single matched unit, offering an efficient and compact solution to EV OEMs.

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

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

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

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

THREATS, CONCERNS AND RISKS

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

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

Escalation of geopolitical uncertainty

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

Volatility in key Raw Materials

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

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

The Company operates globally and can be affected by unprecedented general crises like the Covid-19 pandemic. This pandemic led to a significant downturn in the global economy and substantial curtailment of business activities worldwide. There remains a possibility that this crisis or a similar public health threat, could substantially affect the businesses' financial condition and operations.

Change in regulations and industry trends

The automotive industry is subject to environmental and other regulations, and therefore any adverse impact on the industry in general and the Company's customers, due to any change in such rules, can affect its business. Further, there has been a a gradual shift in the industry 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

The Company believes that 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 Company's internal control systems are regularly tested for design, implementation and operating effectiveness. Overall, the Company has a robust risk management framework, that enables is to effectively manage and report on risks.

Outlook

The Financial Year 2021-22 would be remembered for its challenges in the form of supply-side disruptions in the automobile industry. Additionally, the emergence of subsequent waves of the pandemic, with varied intensity and duration across the globe, also impacted the industry.

Various industry reports and experts anticipate the chip shortage issue to improve going ahead. The Company is better equipped to handle the challenges from any subsequent wave of the Covid-19 pandemic.

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

Growth in the EV segment and global market share would be the cornerstones of the Company's growth strategy. Electrification is likely to gain further traction, and projections by renowned industry publications indicate an acceleration in the customer preference for electric vehicles due to multiple factors such as improved infrastructure, reduced cost of ownership and fiscal incentives over the foreseeable future. The Company remains confident that it is well-positioned to gain from this megatrend.

Overall, the Company is well placed to meet the automotive industry's near-term challenges and continue to generate sustainable long-term value for its stakeholders.

FINANCIAL OVERVIEW

Consolidated Income Statement Summary

(INR million)

Particulars	Consolidated		
	FY22	FY21	YoY (%)
Net Revenue from operations	21,306	15,663	36%
Operating Expenditure	15,715	11,253	40%
EBITDA	5,591	4,410	27%
Other Income	200	23	755%
Finance Cost	183	325	-44%
Depreciation	1,420	969	46%
Adjusted PBT*	4,189	3,139	33%
PBT	4,322	3,000	44%
Tax	706	848	-17%
PAT	3,615	2,152	68%
EPS (Diluted)	6.2	3.8	66%

*Adjusted PBT is PBT plus exceptional expense or minus exceptional income

Revenues from operations

The consolidated revenue in Financial Year 2021-22 grew by 36% over Financial Year 2020-21. The BEV revenue registered a growth of 145%, whereas the non-BEV revenue grew by 20% on a year-on-year basis despite a decline of ~4% in Sona BLW's key markets of Europe and USA.

Expenses

The total expenses registered a year-on-year increase of 38% at INR 17,318 million in Financial Year 2021-22 compared to INR 12,547 million during Financial Year 2020-21.

(INR million)

Expenditure Break-up	FY22	% of Total Income	FY21	% of Total Income	YoY change (FY22vs. FY21)
Material Cost*	9,456	44%	6,453	41%	47%
Employee Cost	1,689	8%	1,474	9%	15%
Finance Cost	183	1%	325	2%	(44%)
Depreciation	1,420	7%	969	6%	46%
Other Expenses	4,571	21%	3,325	21%	37%
Total Expenses	**17,318**	**81%**	**12,547**	**80%**	**38%**

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

Material cost

The cost of materials consumed primarily includes the cost of raw materials, such as special steel alloy bars, iron castings, steel blanks and bolts, for the manufacturing of differential gears, differential assemblies, steel forgings, copper enamelled

Management Discussion and Analysis

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 44% and 41% of total income for FY 2021-22 and FY 2020-21, respectively. Material cost increased due to the increase in raw material prices and favourable impact of the product mix of sales .

Employee benefit expenses

Employee benefit expenses primarily include salaries, wages, bonus paid to employees and employee welfare expenses. This increased by 15% to INR 1,689 million in FY 2021-22 from INR 1,474 million in FY 2020-21, due to increase in number of employees because of increased scale of operations and annual increments paid to employees during the period.

Finance costs

Finance costs decreased by 44% to INR 183 million in FY 2021-22 from INR 325 million in FY 2020-21. The decrease is primarily due to the repayment of long-term borrowings from IPO proceeds.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by 46% to INR 1,420 million in FY 2021-22 from INR 969 million in FY 2020-21. Increase in depreciation was on account of additions in property, plant & equipment, and increase in amortization is due to the full year impact of intangibles under development for BSG and BLDC, capitalised in the fourth quarter of FY 2020-21.

Other expenses

Other expenses primarily comprise manufacturing, administrative, 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, among others..

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

Other expenses remained unchanged at 21% of the total income in FY 2021-22.

Exceptional items

Exceptional Item of INR (133) million during FY 2021-22, represents the recovery of IPO-related expenses incurred by the company until 31st March, 2021, from the selling shareholder. During FY 2020-21, exceptional item of INR 139 million represents the IPO-related expenses incurred by the Company until 31st March, 2021, which was charged to our profit and loss account.

Tax expense

Our tax expense was lower by INR 142 million at INR 706 million in FY 2021-22 compared to INR 848 million in FY 2020-21. It was because of a certain one-time tax adjustments during Fiscal 2022.

EBITDA, PBT and PAT

EBITDA for FY 2021-22 increased to INR 5,591 million from INR 4,410 million in FY 2020-21 and Adjusted PBT for FY 2021-22 increased to INR 4,189 million from INR 3,139 million in FY 2020-21. PAT for FY 2021-22 increased to INR 3,615 million from INR 2,152 million inFY 2020-21.

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

(INR million)

Key Financial Ratios (Standalone)	FY22	FY21
Long-Term Borrowing	438	1,907
Short term borrowing	266	1,740
Total Debt	**704**	**3,647**
Cash & Cash equivalent and other bank balances	773	276
Net Debt	(69)	3,371

The Company's total debt stood at INR 704 million as of 31st March, 2022, compared to INR 3,647 million as on 31st March, 2021. The net cash and cash equivalents available with the Company as on 31st March, 2022, were INR 773 million and the net debt amounted to negative INR 69 million.

Key Financial Ratios

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

Key Financial Ratios (Standalone)	FY22	FY21
EBITDA margin* (%)	26.2%	28.2%
PAT Margin** (%)	17.0%	13.7%
Net Debt to Equity***	0.00	0.24
Net Debt to EBITDA***	(0.01)	0.76
Return on Equity (%)	36.3%	34.6%
Return on Capital employed (%)	32.4%	36.1%
Working Capital Turnover	3.9	3.9
Current Ratio***	2.5	1.8

*FY 2021-22 EBITDA margin is 200 bps lower due to net effect of adverse impact of increase in raw material prices, lower forex gain and favourable impacts of the product mix & operating leverage .

1) **FY 2021-22 PAT margin registered an increase of 330 bps on a Y-o-Y basis despite lower EBITDA margin. This is due to lower finance cost because of IPO proceeds and lower tax because of certain one-time tax adjustments.

2) ***Net debt has decreased due to IPO proceeds

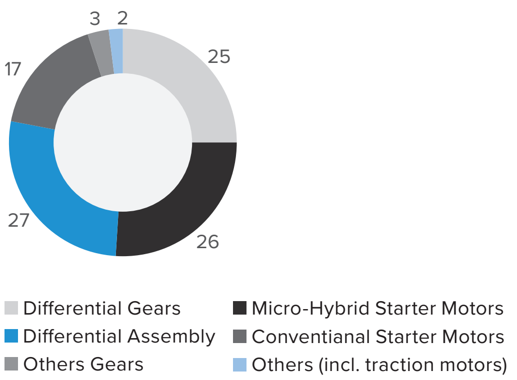
Basis of calculation of the ratios:

- Net Debt to Equity is calculated as Total Debt less Cash and cash equivalents/ Equity
- Net Debt to EBITDA is calculated as Short-term & long-term debt less Cash & bank balances / EBITDA
- ROE (%) is calculated as PAT/ Average tangible net worth
- ROCE (%) is calculated as EBIT/ Average tangible capital employed
- Working Capital Turnover calculated as Revenue/ Average net working capital
- Current Ratio is calculated as Current Asset/ Current Liabilities

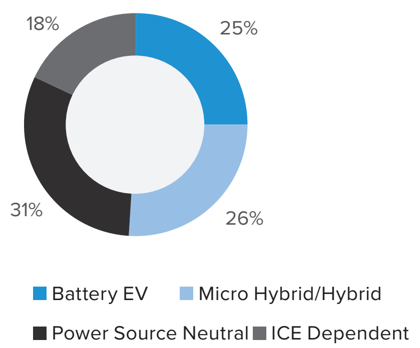
SEGMENT – WISE OR PRODUCT – WISE PERFORMANCE

Diversified Presence across Product Categories and Powertrain Segment

Revenue Mix, by Product – FY22



Revenue Mix, by Powertrain – FY22

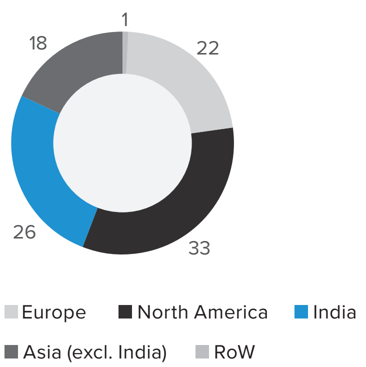


With regards to product segments, 25% of FY 2021-22 revenues came from differential gears, 26% from micro-hybrid starter motors, 27% came from differential assembly, and 17% from conventional starter motors.

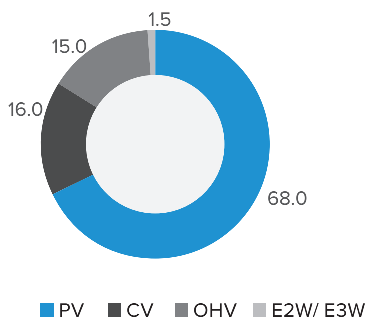
In terms of powertrain, Battery EV contributed to 25% of FY 2021-22 revenues, micro hybrid/hybrids contributed around 26%, and power source neutral and and ICE accounted for 31% and18%, respectively.

Diversified presence across geographies and automotive segments

Revenue Mix, by Geography – FY22



Revenue Mix, by Vehicle Segment – FY22



Management Discussion and Analysis

Being a global supplier, 74% of the revenues of Sona Comstar was dependent upon geographies outside India and remaining 26% from India. Key regions for the Company are North America (~33%, Europe (~22 %), India (26%) and Asia , excluding India (18%).

In terms of vehicle segments, Passenger Vehicles (PV) contributed 68% of FY 2021-22 sales, off highway vehicles contributed 15% and Commercial Vehicle (CV) contributed 16%.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company has always believed that the commitment, motivation and skills of its employees are key ingredients for its success. The Company's employees form an important aspect of everything that the organisation does, and their contribution in the Company's journey will always be essential towards achieving organisational goals.

Over the years, the firm has implemented human resource policies, which supports the business in achieving sustainable and responsible growth by creating a conducive work environment for its employees.

The Company is able to attract the best talent due to its inclusive culture and the immense opportunities available for nurturing their talent. It 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.

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 function areas.

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

It has also undertaken various measures, including implementation of policies for career enhancement to professional levels for operators, industry relations policies to improve employee and employer relationship and hiring of trainees and temporary manpower to meet its requirements.

Additionally, the Company strongly believes that the hard work of its people should be rewarded to further improve motivation and engagement levels of its employees. During the year,, it undertook necessary initiatives to reward its people with proper recognition for their positive efforts towards their job.

For the Company, these initiatives have helped them to maintain an excellent track record of harmonious industrial relations. The industrial relations of the Company remained cordial and peaceful during the year under review. The total employee strength of the company stood at 3,555 employees, comprising of 1,311 on-roll and 2,244 off-roll employees as on 31st March, 2022.

Awards & Rewards Program

The Company undertakes various initiatives to recognise and reward its employees under various employee related aspects like agility, vitality and frugality and integrity.

During the year gone by, the Company undertook multiple initiatives to recognise employee contributions such as the 'On the Spot Awards', 'Star of the Month', 'Star of the Year', 'Suggestion scheme', 'ROWE Star program'. It believes that such initiatives encourages its employees, but also enables the company to instil a sense of ownership and betterment in the areas of work of their employees.

Employee engagement

The Company believes in actively engaging with its employees to keep them motivated, aligned and to provide an appropriate framework within which would allow them perform as per their potential.

During FY2021-22, the Company actively participated in over 100+ internal and external competitions. Also, a considerable amount of encouragement has been given to internal and external process improvement competitions like Kaizen, Poka-yoke, 5S and TQM, among others.

As an organisation, it values its employee's association with the Company. It recognises employees who have stayed with the Company for a considerable amount of time and rewards for them for their loyalty. The Company believes that a long tenure shows a gesture of trust and goes a long way to positively drive the organisation to achieve its milestones.

The Company also gives utmost importance to keep the work environment engaging by conducting employee engagement programmes every month. Additionally, regular events like Women's Day celebration, birthday celebrations, safety meetings and regular meetings with mid-level leaders, senior Management and CEO.

Learning and development

The Company organises a number of learning and development initiatives for its employees. During FY 2021-22, 116+ training programmes, 85 free online learning courses and other department-specific training programmes like ‘Nachi Robotics’, ‘Design of High Voltage Electric motors’, ‘Inverters for EV’ and ‘HEV Applications’ and ‘SIX Sigma’, among others, were conducted.

Necessary initiatives are consistently undertaken to equip the employees with new resources and learnings by conducting specialised training as well as various tailor-made specialised skill-set programmes. The Company believes that these initiatives would go a long way to assist the Company to have a well-equipped talent pool / pipeline for the future.

The Company gives utmost importance to the safety, health and well-being of its employees. During FY 2022, executive health check-ups and health camps were organised to promote the physical well-being of the employees. Additionally, the HR team undertook initiatives to connect with the employees and their families to support them help them cope with the Covid-induced challenges.

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

Dear Members,

The Board of Directors have pleasure in presenting their twenty sixth (26th) Annual Report along with the audited Financial Statements (Standalone and Consolidated) of the Company for the Financial Year ended 31st March, 2022.

1. FINANCIAL HIGHLIGHTS & PERFORMANCE

The financial performance of the Company (Standalone and Consolidated) for the Financial Year ended 31st March, 2022 is as under:

(INR in million)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	19,390.49	14,000.44	21,306.40	15,663.00
Other Income	509.98	368.75	200.26	23.41
Total Income	**19,900.46**	**14,369.19**	**21,506.66**	**15,686.41**
Total expenses	**15,865.46**	**11,316.70**	**17,317.60**	**12,547.38**
Profit before exceptional items and tax	**4,035.01**	**3,052.49**	**4,189.05**	**3,139.02**
Less: Exceptional Items	(132.70)	139.06	(132.70)	139.06
Profit before tax	4,167.71	2,913.43	4,321.75	2,999.96
Less Total Tax Expenses	**632.32**	**753.04**	**706.325**	**848.31**
Profit for the period/year	**3,535.38**	**2,160.39**	**3,615.43**	**2,151.65**
Other comprehensive (loss)/income for the period/ year	(11.52)	(15.49)	28.70	(12.44)
Total comprehensive income for the period/ year	**3,523.86**	**2,144.90**	**3,644.13**	**2,139.21**
Earnings per share (Basic) (in INR)	6.08	3.77	6.22	3.76
Earnings per share (Diluted) (in INR)	6.08	3.77	6.21	3.75

Standalone

The standalone revenue from operations increased by 39% to INR 19,390.49 million for Fiscal 2022 from INR 14,000.44 million for Fiscal 2021, 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 passenger vehicle and commercial vehicle markets. Profit before exceptional items and tax in Fiscal 2022 was INR 4,035.01 million as compared to INR 3,052.49 million in Fiscal 2021, reflecting an increase of 32% from the previous year. Profit after tax (PAT) in the Fiscal Year 2022 was INR 3,535.38 million as compared to INR 2,160.39 million in Fiscal 2021, reflecting an increase of 64% from the previous year due to certain one-time tax impact.

Consolidated

The consolidated revenue from operations increased by 36% to INR 21,306.40 million for Fiscal 2022 from INR 15,663.00 million for Fiscal 2021, primarily 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 passenger vehicle and commercial vehicle markets. Profit before exceptional items and tax in Fiscal 2022 was INR 4,189.05 million as compared to INR 3,139.02 million in Fiscal 2021, reflecting an increase of 33% from the previous year. Profit after tax (PAT) in the Fiscal Year 2022 was INR 3,615.43 million as compared to INR 2,151.65 million in Fiscal 2021, reflecting an increase of 68% from the previous year due to certain one-time tax impact.

2. PERFORMANCE OF THE COMPANY AND INDUSTRY OVERVIEW

In Fiscal 2022, Your Company continued its growth momentum as it scaled new benchmarks in Revenue and Profitability. Its Consolidated Revenue, EBITDA and Profits (before tax and exceptional items) were INR 21,306.40 million, INR 5,591.01 and INR 3,615.43 million respectively. Growth was led by the strong traction in the EV business which witnessed revenues more than double compared to the prior year. Further, the Motor business also contributed to the EV growth trajectory. This performance was achieved in the backdrop of a challenging operating environment characterised by stop start economic activity due to subsequent waves of COVID-19, high inflation and an all-round rise in operating costs. This was accentuated by the disruption in the global supply chain which constrained availability of inputs, most notably causing a shortage of semi-conductors for the auto industry worldwide.

Encouragingly, it was witnessed that most countries and regions experienced more rapid recovery in economic activity following subsequent waves. Further, the scale-up and success of vaccination Programmes enabled faster resumption by mitigating the severity of subsequent waves. The auto industry responded to the constrained availability in semi-conductors by prioritising production of higher value vehicles and those with newer technologies. As a result, global sales of automobiles have started to recover due to the pent-up demand, preference for personal mobility and increasing acceptance of newer technologies like EVs and hybrid vehicles.

While the multiple factors such as subsequent waves of the pandemic, disruption in supply chain, constraints to timely availability and transportation of raw materials and the compounding effect on vendors, suppliers and contractors intensified the challenges, your Company did not experience any interruption in the ability to supply systems and components and ensured that customers did not experience any disruption to their product lines. Your Company was able to continue to drive business development and won 43 new programmes during the last three quarters for the Fiscal 2022. As of 31st March, 2022, we have total 30 EV Programmes, out of which 9 EV programmes are under serial production and 21 Programmes will undergo serial production in the Fiscal 2023 or later depending upon customer production schedules.

Your Company undertook active measures to promote health and safety and social distancing efforts and enforced all guidelines and protocols stringently. Another significant area of focus remains to train and create enough learning opportunities for its workforce as well as undertaking initiatives to maintain harmony in the workplace. During the Fiscal 2022, your Company has added to its workforce with focus on augmenting R&D capabilities through significant additions to the R&D team.

During the year under review, your Company commenced construction of its new facility at Chakan (Pune), which will be the tenth facility globally and the seventh in India. Further, your Company has made exciting progress in new product areas including winning its maiden order for an Integrated Motor Controller Module and expanding driveline products portfolio with two new products namely Spool Gear and Epicyclic Geartrain, which find application in the EV drivetrains. The Company also launched its next generation of motors and controllers with high efficiency, torque and power density, including the introduction of its maiden motor T-REF, which is made without use of rare earth elements. Besides these, the Company has also formed three technology partnerships for the development of different technology of motors. These partnerships were 1) with IRP of Israel to co-develop a magnet-less motor for electric two- and three-wheelers, 2) with Enedym Inc., a Canadian company for development of next-generation switched reluctance motors, and 3) with C-Motive, a US based company, for the development of motors based on electrostatic technology.

As per Nomura research reports' data, global light vehicle sales declined by 3% to 79.5 million in the Fiscal 2022 from 82.3 million in the Fiscal 2021, whereas the Company's revenue from operations grew by 36% in the same period.

By 2025, IEA expects global electric vehicle sales to reach ~15 million, accounting for ~15% of global light-vehicle sales by volume. By 2030, IEA expects global electric vehicle sales to cross 27 million, accounting for ~22% of light-vehicle sales.

The outlook for the Fiscal 2023 is one of continued industry recovery, principally in terms of underlying demand. This should be supported with build-back by OEMs gaining speed through the year as supply chain issues related to semiconductors are expected to ease. As per Nomura, the global light vehicle market is expected to grow to around 85.5 million in the calendar year 2022.

3. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report for the Financial Year 2021-22, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which forms part of this Annual Report.

4. CORPORATE DEVELOPMENTS

Initial Public Offer

Your Company has successfully completed the initial public offering of its equity shares **("IPO")** which comprised of fresh issue of 10,309,278 equity shares aggregating to INR 3,000 million by the Company **("Fresh Issue")** and an offer for sale of 180,412,371 equity shares aggregating to INR 52,500 million through book building process.

The net proceeds from the Fresh Issue were fully utilised for the objects as disclosed in the Prospectus, viz; INR 2,411.17 million towards repayment and pre-payment of identified borrowings of the Company and INR 523.13 million towards general corporate purpose and INR 65.70 million towards IPO expenses.

Scheme of Amalgamation of Comstar Automotive Technologies Private Limtied with the Company

Your Company has filed a Scheme of Amalgamation **(Scheme)** of Comstar Automotive Technologies Private Limited **("Comstar")**, a wholly-owned subsidiary with itself before the Hon'ble National Company Law Tribunal, Chandigarh Bench **(NCLT)** on 10th January, 2020. The Scheme was sanctioned by NCLT vide its Order dated 7th January, 2022. The certified true copy of the Order was filed by the Company and Comstar with the Registrar of Companies NCT of Delhi & Haryana on 28th January, 2022. The Scheme has become effective from 28th January, 2022 with the appointed date of 5th July, 2019.

5. TRANSFER TO RESERVES

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

6. DIVIDEND

The Board of Directors at their meeting held on 5th May, 2022 has recommended the payment of INR 0.77 per equity share of the Company having the face value of INR 10/- each as final dividend for the Financial Year ended 31st March, 2022. The final dividend will be paid to the shareholders who are holding the shares of the Company as on Thursday, 30th June, 2022. The payment of final dividend is subject to the approval of the shareholders in the ensuring Annual General Meeting of the Company.

During the year under review, the Board of Directors of the Company at their meeting held on 1st February, 2022, declared an interim dividend of INR 0.77 per equity share of the Company having face value of INR 10/- each. The interim dividend was paid to the shareholders on 25th February, 2022.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders.

The abovesaid dividend declared is in accordance with the Dividend Distribution Policy of the Company. 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.

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

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

8. CHANGE IN SHARE CAPITAL OF THE COMPANY

Allotment of equity shares pursuant to initial public offer

During the year under review, your Company has allotted 10,309,278 equity shares at an offer price of INR 291/- each, as part of IPO of the Company. With the said allotment, the paid-up equity share capital has increased to INR 5,832,898,380 consisting of 583,289,838 equity shares of INR 10/- each from INR 5,729,805,600 consisting of 572,980,560 equity shares of INR 10/- each.

Allotment of Equity Shares under Sona BLW Precision Forgings Limited-Employee Stock Option Scheme -2020

During the year under review, your Company has allotted 1,062,872 equity shares of the Company having face value of INR 10/- each fully paid-up to the eligible employees of the Company upon exercise of the vested options, as granted to them, under the Sona BLW Precision Forgings Limited-Employee Stock Option Scheme-2020 **("ESOP Scheme-2020")**.

As a result, the paid-up share capital of the Company increased from INR 5,832,898,380 consisting of 583,289,838 equity shares of INR 10/- each to INR 5,843,527,100 consisting of 584,352,710 equity shares of INR 10/- each. The equity shares allotted under the ESOP Scheme-2020 rank *pari-passu* with the existing equity shares of the Company.

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

The Company has not issued any sweat equity shares to its directors or employees.

Consolidation of Authorised Share Capital due to Merger of Comstar with the Company

During the Financial Year under review, Comstar Automotive Technologies Private Limited, an erstwhile wholly-owned subsidiary, merged with the Company, and pursuant to the Scheme of Amalgamation, the authorised share capital of Company increased from INR 10,000,000,000 to INR 11,500,000,000.

9. CHANGE IN NATURE OF BUSINESS

During Financial Year 2021-22, there was no change in the nature of Company's business.

10. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

As at 31st March, 2022, the Company has 4 (four) directly held subsidiaries and 5 (five) step down subsidiaries, the details of which is given in the Annual Return **(Form MGT-7)** of the Company which is available on the website of the Company at https://sonacomstar.com/investor/annual-reports-and-returns.

Pursuant to Section 129(3) of the Companies Act, 2013 **('Act')**, the Company has prepared the Consolidated Financial Statements, which forms part of this Annual Report. Further, a statement containing salient features of Standalone Financial Statements of subsidiaries in Form AOC-1, is attached to the Consolidated Financial

Statements of the Company and therefore not repeated in this report for the sake of brevity.

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

Cessation of Comstar Automotive Technologies Private Limited as subsidiary of the Company

Consequent to the merger of Comstar Automotive Technologies Private Limited **(Comstar)**, an erstwhile wholly-owned subsidiary with the Company, during the year under review, Comstar ceases to be the wholly-owned subsidiary of the Company and the two subsidiaries of Comstar i.e Comstar Automotive USA LLC and Comstar Automotive Technology Services Private Limited, became the direct subsidiary of the Company.

Save and except as provided herein above, no other company has become or ceased to be subsidiary, joint venture or associate of the Company during the year under review.

Material subsidiaries

As on 31st March, 2022, your Company had one material subsidiary viz. Comstar Automotive USA LLC **('Comstar USA')**.

Pursuant to Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Jeffrey Mark Overly, Independent director of the Company was appointed as Director on the Board of Comstar USA with effect from 16th February, 2021.

However, pursuant to the definition of material subsidiary under Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the income or networth of Comstar USA has fallen below the threshold limit of 10 % of consolidated income or networth of the Company of the Financial Year ending 31st March, 2022. Accordingly, Comstar USA ceases to be the material subsidiary of the Company with effect from 1st April, 2022.

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

11. CORPORATE GOVERNANCE

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** to this Report.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

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

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

Re-appointment of Mr. Vivek Vikram Singh (DIN: 07698495) as the Managing Director & Group CEO

The tenure of Mr. Vivek Vikram Singh (DIN: 07698495) as the Managing Director & Group Chief Executive Officer shall expire on 4th July, 2022. The Board at its meeting held on 9th June, 2022, based on the recommendation of the Nomination and Remuneration Committee ('NRC'), has re-appointed Mr. Vivek Vikram Singh (DIN: 07698495) as Managing Director & Group CEO of the Company with effect from 5th July, 2022, to hold office for a term of 5 consecutive years commencing from 5th July, 2022 to 4th July, 2027 (both days inclusive), and approved the remuneration payable to Mr. Vivek Vikram Singh, subject to approval of the Shareholders of the Company in the ensuing Annual General Meeting.

Re-appointment of Mr. Amit Dixit as Director

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Amit Dixit (DIN: 01798942), Non-Executive Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company and on the recommendation of the Nomination and Remuneration Committee, the Board recommends re-appointment of Mr. Amit Dixit (DIN: 01798942) as director liable to retire by rotation.

In the opinion of the Board, all the Directors as well as the Directors proposed to be appointed/re-appointed, possess the requisite qualifications, experience and expertise and hold high standards of integrity.

The list of key skills, expertise and core competencies of all Directors and number of Board and its Committee meetings attending by them is provided in the Corporate Governance Report forming the part of this Board's Report.

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

Key Managerial Personnel

As on 31st March, 2022 following are the Key Managerial Personnel **('KMP')** of the Company as per Section 2(51) and 203 of the Companies Act, 2013:

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

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

13. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors on the Board of the Company have submitted requisite declarations to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Act and regulation 16(1)(b) of the 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 pertaining to the 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, recognised and are doyen of the industry. There is an optimum mix of expertise (including financial expertise), leadership and professionalism.

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

The remuneration paid to the Directors, Key Managerial Personnel and Senior Management is in accordance with the Nomination and Remuneration Policy of the Company formulated in accordance with Section 178 of the Act and regulation 19 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, details on the same are given in the Corporate Governance Report which forms part of this Annual Report.

Further, the Managing Director & Group CEO of the Company is not in receipt of remuneration and commission from holding company or subsidiary company.

The erstwhile holding company (and now a major 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 rewarded/will reward certain identified employees of the Company and/or its subsidiaries (including each of Key Managerial Personnel and Executive Director(s) who are not promoters of the Company) with cash rewards based on certain disposition event(s) in relation to its interest in the Company. These cash awards were paid/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 and Shareholders of the Company have approved the ERI Plan, in its meeting held on 6th August, 2021 and 9th September, 2021 respectively, in compliance with regulation 26(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, Singapore VII paid part of cash reward to the identified employees (including the Managing Director and Group CEO) of the Company.

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

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

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 **(Rules)** is provided in a separate **Annexure-B** forming part of this Report.

As per second proviso to Section 136(1) of the Act and second proviso of Rule 5 of Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) and 5(3) of Rules. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company or by way of e-mail at investor@sonacomstar.com.

16. BOARD EVALUATION

The Board of Directors of the Company in its meeting held on 1st February, 2022 amended the policy for evaluation of the performance of the board of directors ("Policy") in compliances with the provision of Section 178 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The criteria of evaluation are based on "Guidance note on Performance Evaluation" issued by the Securities and Exchange Board of India on 5th January, 2017.

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of all the Directors individually and the Chairperson.

Feedback

Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from the Directors.

Evaluation of Committees

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

Evaluation of Directors and Board

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

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

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

The evaluation of the Board was based on the criteria such as structure and composition of the Board, frequency of meetings, adequacy of time allocated at the Board Meetings, adequacy and timeliness of the agenda and minutes circulated, functions of the Board, governance and compliance etc.

Evaluation for Independent Directors

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

Results of Evaluation

The outcome of such performance evaluation exercise was discussed at a separate meeting of the Independent Directors held on 23rd March, 2022 and was later tabled at Nomination and Remuneration Committee and the Board of Directors of the Company held on the same day.

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

Directors' Report

17. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

All Independent Directors are familiarised with the operations and functioning of the Company. The details of the training and familiarization program are provided in the Corporate Governance Report.

18. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Directors of the Company state that:

1. in the preparation of the annual accounts for the Financial Year ended 31st March, 2022, the applicable accounting standards were followed, along with proper explanation relating to material departures;

2. they have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31st March, 2022 and of the profit and loss for that period;

3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

4. that the annual accounts for the Financial Year ended 31st March, 2022 have been prepared on a going concern basis;

5. that 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. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

19. EMPLOYEE STOCK OPTION SCHEME-2020

In terms of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021/ SEBI (Share Based Employee Benefits) Regulations 2014, (to the extent applicable), as amended, from time to time, the Nomination and Remuneration Committee of your Board (also designated as the Compensation Committee) *inter-alia* administers and monitors the Sona BLW Precision Forgings Limited- Employee Stock Option Scheme-2020" **("ESOP Scheme-2020")** of your Company.

During the year under review, no fresh grants were made under the ESOP Scheme-2020.

Applicable disclosures as stipulated under the SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **("SEBI SBEB Regulations")** (wherever applicable) with regard to the ESOP Scheme are available on the Company's website at https://sonacomstar.com/investor/annual-reports-and-returns.

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

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

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

21. DEPOSITS

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

22. MATERIAL CHANGES

There have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

23. RELATED PARTY TRANSACTIONS

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

There were no contracts, arrangements or transactions entered into during the year under review that fall under the scope of Section 188(1) of the Companies Act, 2013 except transfer of 15 Nos of AC induction motor to Comstar Automotive Technologies Private Limited (erswhile wholly-owned subsidiary of the Company) for a consideration of approximately INR 308,557/- which was not in the ordinary course of business.

As required under the Companies Act, 2013, the prescribed Form AOC-2 is appended as **Annexure-C** to this Report.

The Board has amended the policy on Related Party Transactions as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is available on the website of the Company at https://sonacomstar.com/policies-and-codes.

The Company in terms of regulation 23 of the Listing Regulations submitted disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards to the stock exchanges. The said disclosures can be accessed on the website of the Company at https://sonacomstar.com/investor/financial-information.

Related party Transactions are detailed in Note 36 to the Standalone Financial Statements of the Company.

24. MEETINGS OF THE BOARD

During the year under review, nine (9) meetings of the Board were held. The details of the meetings of the Board of Directors during the Financial Year 2021-22 are given in the Corporate Governance Report, which forms the 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details and attendance of meetings of the board, its committees and the annual general meeting are mentioned in the Corporate Governance Report, which forms part of this Report.

25. COMMITTEES OF THE BOARD

The Board of Directors of the Company have the following committees:

- Audit Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee;
- Stakeholders Relationship Committee;
- Risk Management Committee;
- Environment, Social Governance Committee;
- Capex Committee.

During the year under review, the Board of Directors constituted a committee called the Environment, Social Governance **(ESG)** Committee to have an oversight over the implementation of ESG Framework of the Company.

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

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

26. DOWNSTREAM INVESTMENT

During the Financial Year 2021-22, the Company has not made any downstream investment which tantamount to indirect foreign investment. Hence, the requirement of obtaining certificate from the statuary auditors under the extant Foreign Exchange Management (Non- debt Instruments) Rules, 2019 is not applicable.

27. AUDITORS AND AUDIT REPORT

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. PI & Associates, Practicing Company Secretaries, as Secretarial Auditors to undertake the audit of the secretarial records for the Financial Year 2021-22.

The Secretarial Auditors' Report for the Financial Year 2021-22 does not contain any qualification, reservation or adverse remark and enclosed as **Annexure-D** to this report.

Further, the Board of Directors in their meeting held on Thursday, 5th May, 2022 re-appointed M/s. PI & Associates, Company Secretaries, as Secretarial Auditors, to undertake the audit of the secretarial records for the Financial Year 2022-23.

Statutory Auditors

M/s. Walker Chandiok & Co., Chartered Accountants (FRN No. 001076N) was appointed as statutory auditors for a period of 5 (Five) years in the 21st annual general meeting held on 28th September, 2017 till the conclusion of ensuring 26th Annual General Meeting.

M/s. Walker Chandiok & Co., Chartered Accountants (FRN No. 001076N) are eligible to be re-appointed for another term of 5 (five) years in terms of the provisions of Section 139 and 141 of the Act.

Accordingly, the Board of Directors of the Company at their meeting held on 9th June, 2022, on the recommendation

Directors' Report

of the Audit Committee and subject to the approval of the shareholders of the Company in the ensuing AGM, have approved the re-appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as Statutory Auditors, for a second term of 5 consecutive years i.e., from the conclusion of the 26th AGM till the conclusion of 31st AGM of the Company.

The Statutory Auditors' Report on standalone and consolidated financials for Financial Year 2021-22, does not contain any qualification, reservation or adverse remark or disclaimer and the same forms part of this Annual Report.

Cost Auditors

Consequent to the merger of Comstar with the Company, the Company is required to maintain cost records for certain products of Motor business, for Financial Year 2022-23 as specified by the Central Government under sub- Section (1) of Section 148 of the Act.

The Board of Directors of the Company at its meeting held on Thursday, 5th May, 2022, on the recommendations made by the Audit Committee, have appointed M/s. Jayaram & Associates, as Cost Auditors of the Company to conduct the audit of cost records of certain products for the Financial Year 2022-23.

M/s. Jayaram & Associates, being eligible, have consented to act as the Cost Auditors of the Company for the Financial Year 2022-23.

Internal Auditors

The Board of Directors have in their meeting held on 09th June, 2022, appointed M/s. BDO India LLP (Firm Registration No. MCA: AAB-7880), as Internal Auditors of the Company for the Financial Year 2022-23.

28. INTERNAL CONTROL SYSTEM

The Company has in place internal control system, which is commensurate with its size, scale and complexities of its operations M/s. BDO India LLP (Firm Registration No. MCA: AAB-7880), was appointed as Internal Auditor of the Company for the Financial Year 2022-23.

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.

29. REPORTING OF FRAUD

During the year under review, none of auditors have reported any instances of fraud committed in the Company by its officers or employees to the Audit Committee, under Section 143 (12) of the Companies Act, 2013.

30. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The total CSR Obligations of the Company, including the CSR obligations of the erstwhile wholly owned subsidiary of the Company; i.e. Comstar Automotive Technologies Private Limited **("Comstar")**, which was merged with the Company w.e.f January 28, 2022, for the Financial year 2022 was INR 55.10 million. Out of which, the Company had spent INR 40.11 million, during the Financial Year ended 31st March, 2022 and the remaining unspent amount of INR 15 million for the Financial Year 2021-22, which pertains to ongoing projects was transferred to the Unspent CSR Account of the Company on 26th April, 2022.

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.

The Annual Report on CSR activities having a brief overview of the projects undertaken, as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been annexed as **Annexure-E** of 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 Act. The CSR Policy of the Company is available on the website of the Company at https://sonacomstar.com/investor/corporate-social-responsibilities.

31. AWARDS AND RECOGNITIONS

We are happy to inform that your Company has received the following recognitions/awards during the period under review:

S. No.	Award Category	Awarded by
1.	2020 Vision Award	League of American Communications Professionals LLC (LACP)
2.	Best Supplier of the Year Award - 2021	Indian Tier 1 Supplier for CVs
3.	Overall Performance Award	Indian OEM of PVs
4.	Export Excellence Award 2019-20 - Highest Investment in Engineering Sector	MEPZ
5.	Export Excellence Award 2018-19 - Highest Employment in Engineering Sector	MEPZ
6.	VC Circle Awards 2022 in the category, "Industrial Company of the Year"	VC Circle
7.	Best in Class Quality and Delivery Performance – Financial Year19	Global OEM of OHVs

32. 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 categorisation of potential risks, their assessment and mitigation and to monitor these risks.

The Board has entrusted the Risk Management Committee **(RMC)** with overseeing the processes of identification, evaluation and mitigation of risks. The RMC *inter alia* periodically reviews the organisational risks that are spread across operational, financial, technological and environmental spheres and shall provide guidance to the management team. Further, the RMC in its meeting held on 23rd March, 2022 appointed Mr. Rohit Nanda, Chief financial officer of the Company as the Chief Risk Officer of the Company.

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.

33. VIGIL MECHANISM

Your Company is committed to highest standards of professionalism, honesty, integrity, transparency and ethical behaviour. Pursuant to the provisions of Section 177(9) & (10) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the 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 victimisation of employees and other persons who avail this mechanism.

The mechanism under the policy has been appropriately communicated within the organisation. The Audit Committee of the Board shall review the functioning and implementation of the Whistle-blower mechanism, on quarterly basis.

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 the link: https://sonacomstar.com/policies-and-codes.

34. 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.

35. COMPLIANCE WITH SECRETARIAL STANDARDS

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

36. 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.

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

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

38. HUMAN RESOURCES

The Company is committed to living the Sona values in the true spirit by integrating them with the people practices delivering superior quality to our employees, customer, and shareholders. Our Company considers the employees as its true partner in success.

Directors' Report

Our world is in motion fighting climate change at a pace that is gathering speed. The Company undertakes various employee engagement Programmes and fosters a culture of learning and continuous improvement so that we give our customers, business partners, employees, executives, and shareholders an idea of the path that we want to pursue over the next few years.

The year under review, has been one of the toughest years due to COVID-19 2nd wave, that we have ever faced. Very few events in human history have had such a profound impact on the way we operate.

Despite the volatility through the first quarter of Financial Year 2021-22, we showed great resilience, quickly adapted to the new ways of working, and delivered the customer demands. Our focus remained high on three important areas: Employee Safety & Wellness, Effective Communication & Managing teams, and staying committed to the customer demand.

This year we strengthen our focus on Company processes and systems. We inducted bright talent from Tier – I institutes like BITS Pilani and NIFFT at the entry level in Engineering and Manufacturing. We uplifted the infrastructure and enhanced the employee experience by introducing a professionally managed cafeteria service to cater healthy and hygienic food.

To achieve the Company's goals, we cascaded organisation goals (Managing Points) to KPIs till the last mile. We initiated the Quality visit to strengthen our processes for continuous improvement and for the immediate action plan. We introduced technical skill-based online training Programmes, and Future Skill Prime by covering 36% of the staff and man-days.

39. POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WORKMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

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

The Company is committed to providing a safe and conducive work environment to all of its employees and associates.

The Company periodically conducts sessions for employees across the organisation to build awareness about the POSH policy and to sensitise the employees of the existing POSH framework.

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

40. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

In terms of the provision of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company voluntary submit the Business Responsibility & Sustainability Report **("BRSR")** for the Financial Year 2021-22 in place of the Business Responsibility Report. The BRSR is attached to this report as **Annexure-K**.

41. 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.

42. ACKNOWLEDGEMENT

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

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

Your Directors recognise 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**

Place: Gurgaon
Date: 9th June, 2022

Sunjay Kapur
(Chairman)

Corporate Governance Report

Annexure-A

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sona BLW Precision Forgings Limited ("Sona Comstar/ Company") is committed not only to implement best corporate governance but also keep improving by benchmarking with the best governance practices and upholding the highest business standards in conducting business. Being a value-driven organisation, the Company keep endeavouring towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values. The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, management and employees. The Company has established systems and procedures to ensure that its Board of Directors are well-informed and well-equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term stakeholders value. The Company's value creation is based on equitable, inclusive, transparent and collaborative stakeholder practices. The Company promotes a safe, healthy and happy workplace for its employees. The Company's initiatives towards improving its Environmental, Social and Governance **(ESG)** performance and its contribution towards Sustainable Development Goals is placed in the Business Responsibility and Sustainable Report **(BRSR)** annexed to the Annual Report.

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

A Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time **("Listing Regulations")** is given herein below.

ETHICS / GOVERNANCE POLICIES

Code of Conduct for Board, Senior Management and Employees

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

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

Beyond the regulatory landscape, the Company has also implemented a Code of Conduct for its Employees to set certain standards of conduct for all employees and officers of the Company. The Company has also implemented a Code of Conduct for its vendor/supplier to share the same value, ethical practices and code of conduct. The Code is designed to deter wrongdoings and promote, amongst others (a) honest and ethical conduct, including ethical handling of actual or potential conflicts of interest; (b) full, fair, timely and accurate disclosure in reports and documents; (c) compliance with applicable laws, rules and regulations; (d) prompt internal reporting of the violations of the Code; and (e) accountability for adherence to the Code of Conduct.

Code of Conduct for Prevention of Insider Trading

The Company do understand the menace of insider trading and is fully committed to protect the interest of its investors. The Company intensively focus on training and awareness sessions for its designated employees to prevent the insider trading.

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

During the Financial Year 2021-22, the Company has conducted various training, awareness sessions and programmes for designated persons to familiarise them with the compliances and the responsibilities required to be carried out under the PIT Regulations and the Code. Frequent communications via e-mails, flyers are being made to the designated persons informing them about Trading Window Closure, Do's and Dont's under the Code, flashes on regulatory sanctions on breaches under the PIT Regulations of other listed companies from selective publicly available data, to drive the awareness campaign for its designated persons about compliances to mitigate the risks of non- compliances.

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

Corporate Governance Report

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

Board of Directors

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

As on 31st March, 2022, the Board of the Company comprises of eight directors, of which four are Independent Directors (including one woman Independent Director), one is Executive Director, and three are Non-Executive Directors.

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

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

Profile of each Director of the Company is available at https://sonacomstar.com/board-of-directors. Further, none of the director are related to other directors or any of the Key Managerial Personnel of the Company and the number of Directorships/Committee memberships held by Executive and Non-Executive Independent Directors are within the permissible limits under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

The tenure of Mr. Vivek Vikram Singh as the Managing Director & Group CEO shall expire on 4th July, 2022. The Board at its meeting held on 9th June , 2022 based on the recommendation of the Nomination and Remuneration Committee has re-appointed Mr. Vivek Vikram Singh (DIN: 07698495) as Managing Director & Group CEO, with effect from 5th July, 2022, to hold office for a term of 5 (five) consecutive years commencing from 5th July, 2022 to 4th July, 2027 (both days inclusive), subject to approval of the shareholders in the ensuing Annual General Meeting of the Company.

Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the last Annual General Meeting

During the Financial Year under review, the Board of Directors met nine (9) times to discuss and deliberate on various matters. The meetings were held on 27th April, 2021, 3rd June, 2021, 17th June, 2021, 17th July, 2021, 6th August, 2021, 27th October, 2021, 14th December, 2021, 1st February, 2022 and 23rd March, 2022. The Board met quarterly and the gap intervening between two meetings was within the time prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations , 2015 . The composition of the Board, Committee positions held by the directors as chairperson and member and directorship in other listed entities including category of directorship, attendance at the Board Meetings during the year under review and the Annual General Meeting, are given herein below:

Name of the director	Category of directorship	Number of board meeting attended (Total 9 board meeting held)	Attendance at the AGM held on 9th September, 2021	Number of Directorship#		Committee Positions #		Name of the listed entities	
				Public	Private	Chairman	Member	In which he/she is a Director	Category of Directorship
Mr. Sunjay Kapur (DIN: 00145529)	Promoter, Chairman Non-Executive Director	9	Yes	5	4	-	-	Jindal Steel & Power Limited	Independent Director
Mr. Amit Dixit (DIN: 01798942)	Non-Executive Director	8	Yes	6	2	-	1	Mphasis Limited EPL Limited	Non-Executive-Director Non-Executive-Director
Mr. Ganesh Mani (DIN: 08385423)	Non-Executive Director	9	Yes	2	3	-	2	-	-
Mr. Subbu Venkata Rama Behara (B.V.R. Subbu) (DIN: 00289721)	Non-Executive Independent Director	8	Yes	4	8	2	1	KPIT Technologies Limited MTAR Technologies Limited	Non-Executive Independent Director Non-Executive Independent Director, Chairperson

Name of the director	Category of directorship	Number of board meeting attended (Total 9 board meeting held)	Attendance at the AGM held on 9th September, 2021	Number of Directorship#		Committee Positions #		Name of the listed entities	
				Public	Private	Chairman	Member	In which he/she is a Director	Category of Directorship
Mrs. Shradha Suri (DIN: 00176902)	Non-Executive Independent Director	8	Yes	8	4	2	1	Asahi India Glass Limited	Non-Executive Independent Director
								Subros Limited	Chairperson and Managing Director
Mr. Prasan Abhaykumar Firodia (DIN: 00029664)	Non-Executive Independent Director	3	Yes	3	2	1	2	Force Motors Limited	Managing Director
Mr. Jeffrey Mark Overly (DIN: 09041143)	Non-Executive Independent Director	9	Yes	1	-	-	2	-	-
Mr. Vivek Vikram Singh* (DIN: 07698495)	Managing Director and Group CEO	9	Yes	1	-	-	1	-	-

*Re-appointed by the Board of Directors in its meeting held on 9th June, 2022 w.e.f. 5th July, 2022 and is subject to approval of shareholders in the ensuing Annual General Meeting of the Company.

#For the purpose of considering the number of directorship, limit of Committee membership and chairmanship of a Director, membership and chairmanship of Audit Committee and Stakeholders Relationship Committee of public companies, including that of your Company, has been considered.

INDEPENDENT DIRECTORS

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

As per Regulation 25(8) of the Listing Regulations and Section 149(6) of the Companies Act, 2013 and the rules framed thereunder, all Independent Directors confirmed that they meet the independence criteria as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. The Independent Directors have stated that they are not aware of any circumstance or situation, which exists or may reasonably be anticipated, that could impair or impact their ability to discharge their duties with an objective, independent judgement and without any external influence.

The maximum tenure of Independent Directors is in compliance with the Companies Act, 2013 and the Listing Regulations.

In terms of clause VII of the schedule IV to the Companies Act, 2013 read with regulation 25(3) of Listing Regulations, a separate meeting of Independent Directors of the Company, without the attendance of non-independent directors, for the Financial Year 2021-22 was held on 23rd March, 2022. Independent Directors in their meeting reviewed and evaluated the performance of the Non-Independent Directors, Board as a whole and Chairman of the Company after taking views of executive and non-executive Directors of the Company and assessed the quality, quantity and timeliness of flow of information's between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties. All the Independent Directors of the Company complies with the criteria's pertaining to the maximum number of directorship as per regulation 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DETAILS OF EQUITY SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS AS ON 31ST MARCH, 2022

As on 31st March, 2022, none of the Non-Executive Directors of the Company except as stated below was holding any equity shares or convertible instruments in the Company.

S. No.	Name of Directors	No. of Equity Shares	No. of Convertible Instruments
1.	Mrs. Shradha Suri (Non-Executive Independent Director)	145	NA

FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

The Board familiarization program consists of detailed induction for all new independent directors when they join the Board of Directors of the Company and ongoing sessions on business strategy, operational and functional matters.

Corporate Governance Report

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

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

The details of such familiarization programmes for independent directors are put up on the website of the Company and can be accessed through the following link:
https://sonacomstar.com/policies-and-codes.

Chart/Matrix of setting out the Skills/ Experiences/Competencies of the Board of Directors

The Board 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 Areas
1.	Strategic Thinking, Planning and Management
2.	Entrepreneurial and Leadership skills
3.	Marketing and Branding
4.	Accounting, Legal and Financial Management expertise
5.	Global Exposure
6.	Automobile Industry Experience
7.	Board Service and Governance
8.	Regulatory Compliance and Stakeholder Management

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

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

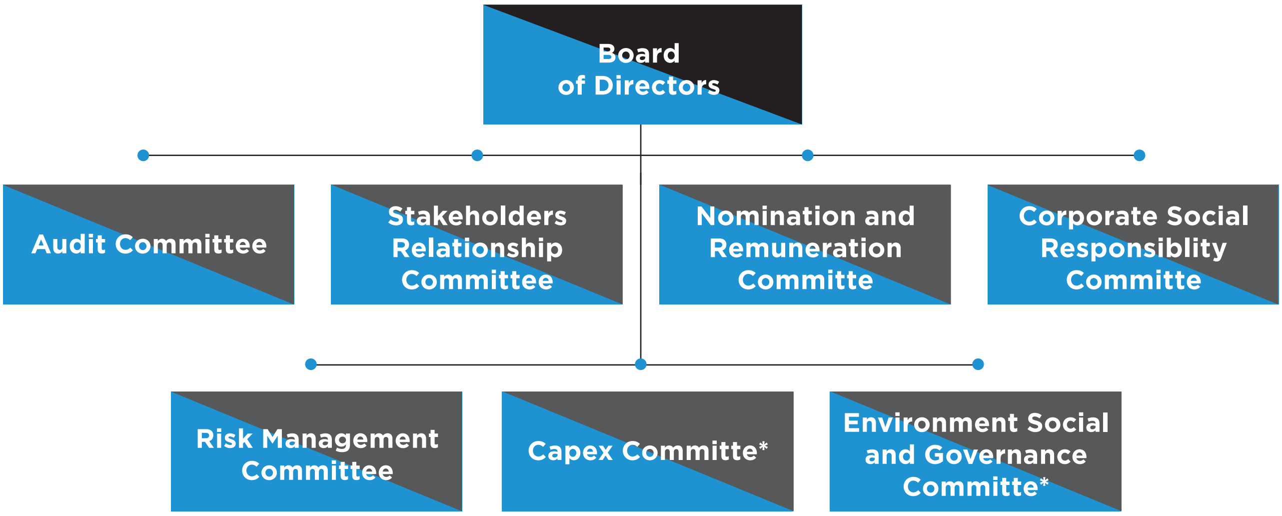
RESIGNATION OF INDEPENDENT DIRECTORS

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

BOARD COMMITTEES

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

Board has constituted the following five statutory committee's 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. In addition, the Board also has two non-statutory committees namely, Environment, Social and Governance **(ESG)** Committee and Capex Committee. The ESG Committee is responsible for implementation of Environment, Social and Governance framework across all operations in India. The term of reference of the committees of the Board has been defined by the Board and their relevance is reviewed from time to time. Mr. Ajay Pratap Singh, Company Secretary of the Company acts as Secretary to these committees of the Board. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the committee meetings were sent to all the members of the committee, which are noted by the respective committee and Board in their next meeting.



*Voluntary Committee

1. AUDIT COMMITTEE

The Audit Committee comprises of four non-executive directors, three of whom, including Chairperson of the Committee, are independent directors. The composition and role of the Audit Committee is as per the requirement of Section 177 of the Companies Act, 2013 and rules made thereunder and the Listing Regulations. The members of the Audit Committee are financially literate and have relevant experience in financial management. The Audit Committee is also governed by its charter to ensure effective compliance. The Charter is reviewed from time to time to maintain conformity with the regulatory framework.

As required under the Secretarial Standards issued by the Institute of Company Secretaries of India, the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him on his behalf shall attend the Annual General Meeting of the Company.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is detailed below:

Name of Directors	Nature of Membership	Audit Committee Meetings						
		27th April, 2021	17th July, 2021	6th August, 2021	27th October, 2021	14th December, 2021	1st February, 2022	23rd March, 2022
Mr. Subbu Venkata Rama Behara	Chairperson	-	√	√	√	√	√	√
Mr. Prasan Abhaykumar Firodia	Member	√	-	-	-	-	√	-
Mr. Jeffrey Mark Overly	Member	√	√	√	√	√	√	√
Mr. Ganesh Mani	Member	√	√	√	√	√	√	√

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

Corporate Governance Report

The Audit Committee has the following Terms of Reference:

The scope and functions of Audit Committee are in accordance with Section 177 of the Companies Act and the Listing Regulations, as amended, from time to time, which are set forth below:

- Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to our Board the appointment, remuneration and terms of appointment of auditors of our Company;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-Section (3) of Section 134 of the Companies Act, 2013;
  - 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;
  - Modified opinion(s) in the draft audit report.
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approval of all related party transactions and subsequent modifications (including material modifications) thereto;
- Scrutinising of inter-corporate loans and investments;
- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluating internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the whistle blower mechanism/vigil mechanism to report genuine concerns or grievances;
- Approving the appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

- Carrying out any other function as is mentioned in the terms of reference of the audit committee and any other terms of reference as may be decide by the Board and/ or specified /provided under the Companies Act, the Listing Regulation or by any other Regulatory Authority;

- Reviewing the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments;

- Reviewing compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 atleast once in a Financial Year and verify that the systems for internal control are adequate and operating effectively;

- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

- To define material modification in the Related Party Transactions;

- To recommend amendment to the Policy on Related Party Transactions, if so required to ensure compliances with the new regulatory requirements.

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

- To investigate any activity within its terms of Reference;

- To seek information from any employee;

- To obtain outside legal and other professional advice;

- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Reviewing powers

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;

- Management letters / letters of internal control weaknesses issued by the statutory auditors;

- Internal audit reports relating to internal control weaknesses; and

- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

- Examination of the Financial Statements and the Auditors' report thereon;

- Statement of deviations:

  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of SEBI Listing Regulations.

  - annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of SEBI Listing Regulations.

- The details of Related Party Transactions entered pursuant to omnibus approval given, at least on quarterly basis;

- Financial Statement, in particular, the investment made by unlisted subsidiary.

2. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee **(NRC)** comprises of six non-executive directors, of whom four members including the Chairperson of the Committee are independent directors. The Board of Directors of the Company has re-constituted NRC in its meeting held on 27th October, 2021 in accordance with the amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations , 2015.

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

The composition and role of the NRC is as per the requirement of Section 178 of the Companies Act, 2013 and rules made thereunder and the Listing Regulations. The composition of the NRC of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is detailed below:

Corporate Governance Report

Name of Directors	Nature of Membership	Nomination and Remuneration Committee Meetings			
		27th July, 2021	26th October, 2021	1st February, 2022	23rd March, 2022
Mr. Jeffrey Mark Overly	Chairperson	√	√	√	√
Mr. Subbu Venkata Rama Behara	Member	√	√	√	√
Mr. Amit Dixit	Member	√	√	√	√
Mr. Sunjay Kapur	Member	√	√	√	√
Mr. Prasan Abhaykumar Firodia*	Member	N.A	N.A	√	-
Mrs. Shradha Suri*	Member	N.A	N.A	-	√

*Appointed as member of the NRC w.e.f. 27th October, 2021

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

The NRC Committee has the following Terms of Reference:

The scope and functions of the NRC are in accordance with Section 178 of Companies Act, 2013 and the Listing Regulations, as amended, from time to time, which are set forth below:

- Formulating the Criteria for determining qualifications, positive attribute and independence of a director and recommending to our Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other Employees;
- Identifying a person who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the board their appointment and removal and specify the manner of effective evaluation of the performance of our Board, its committees and individual directors to be carried out either by our Board, its Committees and individual directors to be carried either by our Board, by the Nomination and Remuneration Committee or by an independent external agency and reviews its implementation and compliance;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:
  - Use the services of an external agencies, if required;
  - Consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - Consider the time commitments of the candidates.
- Formulating criteria for evaluation of performance of the independent directors and the Board;
- Devising a policy on Board Diversity;
- Determining whether to extend or to continue the term of appointment of independent director, on the basis of report of performance evaluation of independent directors;
- Recommend to our Board, all remuneration, in whatever form, payable to senior management;
- Performing such other activities as may be delegated by the Board and/or specified /provided under the Companies Act, the SEBI Listing Regulations, and any applicable law or by any other regulatory authority.

Performance Evaluation

In terms of the requirement of the Companies Act, 2013 and the SEBI Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and its Committees.

The Board of Directors based on the recommendation of Nomination and Remuneration Committee in its meeting held on 1st February, 2022 amended the policy for evaluation of the performance of the Board of Directors of the Company and revised the criteria for evaluation of Board, Committees of Board, individual directors (executive and non-executive directors) and Chairman of the Board.

The criteria of evaluation are based on "Guidance note on Performance Evaluation" issued by the SEBI on 5th January, 2017. 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 at their separate meeting held on 23rd March, 2022 reviewed the performance of non-independent directors, the board as a whole and Chairman of the Company after taking into account the views of executive and non-executive directors, the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

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

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

The evaluation process involved a questionnaire-based approach followed by one on one discussions with all Board members by the Chairman of the Nomination and Remuneration Committee. The Board evaluation process was completed for the Financial Year 2021-22.

The summary of the evaluation was presented to the Nomination and Remuneration Committee and the Board of Directors of the Company.

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

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility **(CSR)** Committee comprises of four non-executive directors, of whom two members including the Chairperson of the Committee are independent directors. The composition and role of the Corporate Social Responsibility Committee is as per the requirement of Section 135 of the Companies Act, 2013 and rules made thereunder. The composition of the Corporate Social Responsibility Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is detailed below:

Name of Directors	Nature of Membership	CSR Committee Meetings			
		27th April, 2021	3rd June, 2021	27th July, 2021	23rd March, 2022
Mr. Prasan Abhaykumar Firodia	Chairperson	√	√	√	-
Mrs. Shradha Suri	Member	√	√	-	√
Mr. Sunjay Kapur	Member	√	√	√	√
Mr. Ganesh Mani	Member	√	√	√	√

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

The CSR Committee has the following Terms of Reference:

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

Corporate Governance Report

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee **(SRC)** comprises of two non-executive directors and one executive director, of whom two members including the Chairperson of the Committee are independent directors. The Board of Directors of the Company in its meeting held on 27th October, 2021 has re-constituted the SRC. The composition and role of the SRC is as per the requirement of Section 178 of the Companies Act, 2013 and rules made thereunder and the Listing Regulations.

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

The composition along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is as below:

Name of Directors	Nature of Membership	SRC Meetings		
		27th July, 2021	26th October, 2021	1st February, 2022
Mr. Prasan Abhaykumar Firodia#	Chairperson	√	√	√
Mrs. Shradha Suri*	Chairperson	-	√	N.A
Mr. Jeffrey Mark Overly	Member	√	√	√
Mr. Vivek Vikram Singh	Member	√	√	√

Mr. Prasan Abhaykumar Firodia was appointed as Chairperson of the Committee w.e.f. 27th October, 2021.

* Mrs. Shradha Suri ceased to be Chairperson and members of the Committee w.e.f. 27th October, 2021.

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

The SRC Committee has the following Terms of Reference:

- Consider and resolve grievances of security holders of our Company, including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc;

- Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by our Company in respect of various services being rendered by the Registrar and Share Transfer Agent;

- Review of various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrant/annual reports/statutory notices by the shareholders of our Company;

- To 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.

Details of Shareholders'/Investors' complaints:

During the Financial Year ended 31st March, 2022, 656 complaints were received from shareholders, all of which have been attended/resolved to the satisfaction of the Shareholders. Most of these complaints related to the public issue and pertains to the credit of equity shares and unblocked the amount. These complaints were duly resolved by the Company in co-ordination with its RTA and merchant bankers to the issue.

As of date, there are no complaints/ pending share transfers pertaining to the year under review. Details relating to the number of complaints received and redressed during the Financial Year 2021-22 and as on 31st March, 2022 are as under:

No. of Investor/Shareholders complaints pending at the beginning of the Financial Year 2021-22	No. of Investor/Shareholders complaints received during the Financial Year 2021-22	No. of Investor complaints not solved to the satisfaction of shareholders during the Financial Year 2021-22	No. of Investor complaints pending at the end of the Financial Year 2021-22
Nil	656	Nil	Nil

5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee **(RMC)** comprises of three non-executive directors and one executive director, of whom one member including the Chairperson of the Committee is independent director. The composition and role of the Risk Management Committee is as per the requirement of the Listing Regulations. The composition of the Risk Management Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is detailed below:

Name of Directors	Nature of Membership	RMC Meetings		
		27th July, 2021	4th October, 2021	23rd March, 2022
Mr. Jeffrey Mark Overly	Chairperson	√	√	√
Mr. Ganesh Mani	Member	√	√	√
Mr. Sunjay Kapur	Member	√	√	√
Mr. Vivek Vikram Singh	Member	√	√	√

The Risk Management Committee has the following Terms of Reference:

- Formulate a detailed risk management policy which shall include:

i. framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined;

ii. measures for risk mitigation including systems and processes for internal control of identified risks;

iii. Business continuity plan:

- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of our Company;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- Seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions.

6. ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE

The Board of Directors of the Company in its meeting held on 6th August, 2021 has constituted an Environment, Social and Governance Committee for implementation of Environment, Social and Governance framework across all operations in India. The Environment, Social and Governance **(ESG)** Committee comprises of two non-executive directors and one executive director.

The composition of the ESG Committee is detailed below:

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

7. CAPEX COMMITTEE

The Capex Committee comprises of three non-executive directors. The role of Capex Committee is to evaluate and recommend to the Board new capex proposals and to approve capex upto a certain authorised limit over and above the annual budget of the Company, as approved by the Board. The Committee also monitors the cash outflow granularly in an effective manner.

The composition of the Capex Committee along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is detailed below:

Name of Directors	Nature of Membership	Capex Committee Meetings		
		27th April, 2021	12th July, 2021	23rd March, 2022
Mr. Sunjay Kapur	Chairperson	√	√	√
Mr. Ganesh Mani	Member	√	√	√
Mr. Jeffrey mark Overly	Member	√	√	√

Corporate Governance Report

REMUNERATION PAID TO DIRECTORS

1. Remuneration paid to Managing Director and Group Chief Executive Officer for the financial year ended 31st March, 2022

Remuneration of the Managing Director and Group Chief Executive Officer is recommended by NRC, which is subsequently approved by the Board and Shareholders of the Company.

The table below gives the remuneration paid to the Managing Director and Group Chief Executive Officer during the year ended 31st March, 2022:

(INR in millions)

Director	Salary	Variable Pay	Perquisites	Details of stock options exercised#	Total
Vivek Vikram Singh	21.01	8.71	1.13	114.41	145.26

Mr. Vivek Vikram Singh has been granted 662,088 Options under Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company, as approved by the shareholders in their extra ordinary general meeting held on 30th September, 2020. Mr. Singh has exercised 220,696 Options during the year under review, the perquisite value of which is INR 114.41 million. There was no increase in his remuneration during the year under review except the annual increment as per the Company's Policy.

The total remuneration including perquisite value stock options arising due to the exercise of Options by Mr. Singh during the year under review, is within the limit approved by the shareholders in the annual general meeting held on 9th September, 2021 read with the shareholder's approval dated 5th July, 2019.

2. Remuneration paid to the Non-Executive Directors for the Financial Year ended 31st March, 2022

(INR in million)

Directors	Sitting fees	Commission*	Total
Sunjay Kapur	-	24.00	24.00
Prasan Abhay Kumar Firodia	0.45	-	0.45
Amit Dixit	-	-	-
Ganesh Mani	-	-	-
B.V.R. Subbu	1.82	3.20	5.02#
Mrs. Shradha Suri	0.63	-	0.63
Mr. Jeffrey Mark Overly	1.36	6.16	7.52

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

#Remuneration to Mr. B.V.R Subbu includes INR 4 million from Comstar Automotive Technology Private Limited, an erstwhile wholly-owned subsidiary of Company, comprising INR 0.80 million towards sitting fees and INR 3.2 million towards commission.

Further INR 0.60 million towards sitting fees was paid to Mrs. Dipti Mehta (erstwhile director of Comstar) from Comstar during Financial Year 2021-22.

The Company understands that it is important to remunerate independent directors well to get optimum benefit of their wisdom, experience and expertise for the benefit of all the stakeholders of the Company. Keeping this in mind, the Board of Directors of the Company in its meeting held on 1st February, 2022 revised the sitting fees payable to the Non-Executive Independent Directors of the Company for attending Board and its Committee meetings with effect from 1st January, 2022. The Non-Executive Independent Directors of the Company are entitled to the sitting fees of a) INR 100,000 for attending each meeting of the Board and Audit Committee; (b) INR 50,000 for attending each meeting of other Committees of the Board of the Company.

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 sitting fees and commission paid to 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 are payable to Directors of the Company as on 31st March, 2022. The Company has not granted any stock option to its Non-Executive Directors.

GENERAL BODY MEETINGS

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

Year	Location	Date & Time	Whether any Special Resolutions Passed	Special Resolution Passed in the AGM By Shareholders
2019	Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004	30th day of November, 2019 at 05:00 p.m. (IST)	Yes	To consider and approve the alteration in the Articles of Association
2020	Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004	31st day of December, 2020 at 11:00 a.m. (IST)	Yes	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.
2021	Video Conferencing/ other audio-visual means	9th September, 2021 at 12:00 noon (IST)	Yes	1. 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. 2. To approve the payment of remuneration or compensation to Non-Executive Directors (including Independent Directors) of the Company. 3. To approve the payment of remuneration to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO of the Company.

No Special Resolution was passed through Postal Ballot during Financial Year 2021-22. Further, no Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

ROLE OF COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and 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 and to carry out such other functions as may be prescribed in different Acts, Rules and Regulations He interfaces between the management and regulatory authorities on governance matters.

CEO & CFO CERTIFICATION

The Managing Director & Group CEO and the Group Chief Financial Officer 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 5th May, 2022 and is annexed as **Annexure-H** of this Report

MEANS OF COMMUNICATION

The Company recognises the importance of communication with Shareholders and promptly discloses information on material corporate developments and other events as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Full and timely disclosure of information regarding the Company's financial position and performance is an important part of our Company's corporate governance framework.

Corporate Governance Report

Financials Results	Quarterly, half-yearly and annual financial results are published in 'Business Standard' in English language (all editions) and in Hindi language (Delhi edition). Further, the Company as a good corporate governance practice has started sending the financial results of every quarter to the shareholders of the Company, whose email id are registered with the Company/RTA.
Website	The Company's website www.sonacomstar.com contains a dedicated segment called 'Investors' where all information needed by members is available including AGM notices, annual report, financials information's, Company's announcements to stock exchanges, investors FAQ, shareholder's satisfaction survey, Board Meetings details, contact details of officers etc. The website, *inter-alia*, also displays information regarding schedule of analysts or institutional investors meet, presentation made to media/ analysts/ institutional investors, transcript & recording of Earnings Calls, press releases, stock information, shareholding patterns, quarterly corporate governance reports, details of unclaimed dividend, etc.
News Releases	All official news releases are sent to stock exchanges as well as displayed on the Company's website at www.sonacomstar.com.
BSE Listing Centre & NEAPS (NSE Electronic Application Processing System)	All disclosures and communications to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are filed electronically through BSE Listing Centre and NEAPS.
Annual Report and AGM Notices	In our endeavour to protect the environment, the Company sent the annual report and AGM notices for the Financial Year 2020- 2021through e-mails to those members who had registered their e-mail ids with either depository participant (DP) or the Registrar & Transfer Agent (RTA) or the Company. This also helped the Company in saving a significant cost towards printing and dispatch.
Exclusive e-mail id's for investors	Following e-mail ids have been exclusively dedicated for the investors' queries: investor@sonacomstar.com and einward.ris@kfintech.com.
FAQs for the Shareholders	The Investor Relations page of the Company's website provides Frequently Asked Questions on various topics related to transfers, transmissions and transportation of shares, dematerialisation/rematerialisation, nomination, change of address, loss of share certificates. In addition, various downloadable forms required to be executed by the Shareholders have also been provided on the website of the Company viz. https://sonacomstar.com/investor-relations.
Shareholders Satisfaction Survey	The Company has voluntary placed shareholders survey page on their website to facilitate the engagement of Shareholders and is an endeavour to improve shareholders services which can be assessed at https://sonacomstar.com/shareholders-survey, shareholders can submit their feedback. The Company's Officials based on the feedback received from the shareholders, contact them and try to resolve all their queries in the best possible way.

GENERAL SHAREHOLDER'S INFORMATION

1.	**Date, time and venue of the Annual General Meeting**	Thursday, 14th July, 2022 at 12:00 Noon (IST) through video conferencing (VC) / other audio-visual means (OAVM).
2.	**Financial Year**	Financial year of the Company is from 1st April, 2021 to 31st March, 2022.
3.	**Dividend payment**	The Board of Directors in its meeting held on 1st February, 2022 had declared an interim dividend of INR 0.77 per equity share of the Company having face value of INR 10 each to those shareholders whose names appeared in the register of members / beneficial owners on 14th February, 2022 and the dividend was paid on 25th February, 2022 directly to their bank accounts wherever the particulars were available and the Demand Draft were dispatched to those shareholders, whose bank details were not available with the Company/RTA of the Company. The Board of Directors at their meeting held on 5th May, 2022 has recommended payment of INR 0.77 per Equity Share of the Company having face value of INR 10 each as final dividend for the Financial Year ended 31st March, 2022 to the shareholders of the Company. The final dividend will be paid to those shareholders whose names appear in the register of members / beneficial owners on Thursday, 30th June, 2022. The payment of final dividend is subject to the approval of the shareholders in the ensuring Annual General Meeting of the Company.
4.	**Listing of Equity Shares at Stock Exchanges and Payment of Listing Fees**	The Equity Shares of the Company were listed on the following exchanges w.e.f. 24th 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 Further, The Company has paid the Annual listing fees to both above mentioned Stock Exchanges for FY 2022-23.
5.	**Stock Code/Symbol**	BSE Scrip Code: 543300 NSE Symbol: SONACOMS ISIN: INE073K01018

6. MARKET PRICE DATA- HIGH, LOW DURING EACH MONTH IN LAST FINANCIAL YEAR

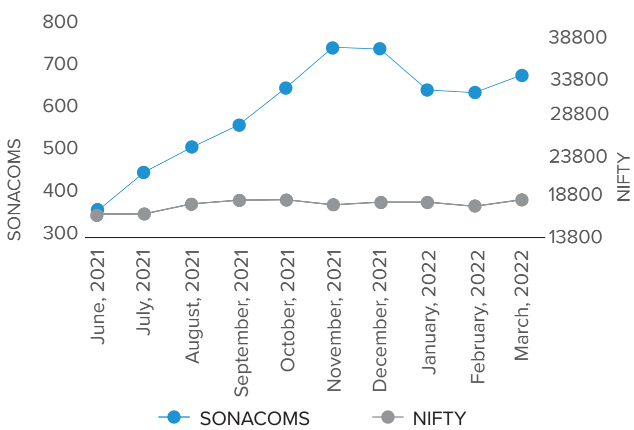
The equity shares of the Company has been listed on the BSE Limited and National Stock Exchanges of India Limited on 24th June, 2021 and below table provide the monthly high and low prices of the Company's equity shares on BSE and NSE for the Financial Year 2021-2022.

Month	BSE		NSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
June, 2021	414.45	295.15	413.90	295.00
July, 2021	456.50	333.15	456.90	333.25
August, 2021	559.65	408.00	559.40	408.00
September, 2021	610.00	491.00	610.00	491.00
October, 2021	813.25	549.35	813.00	549.20
November, 2021	775.00	635.00	775.00	635.65
December, 2021	839.15	680.15	839.90	680.15
January, 2022	795.00	600.00	794.80	600.00
February, 2022	699.10	581.90	699.50	568.55
March, 2022	706.75	553.70	706.60	553.00

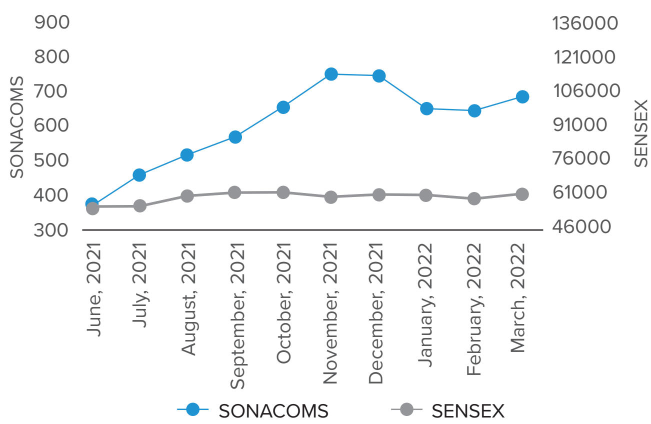
7. STOCK PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES

The chart below shows the comparison of the Company's monthly share price movement vis-à-vis the movement of the NSE Nifty and BSE Sensex for the Financial Year ended 31st March, 2022 (based on the month end closing):

SONACOMS and NIFTY



SONACOMS and SENSEX



8. IN CASE THE SECURITIES OF THE COMPANY ARE SUSPENDED FROM TRADING, THE REASONS THEREOF

Not Applicable

9. REGISTRAR & SHARE TRANSFER AGENT

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

Corporate Governance Report

10. SHARE TRANSFER SYSTEM

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

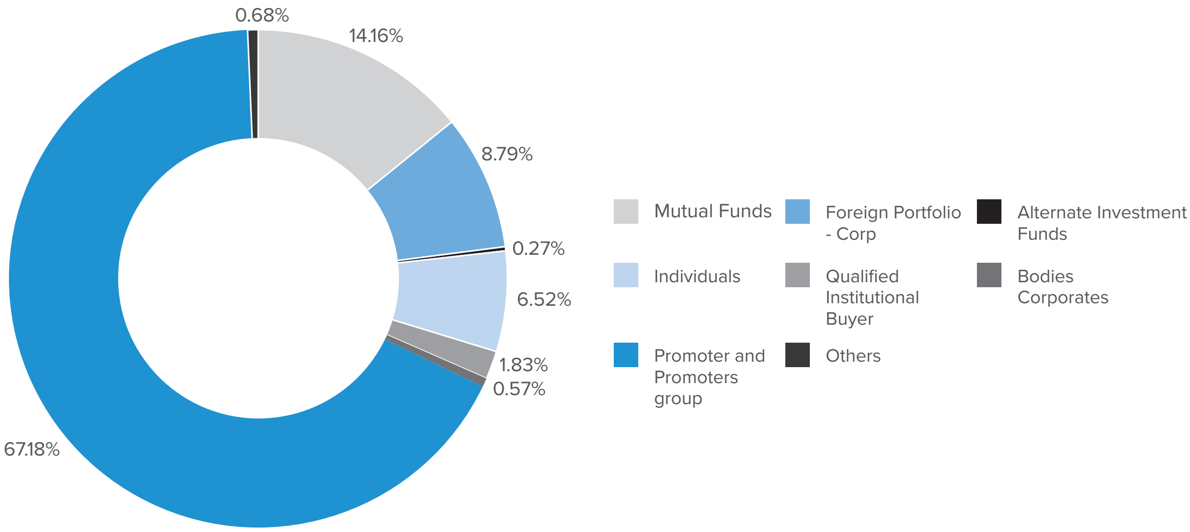
11. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2022

Range on number of shares held	No.of Shareholders	Shareholding	% of Shareholding
1 - 5,000	3,83,466	2,25,50,948	3.86
5,001 - 10,000	7,152	51,08,598	0.87
10,001 - 20,000	2,823	39,93,394	0.68
20,001 - 30,000	689	16,94,409	0.30
30,001 - 40,000	316	11,11,873	0.19
40,001 - 50,000	199	9,05,684	0.15
50,001 - 1,00,000	362	25,07,972	0.43
1,00,001 - 2,00,000	149	20,77,962	0.36
2,00,001 and above	211	54,44,01,870	93.16
TOTAL:	**3,95,367**	**58,43,52,710**	**100**

CATEGORY OF SHAREHOLDERS AS ON 31ST MARCH, 2022

S.No.	Shareholders Category	No. of Shareholders	Shareholding	% of Shareholding
1	Mutual Funds	18	8,27,28,230	14.16
2	Foreign Portfolio Investors	129	5,13,69,371	8.79
3	Alternate Investment Funds	7	15,81,602	0.27
4	Individuals	3,89,154	3,89,40,449	6.52
5	Qualified Institutional Buyer	9	1,06,69,127	1.83
6	Body Corporates	1,115	33,30,359	0.57
7	Promoter and Promoters group	6	39,25,69,052	67.18
8	Others	4,929	31,64,520	0.68
	Total	**3,95,367**	**58,43,52,710**	**100**

Shareholding as on 31st March, 2022



12. DEMATERIALISATION OF SHARES AND LIQUIDITY

As on 31st March, 2022, all the equity share of the Company is in demat form except for two equity shares which are in physical form. The promoter and promoter group of the Company hold all equity shares in dematerialised form.

Lock in details of the equity share capital of the Company as on 31st March, 2022 are as follows:

S.No.	Name of Shareholders	Category	No. of equity shares	Lock-in Release Date
1.	Singapore VII Topco III Pte. Ltd.	Promoter	19,93,59,141	21.06.2022
2.	Sona Autocomp Holding Private Limited	Promoter	11,66,57,968	21.06.2024
3.	Sona Autocomp Holding Private Limited	Promoter	7,65,50,936	21.06.2022
4.	Rani Kapur – RK Family Trust	Promoter Group	72	21.06.2022
5.	Mr. Sharad Kapur	Public	12	21.06.2022
6.	Mr. Kiran Manohar Deshmukh	Public	12	21.06.2022
7.	Mr. Ranganathan Balaji	Public	12	21.06.2022
8.	Mr. Munish Sapra	Public	12	21.06.2022
9.	Mr. Inder Khurana	Public	24	21.06.2022
Total			**39,25,68,189**	

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

Not Applicable

14. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

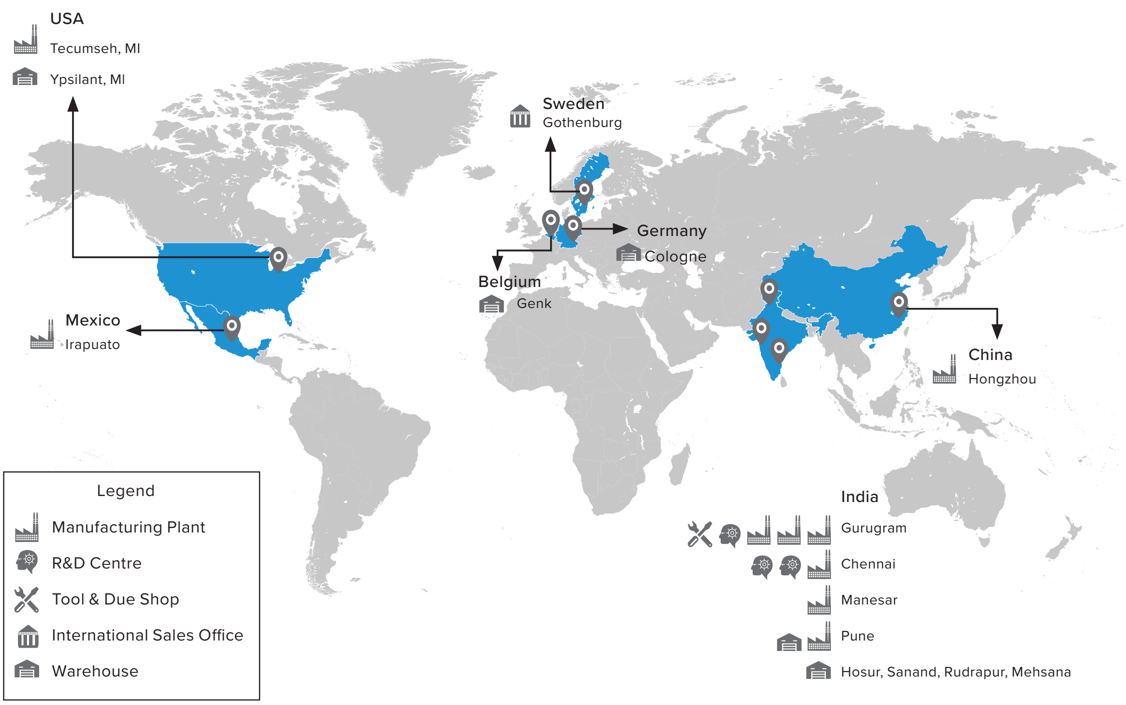
Your Company operate internationally and a large portion of the business is transacted mainly in USA and consequently we are exposed to foreign exchange risk through our sales and services in the USA, Europe, China and other countries across the world, and purchases from overseas suppliers in various foreign currencies.

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

15. PLANT LOCATIONS

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

Your Company's manufacturing facilities (manufacturing and assembly plant) are located at Gurgaon, Manesar, Pune, Chennai, Hangzhou, Mexico, Tecumseh. The following map shows the locations of our manufacturing and assembly plants, R&D centers, warehouses, tool and die shop and sales office as at 31st March, 2022.



Note: Map not to scale

Detailed address of each of the Plant of the Company and its subsidiaries:

Gurgaon Plants

Unit I, II and III
Sona Enclave, Village Begumpur Khatola Sector 35, P.O. - 90 Gurgaon (Haryana) - 122 004, INDIA +91 124 476 8200 +91 124 410 4639

Manesar Plant

Plot No. 13, Sector 2,IMT Manesar Gurgaon (Haryana) – 122 051, INDIA

Pune Plant

T-46, MIDC Bhosari Industrial Area Pune - 411 026, INDIA

Chennai Plant

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

USA

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

Mexico

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

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

China

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

16. ADDRESS FOR CORRESPONDENCE

Shareholders may correspond with the Registrar and Transfer Agents at:

Kfin Technologies Limited
Selenium, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032
Tel: 040-2342 0818, 6716 2222
Fax: 040-2342 0814, 2300 1153
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Toll Free No.: 1800 3454 001

Your Company has also designated investor@sonacomstar.com as an exclusive e-mail ID for Investors for the purpose of registering complaints and the same has been displayed on the Company's website.

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

Sona Enclave Village, Begumpur Khatola, Sector 35, Gurgaon, 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

Further, your Company has appointed Mr. Amit Mishra as Head Investor Relations of the Company to address the grievances of Institutional Investor(s) and he can be contacted at;

Mr. Amit Mishra
Sona BLW Precision Forgings Limited
Sona Enclave Village, Begumpur Khatola, Sector 35, Gurgaon, Haryana – 122004, India
E-mail: amit.mishra@sonacomstar.com
Telephone: +91 0124 476 8200

Your Company can also be visited at its website: www.sonacomstar.com

17. LIST OF ALL CREDIT RATINGS OBTAINED BY THE COMPANY ALONG WITH ANY REVISIONS THERETO, FOR ALL DEBT INSTRUMENTS OF THE COMPANY OR ANY FIXED DEPOSIT PROGRAMME OR ANY SCHEME OR PROPOSAL OF THE COMPANY INVOLVING MOBILISATION OF FUNDS, WHETHER IN INDIA OR ABROAD

During the Financial Year 2021-22, the Company does not have any debt instruments or any Fixed Deposit Programme or any scheme or the proposal of the Company involving mobilisation of funds in India or in abroad.

During the Financial Year 2021-22 the India Ratings and Research has upgraded the Company's long-term issuer rating to 'IND AA' from 'INDAA-' and the Outlook is stable. The credit rating of the Company can be accessed at https://sonacomstar.com/investor/credit-rating.

18. OTHER DISCLOSURES

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 is disclosed on the Company's website at https://sonacomstar.com/policies-and-codes.

Separate post of Chairman and CEO

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

Details of Non-Compliance

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

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

Vigil Mechanism/Whistle-Blower Policy

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

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

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

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.

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

Disclosure of commodity price risk and commodity hedging activities

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

Details of utilisation of funds of Preferential Allotment/QIP

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

Certificate from Company Secretary in practice regarding non-debarment and non-disqualification of Directors

A certificate from PI & Associates, Company Secretaries certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority, is attached as **Annexure-I** to this report.

Acceptance of recommendation of Board Committees

During the Financial Year 2021-22, there was no recommendation of any committee of the Board of the Company which is mandatorily required and not accepted by the Board of the Company.

Fees paid to Statutory Auditors

The details of fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which statutory auditors are part of, are given below:

S. No.	Name of the Entity	Relationship with the Company	Details of Services	Amount (INR in million)
1.	Sona BLW Precision Forgings Limited*	Company	Statutory Audit & Certification Fees	12.91
2.	Sona BLW Precision Forgings Limited	Company	IPO Related Payments	4.51
3.	Comstar Automotive Technology Services Private Limited	Subsidiary	Statutory Audit & Compliance Services Fees	0.20
4.	Sona Comstar eDrive Private Limited	Subsidiary	Statutory Audit & Certification Fees	0.05
5.	Comstar Automotive USA LLC	Subsidiary	Audit Fee, Inventory Observation & Income Tax Returns Fees	0.95
6.	Comstar Automotive Hongkong Limited	Subsidiary	Statutory Audit Fees	0.30
7.	Comestel Automotive Technologies Mexicana	Subsidiary	Statutory Audit Fees	0.59

Corporate Governance Report

S. No.	Name of the Entity	Relationship with the Company	Details of Services	Amount (INR in million)
8.	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Subsidiary	Statutory Audit Fees	0.63
9.	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V;	Subsidiary	Statutory Audit Fees	0.67
10.	Comstar Automotive (Hangzhou) Co. Ltd	Subsidiary	Statutory Audit Fees	2.15
Total				**22.96**

* Include fees paid by Comstar Automotive Technology Private Limited **("Comstar")**, an erstwhile wholly-owned subsidiary of Company.

Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place a policy on Prevention of Sexual Harassment at the workplace. For further details in this regard, please refer to the Board's Report forming part of this annual report.

Details of Complaints received and redressed during the Financial Year 2021-22:

a. Number of complaints received during the Financial Year: None

b. Number of complaints disposed of during the Financial Year: None

c. Number of complaints pending as on end of the Financial Year: None

Disclosure of Loans and advances by the Company and its subsidiaries to the firms/ companies in which directors are interested by name and amount

During the Financial Year 2021-22, there was no loans/ advances provided by the Company and its subsidiaries to the firms/companies in which directors of the Company or its subsidiaries are interested.

Non-compliance of any requirement of corporate governance report with reasons thereof

All the requirements of Corporate Governance Report of sub paragraphs (2) to (10) Para C of Schedule V of Listing Regulations have been duly complied with.

Adoption of discretionary requirements as specified in part E of schedule II have been adopted

The Company has complied with the requirement of para A & D of part E of Schedule II to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 .The Company has separate post of Chairperson and Managing Director. The Chairman is not related to the Managing Director as per the definition of the term "relative" defined under the Companies Act, 2013. Mr. Sunjay Kapur, Non-Executive Director of the Company is holding the position of the Chairperson.

Compliance certificate from M/s. PI & Associates, practicing Company Secretaries regarding compliance of conditions of corporate governance is annexed as Annexure-J

Disclosures with respect to demat suspense account/unclaimed suspense account

As on 31st March, 2022, no equity share of the Company was in the demat suspense account/unclaimed suspense account of the Company.

Details of Unclaimed Dividend

The Board of Director of the Company in its meeting held on 1st February, 2022, declared an interim dividend of INR 0.77 per equity share of the Company for the Financial Year 2021-22. Detail of Unclaimed Interim Dividend is available on the website of the Company at: https://sonacomstar.com/unclaimed-dividend.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by Institute of Chartered Accountants of India. The significant accounting policies, which are consistently applied, have been set out in the Notes to the Accounts. Business risk evaluation and management is an ongoing process within the Organisation. The Company has adequate systems of internal control to ensure reliability of financial and operational information and compliance with all statutory /regulatory compliances.

Annexure-B

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

I. THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY AND THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY IN THE FINANCIAL YEAR 2021-22:

S. No.	Name of the Directors and KMPs	Designation	Ratio of Remuneration of Directors to the Median Remuneration of employees*	% increase of remuneration in Financial Year 2021-22$
1.	Sunjay Kapur	Chairperson and Non-Executive Director	29.27	-
2.	Amit Dixit	Non-Executive Director	-	-
3.	Ganesh Mani	Non-Executive Director	-	-
4.	Prasan Abhaykumar Firodia	Independent Director	0.55	-
5.	B.V.R Subbu	Independent Director	6.12#	
6.	Shradha Suri	Independent Director	0.77	-
7.	Jeffrey Mark Overly	Independent Director	9.34	-
8.	Vivek Vikram Singh	Managing Director and Group Chief Executive Officer	177.15^	6.00%
9.	Mr. Rohit Nanda	Group Chief Financial Officer	104.73^^	6.00%
10.	Mr. Ajay Pratap Singh	Vice President (Legal), Company Secretary and Compliance Officer	33.84^^^	9.00%

* includes sitting fees and commission, if any for independent directors.

$ While calculating the percentage increase in remuneration, the perquisites value of ESOPs are not considered.

\# Also include the sitting fees and commission received from Comstar Automotive Technologies Private Limited (the erswhile wholly-owned subsidiary of the Company), which was merged with the Company w.e.f. 28th January, 2022.

^ The increase in the remuneration of the Mr. Vivek Vikram Singh is as per the Company's policy and in the normal course of business. However, Mr. Singh has exercised 220,696 options during the year under review under Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company, the perquisite value of which is INR 114.41 million. The increase in the ratio of remuneration to the median employee remuneration is attributed to the inclusion of abovesaid perquisite value of stock options to his overall remuneration.

^^ The increase in the remuneration of the Mr. Rohit Nanda is as per the Company's policy and in the normal course of business. However, Mr. Nanda has exercised 119,300 options during the year under review under Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company, the perquisite value of which is INR 61.84 million. The increase in the ratio of remuneration to the median employee remuneration is attributed to the inclusion of abovesaid perquisite value of stock options to his overall remuneration.

^^^ The increase in the remuneration of the Mr. Ajay Pratap Singh is as per the Company's policy and in the normal course of business. However, Mr. Ajay Pratap Singh has exercised 39,768 options during the year under review under Sona BLW Precision Forgings Limited - Employee Stock Option Plan-2020 of the Company, the perquisite value of which is INR 20.62 million. The increase in the ratio of remuneration to the median employee remuneration is attributed to the inclusion of abovesaid perquisite value of stock options to his overall remuneration.

II. THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2021-22:

(INR in million)

Median remuneration of previous year 2020-21	Median remuneration of current year 2021-22	% increase
0.56	0.82	46%

III. THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF THE COMPANY AS ON 31ST MARCH, 2022:

1,242 employees.

Annexure-B

IV. AVERAGE PERCENTILE INCREASES ALREADY MADE IN THE SALARIES OF EMPLOYEES OTHER THAN THE MANAGERIAL PERSONNEL IN THE LAST FINANCIAL YEAR AND ITS COMPARISON WITH THE PERCENTILE INCREASE IN THE MANAGERIAL REMUNERATION AND JUSTIFICATION THEREOF AND POINT OUT IF THERE ARE ANY EXCEPTIONAL CIRCUMSTANCES FOR INCREASE IN THE MANAGERIAL REMUNERATION:

S. No.	Particulars	Average % increase
1.	Increase in salary of Managerial Personnel	7.00%*
2.	Increase in salary of employee (other than Managerial Personnel)	9.87%

*Considered only increase in the Salary and does not include the ESOP perquisite value.

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

Variable pay is calculated using a combination of individual performance and Company performance. Senior management variable pay is linked to KPIs defined at the beginning of the year along with targets which include, but are not limited to, people metrics on safety, leadership and culture, lead performance indicators like new order intake, new EV programs by value, new product development, progress on defined technology roadmap; as well as lag indicators linked to annual business plan like EBIT, net profit, product quality, customer satisfaction, etc.

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: 9th June, 2022

Sunjay Kapur
(Chairman)

Annexure-C

PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and
Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with Related Parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2022, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

There were no material contracts or arrangements or transactions entered into during the year ended 31st March, 2022.

For and on behalf of the Board of Directors

Sd/-

Sunjay Kapur

(Chairman)

Place: Gurgaon

Date: 9th June, 2022

Annexure-D

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2022

[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
Sona BLW Precision Forgings Limited
Sona Enclave Village Begumpur Khatola,
Sector 35, Gurgaon, Haryana – 122 004

1. 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 ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and as applicable to the Company, in the manner and subject to the reporting made hereinafter:

3. We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2022 as mentioned according to the provisions of:

   (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

   (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

      a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

      c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

      d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

      e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period);

      f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

      g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period);

      h) The Securities and Exchange Board of India (Buy - back of Securities) Regulations, 2018; (Not applicable to the Company during the audit period);

      i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

6. **We further report that:**

(i) The Board of Directors of the Company as described below as on 31st March, 2022, 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 Companies Act, 2013.

S. No.	DIN	Name of Director	Designation	Nature
1.	00029664	Mr. Prasan AbhayKumar Firodia	Independent Director	Non-Executive
2.	09041143	Mr. Jeffrey Mark Overly	Independent Director	Non-Executive
3.	00176902	Mrs. Shradha Suri	Independent Director	Non-Executive
4.	00289721	Mr. Subbu Venkata Rama Behara	Independent Director	Non-Executive
5.	00145529	Mr. Sunjay Kapur	Nominee Director	Non-Executive
6.	01798942	Mr. Amit Dixit	Nominee Director	Non-Executive
7.	08385423	Mr. Ganesh Mani	Nominee Director	Non-Executive
8.	07698495	Mr. Vivek Vikram Singh	Managing Director & Group CEO	Executive

(ii) Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, if any 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.

(iii) Majority decisions were carried through and there were no instances where any director expressing any dissenting views.

7. 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. In this regard, the Company has implemented an IT based Legal Risk Management System tool for managing compliances with applicable laws.

8. We further report that during the audit period the Company had following events which had bearing on its affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

(i) Equity Shares of Company were listed on BSE Limited and National Stock Exchange of India Limited w.e.f. 24th June, 2021, pursuant to Initial public offer and offer for sale by one of existing promoters of the Company.

(ii) Hon'ble National Company Law Tribunal, Chandigarh Bench vide its order dated 7th January, 2022 has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited, wholly-owned Subsidiary of the Company with the Company. The scheme has become effective from 28th January, 2022.

For **PI & Associates,**
Company Secretaries

Partner
(Nitesh Latwal)
ACS No.: A32109
C P No.: 16276

Date: 5th May, 2022 UDIN: A032109D000261481
Place: New Delhi Firm Review No.: 1498/2021

Disclaimer: this report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

"Annexure A"

To,
The Members,
Sona BLW Precision Forgings Limited
Our Secretarial Audit Report of even date is to be read along with this letter.

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.

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 secretarial 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. 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.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **PI & Associates,**
Company Secretaries

Nitesh Latwal
Partner
ACS No.: A32109
C P No.: 16276
Peer Review No.: 1498/2021
UDIN: A032109D000261481

Date: 5th May, 2022
Place: New Delhi

Annexure-E

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR 2021-22

1 A BRIEF OUTLINE ON THE CSR POLICY OF THE COMPANY

Sona BLW Precision Forgings Limited **(Company/Sona Comstar)** continues to be driven by the purpose of doing business that not only generates prosperity but also amplifies the welfare of the society. The Company is committed to the overall welfare and development of society including but not limited to education, women empowerment, environmental sustainability, disaster management, health care and sanitation. The Company has adopted appropriate business processes and strategies to achieve the above objectives. Your Company's CSR efforts during the financial year under review, focuses on health (Including COVID-19 relief activities), education and promoting technology and innovation and benefiting armed forces veterans and their dependents etc.

The Corporate Social Responsibility Policy (hereafter referred to as 'Policy') of the Company, as approved by the Board of Directors, is available on the Company's website at https://sonacomstar.com/files/documents/corporate-social-responsibility-policy-document-jd6O3J.pdf.

The objective of the Policy is to lay down the general framework of action for Sona Comstar to fulfil its Corporate Social Responsibility and in particular to specify the activities and Programmes to be undertaken and also specify the modalities of execution and implementation and monitoring process of such Programmes.

The CSR projects includes activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act and the Rules made thereunder read with Schedule VII thereto.

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

(I) Sona Comstar – Samridh Bharat Program

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

- 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 organisations working for conserving nature, wilderness preservation and combating degradation of the environment.

(II) Sona Comstar – Swasth Bharat Program

Sona Comstar-Swasth Bharat Program shall focus on health care and nutrition through measures like:

- health outreach program for the socially and economically backward people, school children and communities;
- 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.

(III) Sona Comstar – Surakshit Bharat Program

Sona Comstar -Surakshit Bharat Program shall focus through measures like:

Annexure-E

- measures for the benefit of armed forces veterans, war widows and their dependents;
- support organisations 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 Program

Sona Comstar-Saksham Bharat program shall focus on through measures like:

- providing employability and promotion of skill development Programmes for the rural youth in numerous modules;
- support in livestock development and agriculture development program for farmers;
- empowering woman through self-help groups and promotion of livelihood and employment opportunities;
- training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- promoting education, employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement;
- partnering with government education departments, institutions and organisation for promoting education and development of model schools, development of infrastructures like hostels, classrooms, e-learning techniques etc.;
- support scholarship program to help the meritorious, under privileged children to opt for better schools and higher studies;
- distribution of books etc. for imparting education/ knowledge;
- promote gender equality, empowering women, setting up homes and hostels for women and orphans.

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

2. COMPOSITION OF CSR COMMITTEE:

S. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Prasan Abhaykumar Firodia	Chairperson, Independent Director	4	3
2.	Sunjay Kapur	Member, Non-Executive Nominee Director	4	4
3.	Shradha Suri	Member, Independent Director	4	3
4.	Ganesh Mani	Member, Non-Executive Nominee Director	4	4

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

Composition of CSR committee	The composition of the CSR committee is available on our website, at 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://sonacomstar.com/files/documents/corporate-social-responsibility-policy-document-jd6O3J.pdf
CSR projects approved by the Board	The Board, based on the recommendation of the CSR committee, at its meeting held on 3rd May, 2022, has approved the annual action plan / projects for fiscal 2023, the details of which are available on our website, at https://sonacomstar.com/investor/corporate-social-responsibilities

4. PROVIDE THE 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 INR 2,755.22 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 INR 55.10 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)

***INR 55.10 million

* The average net profits of the Company for the financial year 2021-22, is arrived at, by adding up the average net profits of the Company and that of the erstwhile wholly-owned subsidiary of the Company; i.e. Comstar Automotive Technologies Private Limited, which was merged with the Company w.e.f. 28th January, 2022.

** The two percentage of average net profits of the Company for the financial year 2021-22, is arrived at, by adding up the net profits of the Company and that of the erstwhile wholly-owned subsidiary of the Company; i.e. Comstar Automotive Technologies Private Limited ("Comstar"), which was merged with the Company w.e.f. 28th January, 2022.

***The details of the CSR Obligation of INR 28.31 million pertaining to the erstwhile wholly-owned subsidiary of the Company; i.e. Comstar Automotive Technologies Private Limited, which was merged with the Company w.e.f. 28th January, 2022, is also forming part of this CSR report. The total merged CSR Obligation for the financial year is INR 55.10 million; i.e. INR 26.79 million plus INR 28.31 million.

8. (a) CSR amount spent or unspent for the financial year:

(INR in million)

Total amount spent for the Financial Year (INR 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
40.11	15	26th April, 2022	NA	NA	NA

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) (Including the details of Comstar)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project.		Project duration.	*Amount allocated for the project (INR in million)	Amount spent in the current financial Year (INR in million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (INR 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 Program	(ix)	No	Delhi	South Delhi	4 years	20	5	15	Yes	-	-

Annexure-E

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project. State	District	(6) Project duration.	(7) *Amount allocated for the project (INR in million)	(8) Amount spent in the current financial Year (INR in million)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (INR in million)	(10) Mode of Implementation - Direct (Yes/ No)	(11) Mode of Implementation – Through Implementing Agency Name	CSR Registration number
2.	Construction of Floor for innovation at CIIE-IIM A-Dr. Surinder Kapur Innovation Floor	(ix)	No	Gujarat	Ahmedabad	4 years	2.5	2.5	-	Yes	-	-
	Total						**22.5**	**7.5**	**15**			

* This amount indicates the amount allocated for the project for the financial year 2021-22.

(c) Details of CSR amount spent other than ongoing projects for the financial year:

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project. State	District	(6) Amount spent for the project (INR in million)	(7) Mode of implementation - Direct (Yes/ No)	(8) Mode of implementation - Through implementing agency Name	CSR registration number
1.	Aakash Healthcare Private Limited- Setting up of Pediatric ICU	(i) and (xii)	No	Delhi	South West Delhi	8.00	Yes	-	-
2.	Construction and maintenance of basic infrastructure in Govt. Higher Secondary School	(ii)	Yes	Tamil Nadu	Chengalpattu, Kancheepuram	7.092	Yes	-	-
3.	Renovation and building of boundary walls and toilets installation of solar panels in Govt. Sr. Sec. School	(ii)	Yes	Haryana	Gurgaon	4.654	Yes	-	-
4.	Supply of BiPaP machines to various hospitals	(i) and (xii)	Yes	Delhi	South Delhi, South West Delhi, Gurgaon,	4.60	Yes	-	-
5.	Distribution of dry ration packets, essentials, meals, hygiene kits	(i) and (xii)	Yes	Pan India	Not Applicable	4.00	No	Kaushalya Foundation	CSR00001538
6.	Setting up 100 Bedded COVID Care Centre and related activities	(i) and (xii)	Yes	Haryana	Gurgaon	2.50	Yes	-	-
7.	Assist the families/ dependents of armed forces/war veterans	(vi)	No	Pan India	Not Applicable	1.061	No	Lal Bahadur Shastri Memorial Foundation	CSR00025418
8.	Providing Oxygen concentrators to Rajmata Vijaya Raje Scindia Centre for Development	(i) and (xii)	No	Madhya Pradesh	Gwalior	0.66	Yes	-	-
9.	Primary Health Care-Infrastructure for vaccination camps	(i) and (xii)	Yes	Haryana	Gurgaon	0.043	Yes	-	-
	TOTAL					**32.61**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): INR 40.11 million

(g) Excess amount for set off, if any:

S. No.	Particular	Amount (INR 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 2018-19, FY 2019-20 and FY 2020-21)	55.10
(ii)	Total amount spent for the Financial Year 2021-2022	40.11
(iii)	Excess amount spent for the Financial Year 2021-2022 [(ii)-(i)]	Nil

S. No.	Particular	Amount (INR in million)
(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:

S. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (INR in million)*	Amount spent in the reporting Financial Year (INR in million)**	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (INR in million)**
				Name of the Fund	Amount (INR in million)	Date of transfer	
1.	2020-2021	15.00	13.48	NA	NA	NA	1.52

* Out of the total unspent CSR amount for the preceding financial year 2020-2021, INR 10.00 million was transferred by Comstar and INR 5 million was transfered by the Company to their respective Unspent CSR Account on 17th April, 2021.

** Out of the total unspent amount of the previous financial year, Comstar had spent INR 10 million and the Company had spent INR 3.48 million respectively in the reporting financial year. The balance amount of INR 1.52 million is lying in the Unspent CSR account of the Company.

(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)
S. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (INR in million)	Amount spent on the project in the reporting Financial Year (INR in million).	Cumulative amount spent at the end of reporting Financial Year. (INR in million)	Status of the project - Completed / Ongoing
1.	FY31.03.2021_1	Sona-Comstar – IIT-Delhi Innovation in Mobility Program	2020-2021	4 years	40.00	18.48	23.48	Ongoing
2.	FY31.03.2021_2	Construction of Floor for Innovation at CIIE-IIM A-Dr. Surinder Kapur Innovation Floor	2018-2019	4 years	25.00	2.5	25.00	Completed

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 the financial year ending 31st March, 2022 through CSR spent.

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 the Financial Year 2021-22, the Company has spent INR 40.11 million on various projects. The unspent balance of INR 15.00 million towards an ongoing project namely; IIT-Delhi-Innovation in Mobility Program, was transferred to the Unspent CSR Account and will be spent in accordance with the provisions of the applicable law.

Prasan Abhaykumar Firodia
(Chairperson of CSR Committee)

Vivek Vikram Singh
(Managing Director & Group CEO)

Date: 9th June, 2022
Place: Gurgaon

Annexure-F

THE INFORMATION PERTAINING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 134 (3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

A- CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy:

Energy conservation initiatives, 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.

During the year the Company was able to achieve energy saving of 1,084 MWh through various operations initiatives mentioned as under:

1. Cycle time reduction in various equipment, optimization of hydraulic power pack unit, conversion of hydro pneumatic cylinders to pneumatic cylinders, modified design of heater and stopping hydraulic motor when machine is not in use.

2. Installation of motion sensors for lighting, timer based operation of plant roof lights, exhaust fans and air conditioning.

3. Variable frequency drive (VFD) installation for air compressor.

4. Energy capacity reduction by replacement of fluorescent high bay lights with LED Lights, and IE2 motors with IE3 motors.

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

During the Financial Year 2021-22, the Company generated 1500 kWh green energy from the installed solar panels at its various plants and thereby reducing the GHG emissions.

(iii) The capital investment on energy conservation equipments:

Following investments done in Financial Year 2021-22 for energy saving activities by the Company:

INR 1,402.85 million was spent on energy saving activities such as setting up of solar panels, advanced machinery for forging press with induction heater, automatic cutting machine, led lights etc., the details of which is provided as below:

List of Items / Equipment – Energy Conservation		Financial Year 2021-22
S. No.	**Description**	**(INR in Million)**
1.	Forging Press with Induction Heater	139.02
2.	Automatic cutting machine, polishing and specimen mounting press, Microvicker & Microscope Hardness Tester	23.65
3.	FDV and Air Conditioning (All Units) - EC Fan & VFD Drive	35.17
4.	LED Lights (All Units)	2.15
5.	Clean Room for Grinding Section – VFD Drive for cooling system	55.47
6.	LPC Furnace Line – VFD Drive	532.35
7.	Turning Setup	578.80
8.	Compact Machining Centre – Cycle time reduction	36.24
9.	Installation of VFD for Air compressor, modification of Hydraulic circuit, Replacement of IE2 motors with IE3 energy efficient motors	1.13
	Total	1403.98

B- TECHNOLOGY ABSORPTION

1. Efforts in brief towards Technology Absorption, Adoption and Innovation.

I. Design and manufacturing of bevel gears through precision warm forging & validation with respect to the vehicle requirement.

II. Design, manufacturing and validation of differential assembly & its aggregates.
Company has developed in-house capabilities in;

a. Die Design
b. Die Manufacturing
c. Gear Design
d. Gear Manufacturing
e. Differential Assembly

III. Creation of functional specialists within R&D; Functional Safety Specialist.

a. ASPICE Specialist.
b. Software Architect.
c. System Engineering Specialist.
d. Motor Control Specialist.
e. Patent Specialist.

IV. Creation of state-of-art test facilities, install latest tools and software, etc.

V. Implement Design Processes to strengthen concept development and prove out of new technology and products.

c) Implement Benchmarking as a discipline to understand and improve product on a continual basis.

d) Design with product safety in mind - component selection, protection features like over voltage, over current, over temperature, etc, IP67 sealing features, EMI/EMC.

e) Robust Product Validation process to ensure defect, bugs are fixed effectively before product launch.

f) Localisation - development of rigorous test plans to validate components, develop local suppliers to bring them at par with import suppliers.

2. Benefits derived as a result of above efforts e.g. Product Improvement, Cost Reduction, Product Development, and Import Substitution etc.

a) Cost Reduction and Reduction in "Time to Market", Complete indigenization of tooling, Superior gears & differential assembly compared to competition.

b) Ability to develop products keeping in mind the rapid pace of electrification.

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year.

The Company has not imported technology during the last three years and therefore details including the details of technology imported, the year of import, whether the technology been fully absorbed and if not fully absorbed, areas where absorption has not taken place, and the reasons thereof are not applicable.

4. The expenditure incurred on Research and Development:

S. No.	PARTICULARS	AMOUNT (INR in Million)
1.	Revenue expenditure	270
2.	Capital expenditure	172
	Total	**442**

C- FOREIGN EXCHANGE EARNINGS AND OUTGO

S. No.	Particulars	Amount (INR in Million)
1.	Foreign exchange outgo during the financial year	3,176.14
2.	Foreign exchange earnings during the financial year	10,927.42

For **Sona BLW Precision Forgings Limited**

Date: 9th June, 2022
Place: Gurgaon

Sunjay Kapur
(Chairman)

Annexure-G

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 2021-22.

For **Sona BLW Precision Forgings Limited**

Vivek Vikram Singh
Managing Director & Group CEO
DIN: 07698495

Date: 27th April, 2022
Place: Gurgaon

Annexure-H

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 – 122 004

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, 2022 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,

Sd/- **Rohit Nanda** Group Chief Financial Officer	Sd/- **Vivek Vikram Singh** Managing Director and Group Chief Executive Officer

Date: 5th May, 2022
Place: Gurgaon

Annexure-I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS OF SONA BLW PRECISION FORGINGS LIMITED FOR THE FINANCIAL YEAR ENDING 31ST MARCH, 2022

[Pursuant to Regulation 34(3) and Sub-para (10)(i) of clause (C) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Sona BLW Precision Forgings Limited
Sona Enclave Village Begumpur Khatola,
Sector 35, Gurgaon, Haryana – 122 004

1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sona BLW Precision Forgings Limited **("the Company")** having CIN: L27300HR1995PLC083037 and having registered office at Sona Enclave Village Begumpur Khatola, Sector 35, Gurgaon, Haryana– 122 004, 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.

2. In our opinion and to the best of our information and according to the verification (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and the respective Directors, we hereby certify that none of the Directors on the Board of Directors of the Company as stated below for the Financial Year ended on March, 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	DIN	Name of Director	Date of appointment in current term
1.	00029664	Mr. Prasan Abhaykumar Firodia	27/01/2021
2.	00145529	Mr. Sunjay Kapur	05/07/2019
3.	00176902	Mrs. Shradha Suri	05/08/2020
4.	00289721	Mr. Subbu Venkata Rama Behara	05/07/2019
5.	01798942	Mr. Amit Dixit	05/07/2019
6.	07698495	Mr. Vivek Vikram Singh	05/07/2019
7.	08385423	Mr. Ganesh Mani	05/07/2019
8.	09041143	Mr. Jeffrey Mark Overly	12/02/2021

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

For **PI & Associates,**
Company Secretaries

Nitesh Latwal
Partner
ACS No.: A32109
CP No.: 16276
Peer Review No.: 1498/2021
UDIN: A032109D000261602

Date: 5th May, 2022
Place: New Delhi

Annexure-J

CERTIFICATE ON CORPORATE GOVERNANCE OF SONA BLW PRECISION FORGINGS LIMITED FOR FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to Regulation 34(3) and clause (E) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Sona BLW Precision Forgings Limited
Sona Enclave Village Begumpur Khatola,
Sector 35, Gurgaon, Haryana – 122 004

1. We have examined the compliance of the conditions of Corporate Governance by Sona BLW Precision Forgings Limited **("the Company")**, for the financial year ended on 31st March, 2022 as stipulated under Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation 2 of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended **("SEBI Listing Regulations")**.

2. The compliance with the conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, and the declarations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the financial year ended on 31st March, 2022.

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

For **PI & Associates,**
Company Secretaries

Nitesh Latwal
Partner
ACS No.: A32109
CP No.: 16276
Peer Review No.: 1498/2021
UDIN: A032109D000261624

Date: 5th May, 2022
Place: New Delhi

Annexure-K

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR) 2021-22

SECTION A: GENERAL DISCLOSURES

Part 1- Details of the listed entity

1. Corporate Identity Number (CIN) of the entity: L27300HR1995PLC083037
2. Name of the listed entity: Sona BLW Precision Forgings Limited **("Sona Comstar")**
3. Year of incorporation: 27th October, 1995
4. Registered office address: Sona Enclave, Village Begumpur Khatola, Sector 35 Gurgaon, Haryana 122004
5. Corporate address: Sona Enclave, Village Begumpur Khatola, Sector 35 Gurgaon, Haryana 122004
6. E-mail: investor@sonacomstar.com
7. Telephone: 91-1244768200
8. Website: https://sonacomstar.com/
9. Financial Year for which reporting is being done: 2021-2022
10. Name of the Stock Exchange (s) where shares are listed:

    The Equity Shares of the Company are listed on the following Stock Exchanges w.e.f. 24th 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

11. **Paid-up Capital:** INR 5,843,527,100 divided into 584,352,710 equity shares of INR 10/- each
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:**
    Mr. Ajay Pratap Singh, Company Secretary
    Telephone: +91 124 476 8200
    Email Id: investor@sonacomstar.com
13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)?**
    Standalone

Part 2- Products/services

14. Details of business activities (accounting for 90% of the entity's turnover):

S.No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Motor vehicles, trailers, semi-trailers and other Transport Vehicles	97.44%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code (2008)	% of total Turnover contributed
1.	Differential gears	29301	29%
2.	Differential assembly	29301	30%
3.	Motors & Motor sub-assemblies	29304	38%
4.	Others	29301	3%

Part 3- Operations

16. Number of locations where plants and/or operations/ offices of the entity are situated:

Location	Number of plants	Number of offices	Total
Gurgaon	3	1	4
Manesar	1	-	1
Pune	1	-	1
Chennai	1	1	2

17. Markets served by the entity:

a. Number of locations:

Locations	Number
National (No. of States)	Pan-India
International (No. of Countries)	North America, Europe, Asia (excluding India)

b. What is the contribution of exports as a percentage of the total turnover of the entity?

56%

c. A brief on type of customers:

We are in a B2B business, and our products cater to the requirement of the automotive OEMs and Tier-1 suppliers globally across North America, Europe, India, and Asia (excl. India) for the application across different vehicle segments such as conventional and electric passenger vehicles, commercial vehicles, off highway vehicles and electric two & three wheelers. We earn about 82% of our revenues from direct supplies to global OEMs.

Part 4- Employees

18. Details as at the end of Financial Year 2021-22:

S. No.	Employees and workers (including differently abled)	
1.	Total number of permanent male employees	913
2.	Total number of permanent female employees	31
3.	Total number of male employees other than permanent	0
4.	Total number of female employees other than permanent	0
5.	Total number of permanent male workers	290
6.	Total number of permanent female workers	8
7.	Total number of male workers other than permanent	2214
8.	Total number of female workers other than permanent	13
Total		**3,469**

S. No.	Differently abled Employees and workers	
1.	Total number of differently abled permanent male employees	1
2.	Total number of differently abled permanent female employees	0
3.	Total number of differently abled male employees other than permanent	0
4.	Total number of differently abled female employees other than permanent	0
5.	Total number of differently abled permanent male workers	0
6.	Total number of differently abled permanent female workers	0
7.	Total number of differently abled male workers other than permanent	1
8.	Total number of differently abled female workers other than permanent	0
Total		**2**

19. Representation/inclusion/participation of women:

1.	Total members of Board of Directors	8
2.	Total female members of Board of Directors	1
3.	Total Key Management Personnel*	3
4.	Total female Key Management Personnel	0

* Key Managerial Personnel means as per section 2(51) of the Companies Act, 2013

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years):

Financial Year 2021-22

(Turnover rate in current Financial Year)	Male	Female	Total
Permanent Employees	12.20%	14.81%	12.28%
Permanent Workers	5.37%	11.76%	5.55%

Financial Year 2020-21

(Turnover rate in previous Financial Year)	Male	Female	Total
Permanent Employees	7.37%	17.39%	7.65%
Permanent Workers	3.85%	-	3.74%

Financial Year 2019-20

(Turnover rate in the year prior to the previous Financial Year)	Male	Female	Total
Permanent Employees	9.84%	18.18%	10.07%
Permanent Workers	0.94%	-	0.91%

Part 5- Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures:

Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity*	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
Comstar Automotive Technology Services Private Limited	Subsidiary	100	No
Comstar Automotive USA LLC.	Subsidiary	100	No
Comstar Automotive Hongkong Limited	Subsidiary	100	No
Comestel Automotive Technologies Mexicana Limited	Subsidiary	100	No
Comstar Automotive (Hangzhou) Co. Ltd	Subsidiary	100	No
Comstar Hong Kong Mexico No1 LLC	Subsidiary	100	No
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	Subsidiary	100	No
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Subsidiary	100	No
Sona Comstar eDrive Private Limited	Subsidiary	100	No

*Including shares held by subsidiaries of the listed entity

Annexure-K

Part 6- CSR Details

22. CSR Details

- **Whether CSR is applicable as per section 135 of Companies Act, 2013:** Yes
- **Turnover (in INR):** 19,390.49 million
- **Net worth (in INR):** 18,994.31 million

Part 7- Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC):

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	Financial Year 2021-2022			Financial Year 2020-2021		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, https://sonacomstar.com/policies-and-codes	Nil	Nil	Feedback from beneficiaries is taken	Nil	Nil	Feedback from beneficiaries is taken
Investors (other than shareholders)	NA	NA	NA	The Company doesn't have investors other than its shareholders	NA	NA	The Company doesn't have investors other than its shareholders
Shareholders	Yes, https://sonacomstar.com/policies-and-codes	656	Nil	All complaints of the Company were resolved by the Company and its RTA within time. Status of all the complaints received and resolved can be found on a quarter-on-quarter basis on the website of BSE and NSE. For BSE: https://www.bseindia.com/stock-share-price/sona-blw-precision-forgings-ltd/sonacoms/543300/ For NSE: https://www.nseindia.com/get-quotes/equity?symbol=SONACOMS	Nil	Nil	The Company have separate e-mail id i.e. investor@sonacomstar.com for shareholders for sending their queries and grievances.
Employees and workers	Yes, the Company has a mail id for reporting any grievance and complaints for workers at the policy is available at https://sonacomstar.com/policies-and-codes	Nil	Nil	-	Nil	Nil	-
Customers	Yes, https://sonacomstar.com/policies-and-codes	Nil	Nil	-	Nil	Nil	-
Value Chain Partners	Yes, https://sonacomstar.com/policies-and-codes	Nil	Nil	-	Nil	Nil	-

Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social Matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Energy Management	Risk and Opportunity	Sona Comstar is buying 100% of our energy requirements from the grid. We don't control the input mix of power in the grid. Therefore we have decided to improve our energy mix and efficiency through the steps mentioned in the approach.	1. We have put up roof top solar power generating capacity of 1505.8 kWp in our plants at Gurgaon, Manesar and Chennai. 2. We will be adding roof top solar power generating capacity in the upcoming Chakan (Pune) plant. 3. We are also constantly working on improving the energy intensity per rupee of revenue.	**Positive:** Reduced GHG emissions and less sensitivity to changes in cost of fossil fuel.
2.	Low Carbon Mobility	Opportunity	Sona Comstar believes that electrified mobility is necessary to reduce the GHG emissions arising from automobiles and for a greener planet. It has therefore embarked on a journey to increase its revenue from battery electric vehicles (BEV) and focused its R&D efforts towards developing drive motors, controllers and transmission solutions for different types of electric vehicles.	N.A	**Positive:** Sona Comstar derived 25% of its sales from BEV during Financial Year 2021-22 against 14% during Financial Year 2020-21.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Principles of National Guidelines on Responsible Business Conduct

P1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

P2 Businesses should provide goods and services in a manner that is sustainable and safe

P3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

P4 Businesses should respect the interests of and be responsive to all its stakeholders.

P5 Businesses should respect and promote human rights

P6 Businesses should respect and make efforts to protect and restore the environment.

P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

P8 Businesses should promote inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their consumers in a responsible manner.

Annexure-K

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	https://sonacomstar.com								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	IATF 16949, ISO 14001, ISO 45001, ISO 50001, TPM, ENMS, ASES, VQE								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	N	N	N	N	N	N	N	N	N
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met	N	N	N	N	N	N	N	N	N

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

At Sona Comstar, sustainability is at the core of everything we do, in line with our purpose to be leaders of automotive technology products. We have our sights set firmly on helping to bring the future of mobility to global consumers faster as we consistently deliver best-in-class products that exceed consumer expectations, which helps us to build lasting bonds within the automotive industry. We are working towards ensuring a brighter and more sustainable future: one that will be innovation oriented.

We are constantly working to reduce our environmental footprint by allocating as many financial resources as possible to research projects, innovations and technology development aimed at making the process an environmental asset. A sustained focus on resource management and efficiency improvements will enable the company to attain its environmental goals. Technology initiatives such as solar plants, ZLD plants, installation of LED lights, technology incubation, energy efficient motors will help us to reduce the environmental footprint. Apart from this, adherence to all the environmental rules and regulations will strengthen commitment to make our business sustainable.

Simultaneously, we intend to streamline our societal commitment, transforming the company into a valued and responsible neighbor in its community. We have undertaken various CSR initiatives for development of society including but not limited to education, environmental sustainability, health care and sanitation. Further, the Company is partnering with the institutions of eminence in various technological incubations projects targeted to focus on green mobility which is likely to reduce the usage of fossil fuels.

Sona Comstar also intends to create shared value for all the stakeholders. By empowering our stakeholders to make the best use of resources, we are strategically bridging progress and sustainability for all.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	DIN: 07698495 Name: Mr. Vivek Vikram Singh Designation: Managing Director & Group CEO Telephone No.: +91-124-4768200 Email-id: investor@sonacomstar.com								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, the Board of Directors have constituted ESG Committee for implementation of Environment, Social and Governance framework across its operations.								
10. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? * (Yes/No). If yes, provide the name of the agency.	Y	Y	Y	Y	Y	Y	Y	Y	Y

* 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.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated: NA									
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

12. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes									Quaterly/ Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all the applicable statutory requirements									Quarterly/Annually								

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section will focus on the principle wise performance disclosures of Sona Comstar. Please verify the prefilled information, if any, and add details to the blank spaces.

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential indicators

1. Percentage coverage by training and awareness programs on any of the Principles during the financial year:

Segment	Total number of training and awareness programs held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programs
Board of Directors **(BOD)**	3	Training conducted on business ethics and transparency (Principle 1). E.g.: SEBI (Prohibition of Insider Trading) Regulations, 2015, Anti-corruption and Bribery refresher training, Anti Money Laundering and Code of Conduct of the Company	12.50%
Key Managerial Personnel **(KMPs)**	3	2 Training courses conducted on orientation session on SEBI (Prohibition of Insider Trading) Regulations, 2015, Anti-corruption and Bribery refresher training, Anti Money Laundering and Code of Conduct of the Company	100.00%
Employees other than BOD and KMPs	203	Trainings conducted on Code of Business Conduct, Anti-Corruption and Bribery policy, Trade Compliance policy and Anti Money Laundering and Business Sustainability training covering Ethics Policy, Anti-Corruption policy, code of conduct policy, environment, health, and safety, working conditions, plants do's and don'ts, HIRA, LOTO safety, waste disposal, human rights, social responsibility, financial accuracy, and record keeping, etc.	86.33%
Workers	226	Trainings were conducted around related safety related trainings such as plants dos and don'ts, HIRA, LOTO safety, waste disposal, etc.	66%

Annexure-K

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

	Non-Monetary			
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
-	-
-	-

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Sona Comstar has an Anti-Corruption Compliance Policy, Whistle-Blower Policy, Code of conduct for the Board and Senior Management and Code of Conduct for Employees and Vendors. The policies are available on the website of the Company at: https://sonacomstar.com/policies-and-codes.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	Financial Year 2021-22	Financial Year 2020-2021
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

	Financial Year 2021-22		Financial Year 2020-2021	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	-	-	-

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**
   Nil

Leadership indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
21	APQP/ PPAP / SPC/FMEA/Control Plan/ CSR/ IATF/ VSME/ OEE/ QMS/ Environment	73%

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**
   Sona Comstar's Board approved policies and procedures are in place to avoid/ manage conflict of interests such as Code of Conduct for Directors and Senior Management, Policy on Related Party Transactions, Policy for determining Material Subsidiaries, Code on Fair Disclosure of Unpublished Price Sensitive Information, Code of Conduct for prevention of insider trading, Policy for determining Materiality, and Whistle Blower Policy. The Company undertakes training and awareness sessions on ethical business practices, including sessions to avoid or manage the instances of conflict of interests in an appropriate manner.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Financial Year (2021-2022)	Financial Year (2020-2021)	Details of improvements in environmental and social impacts
R&D	98%	93%	Development of new technologies and products for energy-efficient drivetrain and powertrain for electric vehicles
Capex	86%	88%	Development of new technologies and products for energy-efficient drivetrain and powertrain for electric vehicles, and setting up of manufacturing capacity for these products

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**
   Yes, Sona Comstar has a Green Procurement Guideline with a dedicated Environment Declaration. The Company's supplier selection, assessment and evaluation process includes elements of sustainability. This includes initial supplier survey, continuous risk assessments and periodic audits.

   b. **If yes, what percentage of inputs were sourced sustainably?**
   27.7 % of raw material consumed by the Company comes from recycled sources. Under our green procurement guideline we plan to capture elements of sustainability in our standard purchase contracts and our suppliers would be expected to adhere to it.

3. **Describe the processes in place, to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**
   Our products are integrated into automobiles being produced by our customers and therefore cannot be reclaimed separately.

Annexure-K

4. **Whether Extended Producer Responsibility (EPR) is applicable to entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**
   Not Applicable.

Leadership indicators

1. **Has Sona Comstar conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format-**
   The Company have not conducted life cycle perspective assessments.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**
   Not assessed.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	Financial Year 2021-22	Financial Year 2020-21
Steel and Casting	27.7%	25.8%

4. **Details of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:**

	Financial Year 2021-22			Financial Year 2020-21		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	-	-	-	-	-
E-waste	-	-	-	-	-	-
Hazardous waste	-	-	-	-	-	-
Other waste	-	-	-	-	-	-

5. **Details of reclaimed products and their packaging materials (as percentage of products sold) for each product category as per the format below:**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
-	-

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	913	913	100%	913	100%	NA	NA	Nil	Nil	NA	NA
Female	31	31	100%	31	100%	31	100%	NA	NA	16	52%
Total	**944**	**944**	**100%**	**944**	**100%**	**31**	**100%**	**Nil**	**Nil**	**16**	**52%**
Other than Permanent employees											
Male	NA										
Female											
Total											

b. Details of measures for the well-being of workers:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	290	290	100%	290	100%	NA	NA	Nil	Nil	NA	NA
Female	8	8	100%	8	100%	8	100%	NA	NA	8	100%
Total	**298**	**298**	**100%**	**298**	**100%**	**8**	**100%**	**Nil**	**Nil**	**8**	**100%**
Other than Permanent employees											
Male	2214	2214	100%	2214	100%	NA	NA	Nil	Nil	NA	NA
Female	13	13	100%	13	100%	9	69%	NA	NA	5	38%
Total	2227	2227	100%	2227	100%	9	69%	Nil	Nil	5	38%

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year, in the following format:

Benefits	Financial Year 2021-22			Financial Year 2020-21		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100.0%	100.0%	Y	100.0%	100.0%	Y
Gratuity	100.0%	100.0%	Y	100.0%	100.0%	Y
ESI	100.0%	100.0%	Y	100.0%	100.0%	Y
NPS	9.11%	Nil	Y	9.09%	Nil	Y
Superannuation	0.82%	Nil	Y	0.82%	Nil	Y

3. Accessibility of workplaces- Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Sona Comstar is in the process of making all the required offices/premises friendly to differently abled employees and workers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Sona Comstar is an equal opportunity employer and has a Code of Conduct for its employees available at https://sonacomstar.com/policies-and-codes.

5. Details on return to work and retention rates of permanent employees and workers that took parental leave, in the following format:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	-	-	-	-
Total	**-**	**-**	**-**	**-**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No	Grievance mechanism*
Permanent Workers	Yes	HR Help Desk, Grievance Redressal Register and e-mail id for reporting POSH related complaints and strong whistle blower mechanism in place to address complaints or issues raised.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

*The Company has POSH Committee to redress the POSH related complaints of employees and workers.

Annexure-K

7. Details on Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	Financial Year 2021-2022			Financial Year 2020-2021		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	**944**	**Nil**	**Nil**	**869**	**Nil**	**Nil**
Male	913	Nil	Nil	846	Nil	Nil
Female	31	Nil	Nil	23	Nil	Nil
Total Permanent Workers	**298**	**43**	**14.43%**	**315**	**44**	**13.97%**
Male	290	43	14.83%	306	44	14.38%
Female	8	-	Nil	9	-	Nil

8. Details of training given to employees and workers, in the following format:

Category	Financial Year 2021-22					Financial Year 2020-21				
	Total (A)	On Health & safety measures		On Skill upgradation		Total (D)	On Health & safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	913	803	87.95%	881	96.50%	846	594	69.23%	832	96.97%
Female	31	30	96.77%	29	93.55%	23	18	72.00%	24	96.00%
Total	**944**	**833**	**88.24%**	**910**	**96.40%**	**869**	**612**	**69.31%**	**856**	**96.94%**
Workers										
Male	2504	2057	82.15%	1730	69.09%	2213	2118	95.71%	1612	72.84%
Female	21	16	76.19%	12	57.14%	29	22	75.86%	12	41.38%
Total	**2525**	**2073**	**82.10%**	**1742**	**69%**	**2242**	**2140**	**95.45%**	**1624**	**72.44%**

9. Details of performance and career development reviews of employees and workers:

Category	Financial Year 2021-22			Financial Year 2020-21		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	913	913	100%	846	846	100%
Female	31	31	100%	23	23	100%
Total	944	944	100%	869	869	100%
Workers						
Male	290	43	15%	306	44	14%
Female	8	Nil	Nil	9	Nil	Nil
Total	**298**	**43**	**14%**	**315**	**44**	**14%**

Note: Performance and career development reviews are conducted only for permanent employees and permanent workers.

10. Health and safety management system:

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Sona Comstar is compliant with ISO 45001: Occupational Health and Safety (OH&S) management system and 100% of the facilities are covered it.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Sona Comstar has implemented Hazard Identification and Risk Assessment (HIRA) system for identifying workplace hazards, undertaking risk assessment, implementing necessary controls as per the level of risk, and eliminating or minimizing the identified risks.

The Company identifies all the potential work-related incidents through the hazard identification process and conducts likelihood assessment to estimate the frequency or probability of occurrence. Risk reduction measures are implemented to prevent incidents (reduce likelihood of occurrence) or to control incidents (limit the extent and duration of a hazardous event) and to mitigate the adverse effects or consequence. In addition to this Sona Comstar has also prepared an Emergency Preparedness Plan, Mock Drill Record Evaluation Checklist, Aspect Register and COVID-19 - Standard Operating Procedure Manual to minimize work-related hazards.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, various mechanisms have been implemented to report work-related hazards as per ISO 45001: a) Safety Patrol, b) Risk assessment, and c) Near miss report.

To mitigate work-related hazards, the company conducts emergency mock drills and safety drills as well as engages in capacity building and awareness sessions to equip its employees and workers with safety protocols and risk management steps.

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, Sona Comstar ensures overall wellbeing of its employees and workers by providing health insurance, term insurance, accident insurance, regular health check-up, COVID-19 vaccination camps for its employees, and workshops for mental wellbeing of employees.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	Financial Year 2021-22	Financial Year 2020-2021
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.17	0.41
Total recordable work-related injuries	Employees	0	0
	Workers	1	2
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Sona Comstar has adopted a Management Policy on Quality, Environment, Occupational Health and Safety which depicts its commitment to prevent injury or any health hazard for all of its stakeholders. The company has taken safety measures to address any injury/accident at the workplace. When performing work on specified machines, LOTO (Lockout Tagout) procedures have been reinforced for all maintenance staff to avoid unforeseen events and increase the workforce productivity. An action plan is prepared w.r.t any accident occurred on worksite and measures to avoid future similar accident. Training and awareness sessions are also conducted such as fire safety, Codebeamer tool training, NC handling, Chemical safety, Road safety, Core & shaft operation, DOJO 8 Steps training covering, 5S, 5 Senses relevance while working on shopfloor, Specific Process Operations Module on Forging, Heat Treatment, Quality Inspection, Packaging, Trolley Movement, etc.

Our COVID Procedures:

Sona Comstar 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, 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 company's risk management policy, the company developed a mobile phone based application "SONA health app" for its employees to report their health status on a daily basis and also implemented a safety SOP applicable for the employees travelling between workplace and home, inside shop safety management practices including vendor safety management and measures

Annexure-K

to check vehicles entering and leaving its premises and employees returning to the workplace after easing of lockdown. To ensure that the employees who stayed back at the manufacturing units were provided with a safe working environment, sensor based contactless taps for drinking water & sensor-based soap dispenser, separators on eating tables in common canteen area, training on Covid safety SOP before entering plant was mandatory to have covid appropriate behavior, dry ration distribution, immunity kit distribution and vaccination drives were conducted to support the people for safe business plant operations.

13. Number of Complaints on the following made by employees and workers:

Particulars	Financial Year 2021-2022			Financial Year 2020-2021		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

14. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

No actions were required as zero incidents were reported.

Leadership indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

Yes, the Company provides medical, accidental and term life insurance to its employee and workers. Further, the Company benefits like provident fund, gratuity, superannuation and employees' deposit linked insurance, as applicable, are settled on a priority basis in the event of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

Sona Comstar ensures its onsite value chain partners comply with the required physical operation statutory requirements and all offsite value chain partners also the Comply with Company's code of conduct.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Particulars	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	Financial Year 2021-2022 (Current Financial Year)	Financial Year 2020-2021 (Previous Financial Year)	Financial Year 2021-2022 (Current Financial Year)	Financial Year 2020-2021 (Previous Financial Year)
Employers	-	-	-	-
Workers	-	-	-	-

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**
Capacity building and training for skill upgradation are made available to employees.

5. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	-
Working Conditions	-

6. **Provide details of any corrective actions taken or underway to address significant risks /concerns arising from assessments of health and safety practices and working conditions of value chain partners.**
Sona Comstar has a code of conduct for its vendors which specifies that they have to be compliant with health and safety practices and working conditions as mandated by Sona Comstar.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**
Yes, the Company as part of its ESG framework has identified the stakeholder group and intends to with them for their betterment.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Board	No	Email, Meetings, Personnel Visits, Notice and Agenda of Meetings	Quarterly and as per the requirement of Companies Act, 2013 and SEBI (LODR) Regulations, 2015	Role and responsibility of Board of Directors defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Therefore, the Board and its committees meet from time to time to discuss and approve the statutory requirements.
Employees	No	Training, Conferences, Website, E-mails, Meetings	Continuous	Proposing measures to increase employee competency at work as well as promote work-life balance
Customers	No	Personal visits, Mass media & digital communications, E-mails, Plant visits & social media	Continuous	Customer stewardship in terms of transparency, informed choices, Customer-centric design and innovation
Communities & NGOs & Schools/ Institutes & Hospitals	No	CSR activities, Meetings and briefings, Impact assessment surveys, Official communication channels, including emails, advertisements, Publications, Websites, and social media	Need to engage basis	Implementing community initiatives and helping them to attain a better standard of living. For making a difference in society and creation an impact through our CSR initiatives.
Suppliers & Dealers	No	Supplier & vendor meets, Workshops & trainings, Policies, IT-enabled information sharing tools and recognition platforms, Dialogue on the industry initiatives, Training course	Continuous training is provided. A supplier meet is conducted once in2years. Purchase Team - Meeting with supplier as per requirement. Offline or online	Training, quality improvement, capacity building measures, safety related training as per new clauses under ISO 14000 Suppliers meet to discuss vision and mission, business plan, supplier awards.

Annexure-K

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors	No	Training, Conferences, Annual Report, Notices, E-mail, Investor Meetings, General Meetings, Corporate Announcements, Newspaper Advertisements, Press Release, Investor Presentation, Quarterly & Annual Results, Corporate website	Quarterly and as per the requirement of Companies Act, 2013 and SEBI (LODR) Regulations, 2015	Discuss Company's financial performance and strategic priorities. 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.
Government & Regulators	No	Official communication channels, Regulatory audits/ inspections, Environmental compliance, Policy intervention, good governance, Statutory Corporate Filings	As per the Statutory Requirements	Report and compliances on Legal and Regulatory Requirements.

Leadership indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The consultation with various stakeholders usually happens through the management team. These consultations are part of regular interactions with these stakeholders and the board is apprised of the important issues.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes. The Company conducted materiality assessment incorporating the views of both internal and external stakeholders and identified the material topics for the company. For instance, energy management is one such issue. With respect to this, the plants already have received ISO 14001 certification. Also, the energy demand per unit produced has been optimized through different processes such as ensuring batch time optimization. These initiatives were in line with the Energy Management Policy.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   Although none of the stakeholder group is identified as vulnerable/marginalized, the Company does engage with some stakeholder groups to understand their needs and provide the support to the extent possible e.g. the Company engages with the local community in Gurgaon and Chennai to improve the infrastructure and facilities in the Government Schools to improve the standard of education and participation of students including girl child.

Principle 5: Businesses should respect and promote human rights.

Essential indicators

1. **Details on the number of employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	Financial Year 2021-22			Financial Year 2020-21		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	944	579	61.33%	869	118	13.58%
Other than permanent	0	0	0	0	0	0
Total Employees	944	579	61.33%	869	118	13.58%
Workers						
Permanent	298	43	14.43%	315	44	13.97%
Other than permanent	2227	1566	70.32%	1927	1132	58.74%
Total Employees	**2525**	**1609**	**63.72%**	**2242**	**1176**	**52.45%**

2. Details of minimum wages paid to employees and workers, in the following format:

Particulars	Financial Year 2021-22					Financial Year 2020-21				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	944	0	0%	944	100%	869	0	0	869	100%
Male	913	0	0%	913	100%	846	0	0	846	100%
Female	31	0	0%	31	100%	23	0	0	23	100%
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent	298	0	0%	298	100%	315	0	0%	315	100%
Male	290	0	0%	290	100%	306	0	0%	306	100%
Female	8	0	0%	8	100%	9	0	0%	9	100%
Other than Permanent	2227	424	19%	1803	81%	1927	433	22%	1494	78%
Male	2214	419	19%	1795	81%	1907	422	22%	1485	78%
Female	13	5	38%	8	62%	20	11	55%	9	45%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category*	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	8	63,60,000	1	6,30,000
Key Managerial Personnel	3	2,40,85,675	0	-
Employees other than BoD and KMP (Permanent)	910	1,266,939	31	1,804,503
Workers (Permanent)	290	837,506	8	869,234

*Doesn't include ESOP perquisite value

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

For all locations of the Company (except Chennai):

- Nodal: Mr. Amin Rao
- Designation: General Manager (HR)
- E-mail ID: speakup.sbpl@sonacomstar.com

For Chennai:

- Nodal: Mr. Umapathy E
- Designation: Senior Manager (EHS & ER)
- E-mail id: speakup.sbpl@sonacomstar.com

5. Describe the internal mechanisms in place at Sona Comstar to redress grievances related to human rights issues.

Sona Comstar's Code of Conduct Board and Senior Management strongly deters wrongdoings and promote equal opportunities for all at workplace. The Code ensures there is no discrimination or harassment in the workplace and appropriate grievance mechanism is in place. In addition to this, the company has policies such as:

- POSH Policy
- Code of Conduct for Employees
- Code of Conduct for Vendors
- Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees
- Policy to Promote Diversity on the Board of Directors

Annexure-K

6. Details on the number of complaints on the following made by employees and workers:

	Financial Year 2021-22			Financial Year 2020-21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labor	-	-	-	-	-	-
Forced Labor/ Involuntary labor	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Are there mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases? Describe, if applicable.

Sona Comstar has a "Prevention of Sexual Harassment Policy" which is being overseen by Internal Complaints Committee (ICC) constituted for each location in India under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee ("ICC" or "Committee") shall meet at regular intervals to create awareness against Sexual Harassment and to ensure prevention and prohibition of Sexual Harassment at Workplace. However, in case, any Complaint is reported pertaining to Sexual Harassment, the ICC shall hold emergency meeting immediately as per its discretion within 3 working days and will proceed further in accordance with the provisions of the Act and the Rules as it may deem fit for the proper redressal of the matter. The grievance, if any, arising out of Whistle-Blower Policy and Code of Conduct is being reviewed by Audit Committee of the Board.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)-

Yes. Sona Comstar has a code of conduct for its vendors which includes aspects of human rights pertaining to their operations and conduct of business, and all vendors need to comply with the code as part of the agreement/contract.

9. Please provide details on assessments for the year, in the following format:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100%*
Forced/involuntary labor	100%*
Sexual harassment	100%*
Discrimination at workplace	100%*
Wages	100%*
Others – please specify	

* The above assessment done by the Company internally from time to time.

10. Please provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments in Question 9 above.

Any risks arising from the assessment are duly taken care by committees comprising of both internal and external stakeholders.

Leadership indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company strives to uphold the basic principles of human rights in all its operations. This is in alignment with its codes and policies. The company regularly sensitizes its employees on the Code of Conduct, Human Rights, and Freedom to form associations through various training and awareness programs. The Company is also updating many of its customers on these compliance as part of contractual framework with them.

2. Details of the scope and coverage of any Human rights due diligence conducted.

Sona Comstar complies with all the required labor laws and is OHSAS 18001 certified. It provides training to its employees at the time of induction about the code of conduct which covers human rights issues such as child labor, gender diversity, workplace discrimination, etc. A background verification is conducted by a third party for all its employees.

3. Is the premise/office of SONA accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Sona Comstar is in the process of making all the required offices/premises friendly to differently abled visitors.

4. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Child labor	-
Forced/involuntary labor	-
Sexual harassment	-
Discrimination at workplace	-
Wages	-
Others – please specify	-

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

N/A

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Sona Comstar has its manufacturing plants over 4 locations in India: Gurgaon, Manesar, Pune and Chennai.

Parameter	Financial Year 2021-2022	Financial Year 2020-2021
	MWh	MWh
Total electricity consumption (A)	50,068.21	40,917.25
Total fuel consumption (B)	815.94	335.97
Energy consumption through other sources. (C) Solar	1,423.98	546.84
Total energy consumption (A+B+C)	**52,308.14**	**41,800.07**
Energy intensity per rupee of turnover (Total energy consumption in units/ turnover in rupees)	0.003	0.003
Sales in INR Mn.	18,419	13,254

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	Financial Year 2021-2022	Financial Year 2020-2021
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Groundwater	-	1,459.00
(iii) Third party water	71,237.92	55,964.85
(iv) Seawater / desalinated water	0	0
(v) Others	26,855.38	20,291.03
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**98,093.31**	**77,714.88**
Total volume of water consumption (in kiloliters)	97,848.31	77,499.88
Water intensity per rupee of turnover (Water consumed / turnover)	00*	00*

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

*numbers rounded off to two decimal points.

Annexure-K

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes. Sona Comstar has a Zero Liquid Discharge (ZLD) plant at their Gurgaon site having a capacity of 50 KLD (Kilo Liter per day). MBR and Conditioning Unit with High Recovery RO Membrane based Recycling System is installed in the ZLD plant to treat High TDS water.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Sona Comstar has its manufacturing plants over 4 locations in India: Gurgaon, Manesar, Pune and Chennai.

Gurgaon

Parameter	Please specify unit	Financial Year 2021-2022	Financial Year 2020-2021
DG SETS STACKS PARAMETER (Avg.)	**AIR QUALITY STANDARD 2009 (mg/Nm3)**		
PM	75	34.28	55.88
SOX	NS	25.08	40.34
NOX	710	159.9	341
CO	150	62.97	86.53
HC	100	17.81	23.4

WORK ZONE (INDOOR AIR QUALITY) FROM (Avg)	Std.Limits (As per*OSHA) mg/Nm3	Financial Year 2021-2022	Financial Year 2020-2021
PM	15	0.49	0.57
SOX	13	0.02	0.02
NOX	9	0.04	0.05
CO	55	1.21	0.74

Pune

Parameter	Please specify unit	Financial Year 2021-2022	Financial Year 2020-2021
DG SETS STACKS PARAMETER (AVG.)	STANDARD		
PM- Total Particulate Matter	<150 mg/Nm2	77.32	71.81
SO2- Sulphur Dioxide	mg/Nm2	79.89	71.81
	<120 Kg/day	1.54	1.38
Nox- Oxide of Nitrogen	<800 ppm	25.51	26.25
CO- Carbon Monoxide	<150 mg/Nm2	31.00	32.15
HC- Hydrocarbon	<100 mg/Nm2	29.95	31.50

WORK ZONE AIR MONITORING. AVG.	STANDARD AS PER FACTORY ACT, 1948	Financial Year 2021-2022	Financial Year 2020-2021
SPM- Suspended Particular Matter.	µg/m3	48.45	37.65
SO2- Sulphur Dioxide	<5000 µg/m3	21.10	20.45
NOx- Oxides of Nitrogen	<6000 µg/m3	24.30	21.75
CO- Carbon Monoxide	<55 ppm	2.73	2.46
RSPM- Respirable Suspended Particulate Matter	<5000 µg/m3	26.55	18.40
CO2- Carbon Dioxide	<5000 ppm	134.50	95.50

Manesar

Parameter	Please specify unit	Financial Year 2021-2022	Financial Year 2020-2021
DG SETS STACKS PARAMETER (AVG.)	**AIR QUALITY STANDARD 2009 (gm/kwh)**		
PM	75	24.4	27.18
SOX	NS	-	-
NOX	710	118.9	120.11
CO	150	42.3	46.83
HC	100	10.76	10.81

WORK ZONE INDOOR AIR QUALITY(Avg.)	Std.Limits (As per*OSHA) mg/Nm3	Financial Year 2021-2022	Financial Year 2020-2021
PM	15	0.35	0.49
SOX	13	0.01	0.02
NOX	9	0.03	0.04
CO	55	1.12	1.14

Chennai

Parameter	Std.Limits (As per*OSHA) mg/Nm3	Financial Year 2021-2022	Financial Year 2020-2021
PM	15	2.1	2.2
SOX	13	5	4
NOX	9	6	6

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Sona Comstar has its manufacturing plants over 4 locations in India: Gurugram, Manesar, Pune and Chennai.

Parameter	Unit	Financial Year 2021-2022	Financial Year 2020-2021
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	776	431
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	39,554	32,325
Total Scope-1 emissions per rupee of turnover.	Metric tonnes per rupee-	0.00*	0.0*
Total Scope 2 emissions per rupee of turnover.	Metric tonnes per rupee-	0.005*	0.00*

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

*numbers rounded off to two decimal points.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, augmenting onsite solar generation facility. Total Solar capacity increased to 1505.8 kWp in Financial Year 2021-22 from 458.8 kWp Financial Year 2020-21.

Annexure-K

8. Provide details related to waste management by the entity, in the following format:

Parameter	Financial Year 2021-22	Financial Year 2020-21
Total Waste generated (in metric tons)		
(Current Financial Year)		
Total Waste generated (in metric tons)		
Plastic waste (A)	72.91	52.70
E-waste (B)	2.97	1.57
Bio-medical waste (C)	0.96	1.24
Construction and demolition waste (D)	-	-
Battery waste (E)	10.69	2.66
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	197.42	45.56
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	13,176.12	9,895.57
Total (A+B + C + D + E + F + G + H)	**13,461.07**	**9,999.29**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category of waste (Non-Hazards)		
(i) Recycled	13,263.63	9,953.72
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	13,263.63	9,953.72
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste (Hazards)		
(i) Incineration	149.79	36.82
(ii) Landfilling	45.45	8.75
(iii) Other disposal operations	2.20	-
Total	**197.44**	**45.57**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Disposed through Govt. Authorized agency Gujarat Enviro Protection & Infrastructure Private Limited (GEPIL)

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company recycles its Hazardous & Non-Hazardous waste product through authorized recyclers. Further, all relevant plant locations have Wastewater Treatment Plant (WWTP) which is combination of Effluent treatment plant (ETP) and Sewage treatment plant (STP).

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
-	-	-	-

None of the company plants are around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

Name and brief details of project	EIA Notification No	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, Sona Comstar is compliant with all the applicable environmental laws.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the noncompliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-	-	-	-	-

Leadership indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	Financial Year 2021-2022	Financial Year 2020-2021
	MWh	MWh
From renewable sources		
Total electricity consumption (A)	1,423.98	546.84
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**1,423.98**	**546.84**
From non-renewable sources		
Total electricity consumption (D)	50,068.21	40,917.25
Total fuel consumption (E)	815.94	335.97
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**50,884.15**	**41,253.23**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. Provide the following details related to water discharged:

Parameter	Financial Year 2021-2022
Water discharge by destination and level of treatment (In Kilolitres)	
i) To Surface water	-
- No treatment	-
- With treatment – please specify level of treatment	-
(ii) To Groundwater	-
- No treatment	-
- With treatment – please specify level of treatment	-
(iii) To Seawater	-
- No treatment	-
- With treatment – please specify level of treatment	-
(iv) Sent to third-parties	-
- No treatment	-
- With treatment – please specify level of treatment	-
v) Others	-
- No treatment	-
- With treatment – please specify level of treatment	-
Total water discharged (In Kiloliters)	**-**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Sona Comstar uses water extensively in making parts that require material transformation at high temperatures. To minimize water discharges, it has established water treatment systems such as ETP (Effluent Treatment Plants) and Zero Liquid Discharge (ZLD) plants that enable its recovery, which are present in all its manufacturing locations. Hence, water discharge by Sona Comstar is negligible.

3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Gurgaon and Chennai

(ii) Nature of operations: Manufacturing

(iii) Water withdrawal, consumption, and discharge in the following format:

Annexure-K

Gurgaon

Parameter	Financial Year 2021-2022	Financial Year 2020-2021
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	52,563	41,049
(iv) Seawater / desalinated water	-	-
(v) Others	2518	6045
Total volume of water withdrawal (in kiloliters)	**55,081**	**47,094**
Total volume of water consumption (in kiloliters)	**55081**	**47094**
Water intensity per rupee of turnover (Water consumed / turnover)	0.00*	0.00*

*numbers rounded off to two decimal points.

Chennai

Parameter	Financial Year 2021-2022	Financial Year 2020-2021
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	0	1459
(iii) Third party water	16348	12870
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres)	**16348**	**14329**
Total volume of water consumption (in kilolitres)	**16103**	**14114**
Water intensity per rupee of turnover (Water consumed / turnover)	0.00*	0.00*

*numbers rounded off to two decimal points.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format

The Company is currently not measuring Scope 3 emissions.

Parameter	Unit	Financial Year 2021-2022	Financial Year 2020-2021
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable, as the company doesn't have any operations in ecologically sensitive areas,

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Solar Plant	1505.8 kWp	Reduction in GHG emissions
2.	ZLD Plant	50 KLD Capacity	Reduction in freshwater intake
3.	Replacement of Fluorescent light into LED lights of 80 no.s	-	35910 kWh savings/Year

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
4.	Installation of VFD for Air compressor - 4	-	Installed on March 2022. Savings to be calculated in upcoming months.
5.	Installation of Energy efficient IE3 motors	-	9763 kWh Savings/year

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Sona Comstar has an emergency procedure integrated into its management system for dealing with emergency situations, minimize hazards to environment and human health. A list of potential emergency situations has been identified and the roles and responsibilities of all concerned personnel are also defined to handle the emergencies effectively. The safety officer is responsible for mock drills which are conducted at 6 months intervals whereas safety drills are conducted at 2 months intervals or as per plan to evaluate emergency preparedness. Training and awareness sessions are conducted for the employees and emergency handling teams to prepare them for actual emergency situations.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Nil

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Nil

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   Four

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Confederation of Indian Industry (CII)	National
2.	Automotive Component Manufacturers Association (ACMA)	National
3.	Association of Indian Forging Industry (AIFI)	National
4.	Gurgaon Chamber of Commerce and Industries (GCCI)	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

There have been no instances of anti-competitive behavior undertaken by the Company and therefore there are no corrective actions taken or underway by the regulatory authorities against the Company.

Leadership indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
-	-	-	-	-	-

Annexure-K

Principle 8: Businesses should promote inclusive growth and equitable development

Essential indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the Financial Year (In INR)
-	-	-	-	-	-	-

3. Describe the mechanisms to receive and redress grievances of the community.

The community grievances, if any can be submitted at the security desk. Any complaint so received is forwarded to Admin department for further action.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	Financial Year 2021-2022	Financial Year 2020-2021
Directly sourced from MSMEs/ small producers	47.66%	42.70%
Sourced directly from within the district and neighboring districts	38.78%	38.17%

Leadership indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
-	-

Not applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR) (Financial Year 2022)
1.	Gujarat	Ahmedabad	2.50 mn
2.	Delhi	Southwest Delhi	5.00 mn
3.	Pan-India	Pan-India	4.00 mn
4.	Haryana	Gurugram	4.65 mn
5.	Tamil Nadu	Chengalpattu, Kancheepuram	7.09 mn
6.	Delhi	South West Delhi	8.00 mn
7.	Delhi, Haryana	South Delhi, South West Delhi, Gurgaon	4.60 mn
8.	Haryana	Gurugram	2.50 mn
9.	Pan-India	Pan-India	1.06 mn
10.	Madhya Pradesh	Gwalior	0.66 mn
11.	Haryana	Gurugram	0.04 mn

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

No

(b) **From which marginalized /vulnerable groups do you procure?**

Not Applicable

(c) **What percentage of total procurement (by value) does it constitute?**

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not Applicable

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes / No)	Basis of calculating benefit share
-	-	-	-	-

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	SONA COMSTAR--SAMRIDH BHARAT PROGRAMT: Collaboration with IIM-A for constructing a floor for technology business incubators	Technology Entrepreneurs, Incubators	-
2.	SONA COMSTAR--SAMRIDH BHARAT PROGRAM: Partnered with FITT for innovations, which create safe, convenient and eco-friendly mobility	Technology Entrepreneurs, Incubators	-
3.	SONA COMSTAR--SWASTH BHARAT PROGRAM: 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	Communities, people, migrant labour and workers affected by COVID-19 pandemic (approximately 457,000 meals)	-
4.	PROGRAM-SAKSHAM BHARAT: Construction and maintenance of basic infrastructure in Govt. Higher Secondary School, Chennai.	Students	-
5.	SONA COMSTAR-SAKSHAM BHARAT PROGRAM: Renovation and building of boundary walls and toilets installation of solar panels in Govt. Sr. Sec. School, Gurgaon	More than 1000 students	-
6.	SONA COMSTAR--SWASTH BHARAT PROGRAM: Aakash Healthcare Private Limited-Setting up of Pediatric ICU	General Public	-
7.	SONA COMSTAR-SWASTH BHARAT PROGRAM: Supply of BiPaP machines to various hospitals	General Public	-
8.	SONA COMSTAR-SWASTH BHARAT PROGRAM: Setting up 100 Bedded COVID Care Centre and related activities	The facility remained operational for 3 months and it catered to around 230 patients from Gurugram and nearby areas during the period it was operational	-
9.	SONA COMSTAR--SURAKSHIT BHARAT PROGRAM: Assist the families/ dependents of armed forces/war veterans	War veterans and their families	-
10.	SONA COMSTAR-SWASTH BHARAT PROGRAM: Providing Oxygen concentrators to Rajmata Vijaya Raje Scindia Centre for Development	General Public	-
11.	SONA COMSTAR--SWASTH BHARAT PROGRAM: Primary Health Care-Infrastructure for vaccination camps	General Public	-

Annexure-K

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Sona Comstar is a B2B company and sells its products predominantly to large OEMs. Sona Comstar ensures on time delivery in full to all its customers based upon the schedules shared by them. In case of any complaints, customers can raise the complaint with the Company SPOC or send their complaints in mail to the company.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Business Category	As a percentage to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	-
Recycling and/or safe disposal	-

3. Number of consumer complaints in respect of the following:

	Financial Year 2021-22		Remarks	Financial Year 2020-2021		Remarks
	Received during the year	Pending resolution at the end of year		Received during the year	Pending resolution at the end of year	
Data privacy	Nil	Nil	-	Nil	Nil	-
Advertising	Nil	Nil	-	Nil	Nil	-
Cyber-security	Nil	Nil	-	Nil	Nil	-
Delivery of essential services	Nil	Nil	-	Nil	Nil	-
Restrictive Trade Practices	Nil	Nil	-	Nil	Nil	-
Unfair Trade Practices	Nil	Nil	-	Nil	Nil	-
Other	Nil	Nil	-	Nil	Nil	-

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Nil
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Sona Comstar has established information security policy to protect itself against the cyber security and data privacy risks and ensure appropriate procedures to mitigate these risks in a timely manner. The approach is based on the International Standard ISO/IEC 27001 INFORMATION SECURITY MANAGEMENT. Sona Comstar has implemented a framework in the Third-Party Risk Management for all vendors to comply with the IT security procedures as per Sona Comstar guidelines which is also part of their Non-Disclosure Agreement.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable.

Leadership indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

All information is accessible on the company's website: https://sonacomstar.com/ SONA LinkedIn page also offers information and regular updates for the products and services.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Sona Comstar is a B2B company and sells its products to larger OEMs predominantly. Sona Comstar while entering the business with its customers make a declaration that they are REACH or IMDS compliant. They also perform business validation compliance as part of product development. This gives assurance to the customers about the product composition and safety. Further, for safe shipping of products, dimension and weight of packaging are mutually signed off by Sona Comstar and customer as per the global standards.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not applicable.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief

Not Applicable

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

No

6. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact - Nil

b. Percentage of data breaches involving personally identifiable information of customers - Nil

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 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Merger

4. We draw attention to Note 49 to the accompanying standalone financial statements in respect of Scheme of Amalgamation (the 'Scheme') of the Company and its wholly owned subsidiary, namely, Comstar Automotive Technologies Private Limited (referred to as 'transferor company') as further detailed in the said note. Pursuant to the Scheme being approved by the Hon'ble National Company Law Tribunal vide its order dated 7th January 2022, the comparative financial information for the year ended 31st March 2021 have been restated in the accompanying financial statements as if the common control business combination had occurred from the date the transferor company and the Company came under common control, in accordance with Appendix C to Ind AS 103, Business Combinations, as stipulated by the Scheme.

   Our opinion is not modified in respect of the above matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and brands having indefinite useful life (together 'intangibles') As detailed in Note 46 to the standalone financial statements, the Company carries goodwill amounting to ₹ 1,582.24 million and brands amounting to ₹ 687.40 million in its standalone balance sheet as at 31st March 2022. The goodwill (related to Comstar) was recorded pursuant to scheme of amalgamation being approved by the Hon'ble National Company Law Tribunal vide its order dated 7th January 2022 post which the Company and its wholly owned subsidiary Comstar Automotive Technologies Private Limited were merged.	Our audit procedures included: a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to aforementioned annual impairment assessment; b) Obtained the impairment analysis carried out by the management and reviewed their conclusions;

Key audit matter	How our audit addressed the key audit matter
The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited. In terms with Indian Accounting Standard 36, Impairment of Assets, Goodwill and indefinite lived assets are tested for impairment annually by the management at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU. Impairment assessment requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the recoverable amount, using discounted cash flow model ('Model'). Key assumptions used in management's assessment of the carrying amount of goodwill and indefinite life intangible assets includes the expected growth rates, estimates of future financial performance, market conditions and discount rates, among others. The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31st March 2022. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such intangibles as a key audit matter for the current year audit.	c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long-term growth rates; f) We evaluated the inputs used by the management with respect to revenue and cost growth trends, among others, for reasonableness thereof; g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements.
Impairment testing of definite life intangible assets As detailed in Note 4 and Note 46 to the standalone financial statement the Company has intangible assets amounting ₹ 960.89 million as at 31st March 2022 of which ₹ 308.74 million are in the nature of technology development expenditure relating to development of electric starter motor and hybrid starter motor technology. In terms with Indian Accounting Standard 36, Impairment of Assets, the management has carried out an impairment analysis of aforementioned intangible assets, which requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the fair value of such intangibles, using discounted cash flow model ('Model'). Key assumptions used in management's assessment of the recoverable amounts include projection of future cash flows, revenue growth rates, estimated future operating capital expenditure, external market conditions and discount rates, among others.	Our procedures included, but were not limited to the following: a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to impairment of technology development expenditure; b) Obtained impairment analysis carried out by the management and reviewed their conclusions; c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;

Key audit matter	How our audit addressed the key audit matter
Considering the materiality of the amounts involved and significant degree of judgement required in assessment of the impairment of technology development expenditure and subjectivity involved in the estimates and assumptions, this matter has been identified as a key audit matter for the current year's audit.	e) Assessed the reasonableness of the key assumptions used and appropriateness of valuation methodology applied. Tested cash flow forecasts and impact of macro-economic factors on the forecasts, future sales projections, discount rates, growth rate; f) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long-term growth rates; g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements.

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

7. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance, Directors' Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under Section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

9. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

11. 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.

12. As part of an audit in accordance with Standards on Auditing, specified under Section 143(10) of the Act we exercise professional judgement 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 system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

    - 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;

13. 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.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. As required by Section 197(16) of the Act based on our audit, we report that the Company has paid and provided 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.

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. 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 2022 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31st March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March 2022;

   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 2022;

   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 2022;

   iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

   b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

   v. The interim dividend declared and paid by the Company during the year ended 31st March 2022 is in compliance with Section 123 of the Act. As stated in note 34 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31st March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273
UDIN: 22517273AIKUVE6070

Place: New Delhi
Date: 5th May 2022

Annexure I Independent Auditor's Report

Referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited on the standalone financial statements for the year ended 31st March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties held by the Company are held in the name of the Company. In respect of immovable properties in the nature of land that have been taken on lease and disclosed under the head Right-Of-Use assets in the financial statements, the lease agreements for such leasehold land identify the Company as lessee. Further, the title deeds of a freehold land located at Gurgaon with a carrying value of ₹ 13.10 million included in Property, plant and equipment, and a leasehold land located at Pune with a carrying value of ₹ 13.20 Million included in Right-of-Use assets, have been pledged as security (mortgage and charge) against the financing facility taken from Banks, which have been confirmed by the Trustee of the bank to be in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory lying with third parties and goods-in -transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.

(b) The Company has a working capital limit in excess of ₹ 50 million sanctioned by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, except for the following:

Name of the Bank	Working capital limit sanctioned (₹ in million)	Nature of current assets offered as security	Quarter ended	Amount disclosed as per return (₹ in million)	Amount as per books of account (₹ in million)	Difference (₹ in million)	Remarks/reason, if any
HDFC Bank and State Bank of India	1,250	Pari pasu charge on current assets	June 2021	3,931.97	3,965.85	(33.88)	Not applicable since variance is immaterial.
HDFC Bank and State Bank of India	1,250	Pari pasu charge on current assets	September 2021	4,510.03	4,563.44	(53.41)	Not applicable since variance is immaterial.
HDFC Bank and State Bank of India	1,250	Pari pasu charge on current assets	December 2021	4,440.39	4,558.78	(118.39)	Variance is on account of adjustment of bill discounting for a specific debtor.
HDFC Bank and State Bank of India	1,250	Pari pasu charge on current assets	March 2022	8,837.62	8,961.43	(123.81)	Variance is on account of adjustment of bill discounting for a specific debtor.

(iii) (a) The Company has provided loans to others during the year as per details given below:

Particulars	Loans (₹ in million)
Aggregate amount provided during the year: – Others	3.95
Balance outstanding as at balance sheet date in respect of above cases: – Others	2.32

(b) In our opinion, and according to the information and explanations given to us, The investments made, and terms and conditions of the grant of loans are prima facie, not prejudicial to the interest of the Company. Further the Company has not provided any guarantees, advances in the nature of loans or given any security.

(c) In respect of loans granted by the Company, the schedule of repayment of principal has been stipulated and the repayments of principal is regular. Further, no interest is receivable on such loans.

(d) There is no overdue amount in respect of loans granted to such other parties. The Company has not granted any loans to companies, firms or LLPs.

(e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments and guarantees as applicable. There are no loans or securities given by the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

(Amount in ₹ million)

Name of the statute	Nature of dues	Gross 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	2.0	–	Assessment Year (AY) 2016-17	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	85.88	14.20	Assessment Year (AY) 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	6.01	0.77	Assessment Year (AY) 2018-19	Commissioner of Income Tax (Appeals)/ Assessing officer
Finance Act, 1994	Income 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) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of account.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short-term basis have not been utilised for long-term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer were applied for the purposes for which these were obtained.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

(b) No report under Section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under Section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under Section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

(b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) According to the information and explanations given to us, there is no unspent amount pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.

(b) The Company has transferred the remaining unspent amount under sub-section (5) of Section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act,

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273
UDIN: 22517273AIKUVE6070

Place: New Delhi
Date: 5th May 2022

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 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and those charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31st March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273
UDIN: 22517273AIKUVE6070

Place: New Delhi
Date: 5th May 2022

Standalone Balance Sheet

as at 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	Note No.	As at 31st March 2022	As at 31st March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,542.55	3,310.31
Capital work-in-progress	3	1,403.56	821.36
Right-of-use assets	3	1,480.69	1,553.42
Goodwill on merger	4	1,582.24	1,582.24
Other intangible assets	4	4,005.65	4,406.68
Intangible assets under development	4	65.20	10.76
Financial assets			
(i) Investments	5	1,567.15	1,552.25
(ii) Other financial assets	6	63.56	56.54
Income tax assets (net)	7	254.50	406.95
Other non-current assets	8	549.82	296.24
Total non-current assets		**16,514.92**	**13,996.75**
Current assets			
Inventories	9	3,006.75	2,565.03
Financial assets			
(i) Investments	5	58.32	-
(ii) Trade receivables	10	4,374.88	3,986.43
(iii) Cash and cash equivalents	11	202.14	49.15
(iv) Bank balances other than (iii) above	12	192.43	1.21
(v) Other financial assets	6	64.60	151.83
Other current assets	8	642.78	468.70
Total current assets		**8,541.91**	**7,222.35**
Total assets		**25,056.83**	**21,219.10**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13(A)	5,843.53	5,729.80
Other equity	14	13,888.02	7,879.73
Total equity		**19,731.55**	**13,609.53**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15 (i)	437.50	1,907.01
(ii) Lease liabilities	43	665.91	688.18
(iii) Other financial liabilities	16	1.74	1.24
Provisions	17	92.74	83.60
Deferred tax liabilities (net)	18	660.63	693.73
Total non-current liabilities		**1,858.52**	**3,373.77**
Current liabilities			
Financial liabilities	15 (ii)	265.76	1,739.51
(i) Borrowings	43	98.04	93.85
(ii) Lease liabilities	19		
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises		386.98	495.55
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,472.80	1,448.31
(iv) Other financial liabilities	16	873.11	230.25
Other current liabilities	20	217.74	165.64
Provisions	17	92.12	62.70
Current tax liabilities (net)	21	60.21	-
Total current liabilities		**3,466.76**	**4,235.80**
Total liabilities		**5,325.28**	**7,609.57**
Total equity and liabilities		**25,056.83**	**21,219.10**
The summary of significant accounting policies and other explanatory information form an integral part of these standalone financial statements.	1 to 57		

This is the standalone balance sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

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

Arun Tandon
Partner
Membership No.: 517273

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: New Delhi
Date: 5th May, 2022

Place: Gurugram
Date: 5th May, 2022

Standalone Statement of Profit and Loss

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	Note No.	For the year ended 31st March 2022	For the year ended 31st March 2021
Income			
Revenue from operations	22	19,390.49	14,000.44
Other income	23	509.98	368.75
Total income		**19,900.46**	**14,369.19**
Expenses			
Cost of materials consumed		8,648.18	6,161.46
Changes in inventories of finished goods and work-in-progress	24	(294.57)	(636.51)
Employee benefits expense	25	1,600.93	1,399.32
Finance costs	26	172.37	318.01
Depreciation and amortisation expense	27	1,295.35	860.68
Other expenses	28	4,443.19	3,213.74
Total expenses		**15,865.45**	**11,316.70**
Profit before exceptional items and tax		**4,035.01**	**3,052.49**
Exceptional item		(132.70)	139.06
Profit before tax		**4,167.71**	**2,913.43**
Tax expense	30		
- Current tax		796.17	390.04
- Tax related to previous years		(134.62)	–
- Deferred tax (credit)/ charge		(29.23)	363.00
Total tax expense		**632.32**	**753.04**
Profit for the year		**3,535.38**	**2,160.39**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		(15.40)	4.70
Income tax relating to above-mentioned item		3.87	(1.19)
Changes in fair values of equity instruments carried at fair value through other comprehensive income		-	(19.00)
Other comprehensive loss for the year		**(11.52)**	**(15.49)**
Total comprehensive income for the year		**3,523.86**	**2,144.90**
The summary of significant accounting policies and other explanatory information form an integral part of these standalone financial statements.	1 to 57		

This is the standalone statement of profit and loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: 5th May, 2022

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: 5th May, 2022

Standalone Cash Flow Statement

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2022	For the year ended 31st March 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	4,167.71	2,913.43
Adjustments for:		
Depreciation and amortisation expense	1,295.35	860.68
Loss on sale of property plant and equipment (net)	8.75	2.35
(Recovery)/allowance for advances	–	(2.66)
(Recovery)/allowance for doubtful receivables	4.45	(0.97)
Share based payments	66.60	45.37
Unwinding of discount on fair valuation of security deposits	(1.34)	(0.70)
Amortisation of transaction cost based on effective interest rate	10.12	(2.32)
Unwinding of discount on deferred payment liabilities	0.91	1.07
Provision for slow moving inventory	10.61	31.86
Fair value loss/(gain) on derivatives	117.33	(374.23)
Finance costs	168.17	311.70
Dividend income	(312.73)	(346.39)
Interest income	(167.99)	(20.98)
Exceptional Items	–	139.06
Unrealised foreign exchange (gain)/ loss	(73.82)	66.79
Operating profit before working capital changes	**5,294.12**	**3,624.04**
Changes in working capital		
Movement in inventories	(494.06)	(997.69)
Movement in trade receivables	(337.97)	(1,781.37)
Movement in financial asset	62.84	3.34
Movement in other asset	(151.31)	(61.16)
Movement in trade payable	(26.75)	(175.48)
Movement in financial liabilities	(1.20)	922.32
Movement in provision	13.47	46.47
Movement in other liabilities	43.30	58.77
Cash generated from operations	**4,402.44**	**1,639.25**
Direct taxes paid	(448.60)	(427.20)
Net cash flow generated from operating activities – Total (A)	**3,953.84**	**1,212.05**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment, intangibles and capital work-in-progress including capital advances	(3,427.55)	(2,173.52)
Proceeds from sale of property, plant and equipment	33.93	9.08
Movement in bank balances other than cash and cash equivalents	(191.22)	622.85
Sale of current investment	(58.32)	-
Investment in Subsidiary	(14.89)	(0.10)
Dividend received	312.73	346.39
Interest received	167.99	20.98
Net cash used in from investment activities – Total (B)	**(3,177.34)**	**(1,174.32)**

Standalone Cash Flow Statement

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2022	For the year ended 31st March 2021
C. CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) / Proceeds from short-term borrowings, net	(891.73)	298.52
Repayment of long-term borrowings	(2,505.67)	(407.96)
Proceeds from long-term borrowings	450.00	717.57
Repayment of deferred payment liabilities	(21.04)	(12.47)
Repayment of lease liabilities	(94.65)	(83.86)
Dividend paid	(449.95)	(904.02)
Net proceeds from issue of equity shares	3,040.75	–
Expense related to capital raising	(59.26)	(139.06)
Fees paid for increase in authorised share capital	–	(20.97)
Interest paid	(91.98)	(233.91)
Net cash used in financing activities – Total (C)	**(623.52)**	**(786.16)**
D. Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**152.99**	**(748.43)**
E. Cash and cash equivalents at the beginning of the year	49.15	797.58
F. Cash and cash equivalents at the end of the year (D)+(E)	**202.14**	**49.15**
Reconciliation of cash and cash equivalents as per the cash flow statement (refer note 11)		
Cash and cash equivalents as per above comprise of the following		
Balances in current accounts	146.69	47.65
Cash on hand	0.14	0.10
Cheque on hand	53.17	–
Bank deposits with original maturity of less than three months	2.15	1.39
Balances per statement of cash flows	**202.14**	**49.15**

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

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: New Delhi
Date: 5th May, 2022

Place: Gurugram
Date: 5th May, 2022

Standalone Statement of Changes in Equity

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

A. EQUITY SHARE CAPITAL

	Amount
Balance as at 1st April 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**
Equity share issued during the year	113.73
Balance as at 31st March 2022	**5,843.53**

B. INSTRUMENTS ENTIRELY EQUITY IN NATURE

	Amount
Balance as at 1st April 2020	**5.94**
Conversion of compulsory convertible preference shares into equity shares	(5.94)
Balance as at 31st March 2021	**–**
Movement during the year	–
Balance as at 31st March 2022	**–**

C. OTHER EQUITY

	Reserve and Surplus					Equity instruments through other comprehen-sive income	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Retained earnings	Employee's stock options reserve			
Balance as at 1st April 2020	**120.00**	**7,881.34**	**25.93**	**3,119.08**	**–**	**(309.28)**	**–**	**10,837.07**
Add: Effect of business combination (Refer note 49)	–	–	–	292.47	–	–	737.23	1,029.70
Balance as at 1st April 2020 (Post business combination)	**120.00**	**7,881.34**	**25.93**	**3,411.55**	**–**	**(309.28)**	**737.23**	**11,866.77**
Net profit for the year	–	–	–	2,160.39	–	–	–	2,160.39
Securities premium utilised on bonus share issue	–	(5,252.32)	–	–	–	–	–	(5,252.32)
Remeasurement of defined benefit obligations (net of tax)	–	–	–	3.51	–	–	–	3.51
Dividend paid	–	–	–	(904.02)	–	–	–	(904.02)
Stamp duty paid for increase in authorised 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**	**2,608.05**	**25.93**	**4,671.43**	**45.37**	**(328.28)**	**737.23**	**7,879.73**

Standalone Statement of Changes in Equity

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	Reserve and Surplus					Equity instruments through other comprehen-sive income	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Retained earnings	Employee's stock options reserve			
Net profit for the year	–	–	–	3,535.38	–	–	–	3,535.38
Premium on fresh issue of equity shares (refer note 45 and 52)	–	2,927.03	–	–	–	–	–	2,927.03
Remeasurement of defined benefit obligations (net of tax)	–	–	–	(11.52)	–	–	–	(11.52)
Dividend paid	–	–	–	(449.95)	–	–	–	(449.95)
Expense related to capital raising	–	(59.26)	–	–	–	–	–	(59.26)
Employee stock option reserve created during the year	–	–	–	–	66.61	–	–	66.61
Impact on exercise of ESOPs grants (Refer Note 45)	–	47.17	–	–	(47.17)	–	–	–
Impact of option lapsed during the year (Refer Note 45)	–	–	–	0.28	(0.28)	–	–	–
Balance as at 31st March 2022	**120.00**	**5,522.99**	**25.93**	**7,745.62**	**64.53**	**(328.28)**	**737.23**	**13,888.02**

This is the statement of changes in equity in standalone 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: 5th May, 2022

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: 5th May, 2022

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(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, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications.

2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIESS

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 5th May 2022.

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 capitalised at discounted value. The difference between the discounted value and the total payment is recognised as interest over the period of credit.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory buildings	30
Roads	10
Sheds	3
Plant and equipment	7.5 to 25
Furniture and fixtures	10
Tools	3 to 5
Computers and IT equipment	3 to 6
Vehicles	4 to 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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

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

Amortisation methods and periods.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	3 to 6
Brand	Indefinite
Customer Relationship	15
Technology development expenditure	5

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 Company recognises revenue when it transfers control over a product or service to a customer.

a) Revenue from sale of goods:

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue 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.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

b) **Other Income:**

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognised as and when the right of the Company to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognised in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

c) **Revenue from contract with customers**

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by the Company to the customer. The amount, if not for a payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. The Company recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognises revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

e) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

f) Leases

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:

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

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

c) 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 recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

g) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. **Financial assets at fair value**

- **Investments in equity instruments (other than subsidiaries)** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

  If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Investment in equity instrument of subsidiaries are stated at cost using the exemption as per Ind AS 27 'Separate financial statements'.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Derivative financial instruments

Initial and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Company uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. 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 indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

i) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Companied 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:

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

- 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 realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet.

m) Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

b) Post-Employment Benefits

Defined Contribution Plan: A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separately entity. The Company has defined contribution plans for provident fund and employees' state insurance scheme. The Company's contribution in the above plans is recognised as an expense in the statement of profit and loss during the year in which the employee renders the related service.

Defined Benefit Plans: The Company has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Company recognises the following changes in the net defined benefit obligation under Employee benefits expense in statement of profit and loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net Interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

Termination benefits are recognised as an expense immediately.

n) Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

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 constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

r) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

s) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Company classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current/non-current classification of assets and liabilities.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

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
- Capitalisation of internally developed intangible assets

2.4 APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD (IND AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") vide its notification dated March 23, 2022 has notified Companies (Indian Accounting Standards) Amendment Rules, 2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015. Amendments have been made to the following standards.

Amendment to Ind AS 16, Property, Plant and Equipment

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Amendment to Ind AS 109, Financial Instruments

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendments listed above will be effective on or after 1st April 2022 and are not expected to significantly affect the current or future periods.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

3 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

Property, plant and equipment	Freehold land	Buildings (Refer note i)	Plant and equipment (Refer note ii)	Furniture and fixtures	Office Equipment	Computers	Vehicles	Leasehold improvement	Total	Capital work-in-progress	Right of Use assets		
											Leasehold land (refer note (iii) & (iv)	Building	Total
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**	**542.53**	**784.37**
Add: Effect of business combination (Refer note 49)	13.02	180.45	587.63	21.43	35.79	61.00	28.35	–	927.67	78.49	603.71	28.65	632.36
Gross carrying amount as at 1st April 2020 (post business combination)	**26.12**	**513.80**	**2,836.77**	**51.87**	**92.71**	**107.24**	**113.30**	**98.83**	**3,840.65**	**578.86**	**845.55**	**571.18**	**1,416.73**
Additions	–	13.89	1,056.95	5.25	14.28	26.78	14.69	24.23	1,156.07	1,530.40	–	245.02	245.02
Transfer on capitalisation	–	–	–	–	–	–	–	–	–	(1,287.90)	–	–	–
Disposals	–	–	(231.27)	–	(0.03)	(0.85)	(10.39)	–	(242.54)	–	–	–	–
Gross block as at 31st March 2021	**26.12**	**527.69**	**3,662.46**	**57.11**	**106.96**	**133.17**	**117.60**	**123.05**	**4,754.18**	**821.36**	**845.55**	**816.20**	**1,661.75**
Accumulated depreciation as at 1st April 2020	–	46.50	611.10	10.93	30.05	21.67	25.12	25.18	770.56	–	4.92	30.95	35.87
Add: Effect of business combination (Refer note 49)	–	40.00	257.00	9.00	17.00	39.00	16.00	–	378.00	–	5.65	–	5.65
Gross carrying amount as at 1st April 2020 (post business combination)	**–**	**86.50**	**868.10**	**19.93**	**47.05**	**60.67**	**41.12**	**25.18**	**1,148.56**	**–**	**10.57**	**30.95**	**41.52**
Depreciation charge during the year	–	27.02	425.79	6.71	15.21	23.78	17.72	10.19	526.42	–	10.48	56.32	66.80
Disposals	–	–	(221.48)	–	(0.02)	(0.85)	(8.75)	–	(231.10)	–	–	–	–
Closing accumulated depreciation	**–**	**113.52**	**1,072.41**	**26.64**	**62.24**	**83.60**	**50.09**	**35.37**	**1,443.88**	**–**	**21.05**	**87.27**	**108.32**
Net carrying amount as at 31st March 2021	**26.12**	**414.17**	**2,590.05**	**30.47**	**44.72**	**49.57**	**67.50**	**87.68**	**3,310.31**	**821.36**	**824.50**	**728.92**	**1,553.42**
Gross carrying amount as at 1st April 2021	**26.12**	**527.69**	**3,662.46**	**57.11**	**106.96**	**133.17**	**117.60**	**123.05**	**4,754.15**	**821.36**	**845.55**	**816.20**	**1,661.75**
Additions	–	64.49	2,814.58	15.73	15.57	38.19	90.45	10.69	3,049.70	3,166.69	–	–	–
Transfer on capitalisation	–	–	–	–	–	–	–	–	–	(2,584.49)	–	–	–
Disposals	–	–	(62.28)	–	–	(2.36)	(42.73)	–	(107.37)	–	–	–	–
Gross block as at 31st March 2022	**26.12**	**592.18**	**6,414.75**	**72.84**	**122.53**	**169.00**	**165.32**	**133.74**	**7,696.48**	**1,403.56**	**845.55**	**816.20**	**1,661.75**
Accumulated depreciation as at 1st April 2021	**–**	**113.52**	**1,072.41**	**26.64**	**62.24**	**83.60**	**50.09**	**35.37**	**1,443.88**	**–**	**21.05**	**87.27**	**108.32**
Depreciation charge during the year	–	28.80	661.61	7.24	14.98	27.57	22.39	12.18	774.77	–	10.48	62.25	72.73
Disposals	–	–	(37.71)	–	–	(2.28)	(24.73)	–	(64.72)	–	–	–	–
Closing accumulated depreciation	**–**	**142.32**	**1,696.31**	**33.87**	**77.22**	**108.89**	**47.75**	**47.55**	**2,153.93**	**–**	**31.53**	**149.52**	**181.05**
Net carrying amount as at 31st March 2022	**26.12**	**449.86**	**4,718.44**	**38.96**	**45.30**	**60.11**	**117.57**	**86.19**	**5,542.55**	**1,403.56**	**814.02**	**666.67**	**1,480.69**

CWIP ageing schedule as at 31st March 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	1,060.58	54.26	180.62	108.10	1,403.56

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

CWIP ageing schedule as at 31st March 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	526.53	182.33	112.50	-	821.36

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

Notes:

(i) Building (gross block) amounting ₹ 208.91 million (31st March 2021: ₹ 192.11 million), net block ₹ 150.33 million (31st March 2021:₹ 135.80 million) is constructed on leasehold land

(ii) Refer note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) The Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.

(iv) The Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets	Computer software	Technical knowhow	Technology development expenditure	Brand	Customer Relationships	Goodwill(Including Assembled workforce and future customer)	Total	Intangible assets under development	Total
Gross carrying amount as at 1st April 2020	69.11	27.18	-	687.40	-	-	783.68	155.00	155.00
Add: Effect of business combination (Refer note 49)	95.92	-	-	-	2,929.00	1,582.24	4,607.16	160.00	160.00
Gross carrying amount as at 1st April 2020 (post business combination)	**165.03**	**27.18**	**-**	**687.40**	**2,929.00**	**1,582.24**	**5,390.84**	**315.00**	**315.00**
Additions	80.75	-	992.90	-	-	-	1,073.65	688.66	688.66
Transfers	-	-	-	-	-	-	-	(992.90)	(992.90)
Gross block as at 31st March 2021	**245.78**	**27.18**	**992.90**	**687.40**	**2,929.00**	**1,582.24**	**6,464.49**	**10.76**	**10.76**
Accumulated amortisation as at 1st April 2020	18.74	12.46	-	-	-	-	31.20	-	-
Add: Effect of business combination (Refer note 49)	30.00	–	–	–	144.87	–	174.87	–	–
Gross carrying amount as at 1st April 2020 (post business combination)	**48.74**	**12.46**	**–**	**–**	**144.87**	**–**	**206.07**	**–**	**–**
Amortisation charge for the year	37.85	4.53	32.01	–	195.12		269.51	–	–
Closing accumulated amortisation as at 31st March 2021	**86.59**	**16.99**	**32.01**	**–**	**339.99**	**–**	**475.58**	**–**	**–**
Net carrying amount as at 31st March 2021	**159.19**	**10.19**	**960.89**	**687.40**	**2,589.01**	**1,582.24**	**5,988.91**	**10.76**	**10.76**
Gross carrying amount as at 1st April 2021	**245.78**	**27.18**	**992.90**	**687.40**	**2,929.00**	**1,582.24**	**6,464.49**	**10.76**	**10.76**
Additions	42.78	4.05	–				46.83	77.56	77.56
Transfer to intangible assets	–	–	–	–	–	–	–	(23.12)	(23.12)
Gross block as at 31st March 2022	**288.56**	**31.23**	**992.90**	**687.40**	**2,929.00**	**1,582.24**	**6,511.32**	**65.20**	**65.20**
Accumulated amortisation as at 1st April 2021	**86.59**	**16.99**	**32.01**	**–**	**339.99**	**–**	**475.58**	**–**	**–**
Amortisation charge for the year	49.26	4.89	198.58	–	195.12		447.85		–
Closing accumulated amortisation as at 31st March 2022	**135.85**	**21.88**	**230.59**	**–**	**535.11**	**–**	**923.44**	**–**	**–**
Net carrying amount as at 31st March 2022	**152.71**	**9.35**	**762.31**	**687.40**	**2,393.89**	**1,582.24**	**5,587.89**	**65.20**	**65.20**

Intangible assets under development ageing schedule for the year ended 31st March 2022

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	65.20	–	–	–	65.20

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Intangible assets under development ageing schedule for the year ended 31st March 2021

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	10.76	–	–	–	10.76

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

5 INVESTMENTS

	As at 31st March 2022	As at 31st March 2021
At Cost, Unquoted investments, Investment in equity shares of subsidiary companies		
1,878,801 (31st March 2021: 1,878,801) equity shares of USD 1 each in Comstar Automotive Hong Kong Ltd.	229.45	229.45
1,500,000 (31st March 2021: 10,000) equity shares of ₹ 10 each in Sona Comstar eDrive Private Limited	15.00	0.10
130,000 (31st March 2021:130,000) equity shares of ₹ 1 each in Comstar Automotive Technology Services Private Limited	73.80	73.80
250,000 (31st March 2021: 250,000) equity shares of USD 10 each in Comstar Automotive USA LLC	1,248.90	1,248.90
At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies		
9,553 (31st March 2021: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	211.66
Less: Provision for impairment	(211.66)	(211.66)
	–	–
1 (31st March 2021: 1) equity shares of USD 1 each in Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V *	–	–
At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies		
392,647 (31st March 2021: 9,953) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	116.62
Less: Provision for impairment	(116.62)	(116.62)
	–	–
	1,567.15	**1,552.25**
Aggregate amount of unquoted non-current investments	1,567.15	1,552.25
Aggregate amount of impairment of unquoted investments	328.28	328.28
* the amount is less than ₹ 10,000		
Investment (current)		
At fair value through profit and loss Quoted Investment		
18598.38 units (31st March 2021: Nil) of HDFC Overnight Fund - Regular	58.32	–
	58.32	**–**
Aggregate amount of quoted investments at cost	58.32	–
Aggregate amount of quoted investments at market value	**58.32**	**–**

6 OTHER FINANCIAL ASSETS

	As at 31st March 2022	As at 31st March 2021
Unsecured, considered good		
Non-current		
Security deposits	63.56	56.54
Total other financial assets non-current	**63.56**	**56.54**
Current		
Forward contract receivables (refer note 33)	29.49	147.87
Security deposits	30.00	0.35
Other financial assets	0.40	2.14
Royalty income receivable	4.71	1.47
Total other financial assets- current	**64.60**	**151.83**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

7 INCOME TAX ASSETS (NET)

	As at 31st March 2022	As at 31st March 2021
Non-current		
Prepaid taxes*	254.50	406.95
	254.50	**406.95**

8 OTHER ASSETS

	As at 31st March 2022	As at 31st March 2021
Non-current		
Prepaid expenses	1.01	2.07
Un-adjusted consideration for revenue contract	41.83	42.27
Capital advances	506.98	251.90
Total other assets - non-current	**549.82**	**296.24**
Current		
Prepaid expenses	85.77	53.25
Loans and advances to employees	2.94	3.29
Advance to suppliers for goods and services	82.10	88.33
Balance with government authorities	338.65	252.48
Un-adjusted consideration for revenue contract	14.24	19.23
Other assets	139.46	72.50
Less: Allowance for doubtful advances	(20.38)	(20.38)
Total other assets- current	**642.78**	**468.70**

9 INVENTORIES

	As at 31st March 2022	As at 31st March 2021
Raw materials and components*	727.78	600.95
Work-in-progress**	326.07	268.18
Finished goods***	1,575.25	1,338.57
Stores and spares	114.96	160.72
Loose tools	48.68	39.06
Dies, jigs and fixtures	197.09	146.78
Scrap	16.92	10.77
Total#	**3,006.75**	**2,565.03**

Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 54.50 million (31st March 2021: ₹ 47.52 million)

* Includes raw materials and components in transit amounting ₹ 50.16 million (31st March 2021: ₹ 72.28 million)

* Includes raw materials and components with the vendors sent for job work ₹ 11.80 million (31st March 2021: ₹ 12.19 million)

** Includes inventory with the vendors sent for job work ₹ 108.98 million (31st March 2021: ₹ 98.49 million)

*** Includes goods in transit ₹ 476.94 million (31st March 2021: ₹ 361.07 million)

10 TRADE RECEIVABLES

	As at 31st March 2022	As at 31st March 2021
Unsecured		
Trade receivables considered good	4,374.88	3,986.43
Trade receivables - credit impaired	7.42	2.97
Less: Allowances for expected credit loss	(7.42)	(2.97)
Total trade receivables	**4,374.88**	**3,986.43**

Notes:

(i) Refer note 36 for receivable balance from related parties

(ii) Refer note 33 - Financial instruments for assessment of expected credit losses

(ii) There are no disputed dues from customers

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Trade receivables ageing schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	34.79	3,489.12	741.59	100.83	8.51	0.04	–	4,374.88
(ii) Trade receivables - credit impaired	–	0.16	1.07	1.09	2.32	1.09	1.69	7.42

Trade receivables ageing schedule as at 31st March 2021

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	11.59	2,984.77	968.30	18.86	2.63	0.27	–	3,986.43
(ii) Trade receivables - credit impaired	–	–	0.04	0.16	0.38	–	2.39	2.97

11 CASH AND CASH EQUIVALENTS

	As at 31st March 2022	As at 31st March 2021
Balance with banks		
– in current accounts	146.69	47.65
Cash on hand	0.14	0.10
Cheque on hand	53.17	–
Bank deposits with original maturity of less than three months	2.15	1.40
Total cash and cash equivalents	**202.14**	**49.15**

12 OTHER BANK BALANCES

	As at 31st March 2022	As at 31st March 2021
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	192.43	1.21
Total other bank balances	**192.43**	**1.21**

13 (A) EQUITY SHARE CAPITAL

	As at 31st March 2022	As at 31st March 2021
Authorised share capital		
1,148,500,000 (31st March 2021: 998,500,000) equity shares of ₹ 10 each)	9,985.00	9,985.00
Issued, subscribed and paid up share capital		
584,352,710 (31st March 2021: 572,980,560) equity shares of ₹ 10 each fully paid up	5,843.53	5,729.80

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

Number of shares	As at 31st March 2022	As at 31st March 2021
Equity shares outstanding at the beginning of the year	57,29,80,560	4,71,53,944
Add : Conversion of compulsory convertible preference shares into equity shares (refer note 13(B) iv below)	–	5,94,436
Add : Issue of shares	1,13,72,150	–
Add : Bonus shares issued during the year (refer note 13(B) iv below)	–	52,52,32,180
Equity shares outstanding at the end of the year	**58,43,52,710**	**57,29,80,560**

Amount	As at 31st March 2022	As at 31st March 2021
Equity shares outstanding at the beginning of the year	5,729.80	471.54
Add : Conversion of compulsory convertible preference shares into equity shares (refer note 13(B) iv below)	–	5.94
Add : Issue of shares	113.73	–
Add : Bonus shares issued during the year (refer note 13(B) iv below)	–	5,252.32
Equity shares outstanding at the end of the year	**5,843.53**	**5,729.80**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

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 31st March 2022	As at 31st March 2021
Singapore VII Topco III Pte. Ltd.	–	37,97,71,512

iv) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31st March 2022	As at 31st March 2021
Singapore VII Topco III Pte. Ltd.	19,93,59,141	37,97,71,512
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	19,32,08,904	19,32,08,904

Percentage	As at 31st March 2022	As at 31st March 2021
Singapore VII Topco III Pte. Ltd.	34.12%	66.28%
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	33.06%	33.72%

v) 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 2022 and five years immediately preceding the year ended 31st March 2021.

vi) Promoters shareholding

Shareholding of promoters as on 31st March 2022

Promoter name	Number of shares	% of total shares	% change during the period (refer note 52)
Singapore VII Topco III Pte. Ltd.	19,93,59,141	34.12	(32.16)
Sona Autocomp Holding Private Limited	19,32,08,904	33.06	(0.66)
*Rani Kapur- RK Family Trust	72	**	–
*Ashok Sachdev	151	**	–
*Jasbir Sachdev	361	**	–
*Charu Sachdev	423	**	–
Total	**39,25,69,052**	**67**	**–**

Shareholding of promoters as on 31st March 2021

Promoter name	Number of shares	% of total shares	% change during the period (refer note 52)
Singapore VII Topco III Pte. Ltd.	37,97,71,512	66.28	0.43#
Sona Autocomp Holding Private Limited	19,32,08,904	33.72	(0.43)#
*Rani Kapur- RK Family Trust	72	**	–
Total	**57,29,80,488**	**100**	**–**

* Promoter Group

** Percentage is negligible

Change in percentage is due to issuance of compulsorily convertible preference shares

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

13 (B) INSTRUMENTS ENTIRELY EQUITY IN NATURE

	As at 31st March 2022	As at 31st March 2021
Authorised share capital		
1,500,000 (31st March 2021: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
Issued, subscribed and paid up share capital		
Nil (31st March 2021: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	–	–

i) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Number of shares	As at 31st March 2022	As at 31st March 2021
Compulsorily convertible preference shares outstanding at the beginning of the year	–	5,94,436
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (iv))	–	(5,94,436)
Compulsorily convertible preference shares outstanding at the end of the year	–	–

Amount	As at 31st March 2022	As at 31st March 2021
Compulsorily convertible preference shares outstanding at the beginning of the year	–	5.94
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (iv))	–	(5.94)
Compulsorily convertible preference shares outstanding at the end of the year	**–**	**–**

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) In the board meeting on 27th January 2021 the board 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.

iv) The Board of Directors of the Company has 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 2022 and five years immediately preceding the year ended 31st March 2021.

14 OTHER EQUITY

	As at 31st March 2022	As at 31st March 2021
Retained earnings	7,745.62	4,671.43
General reserve	120.00	120.00
Securities premium	5,522.99	2,608.05
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(328.28)	(328.28)
Employee's stock options reserve	64.53	45.37
Merger Reserve (Refer note 49)	737.23	737.23
Total reserves and surplus	**13,888.02**	**7,879.73**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

a) Retained earnings

	As at 31st March 2022	As at 31st March 2021
Opening balance	4,671.43	3,411.55
Net profit for the year	3,535.38	2,160.39
Remeasurement of defined benefit obligations, net of tax	(11.52)	3.51
Less:-Dividend paid	(449.95)	(904.02)
Add: Tranferred from ESOP reserve for option lapsed during the period (Refer note 45)	0.28	–
Closing balance	**7,745.62**	**4,671.43**

Retained earnings are created from the profit of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

b) General reserve

	As at 31st March 2022	As at 31st March 2021
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 31st March 2022	As at 31st March 2021
Opening balance	2,608.05	7,881.34
Premium on fresh issue of equity shares	2,927.03	–
Less : Premium paid on issue of bonus shares	–	(5,252.32)
Less: Expense related to capital raising	(59.26)	–
Less: Stamp duty paid for increase in authorised share capital	–	(20.97)
Add Impact on ESOP shares issuance	47.17	–
Closing balance	**5,522.99**	**2,608.05**

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 31st March 2022	As at 31st March 2021
Opening balance	25.93	25.93
Transferred from retained earnings	–	–
Closing balance	**25.93**	**25.93**

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in earlier year.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

e) Merger Reserve

	As at 31st March 2022	As at 31st March 2021
Opening balance	737.23	737.23
Movement during the year	–	–
Closing balance	**737.23**	**737.23**

Merger Reserve has been created pursuant to merger of Sona BLW Precision Forgings Limited and Comstar Automotive Technology Private Limited. (refer note 49)

f) Equity instruments through other comprehensive income

	As at 31st March 2022	As at 31st March 2021
Opening balance	(328.28)	(309.28)
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	–	(19.00)
Closing balance	**(328.28)**	**(328.28)**

g) Employee's stock options outstanding 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 31st March 2022	As at 31st March 2021
Opening balance	45.37	–
Add: Created during the year	66.61	45.37
Less: Utilised during the year	(47.17)	–
Add: Transferred from ESOP reserve for option lapsed during the period (Refer note 45)	(0.28)	–
Closing balance	**64.53**	**45.37**

15 BORROWINGS

i) Non-current borrowings

	As at 31st March 2022	As at 31st March 2021
Secured		
Term loans from banks		
Indian rupee loans	450.00	2,473.34
Vehicle loans	–	8.07
Deferred payment liabilities	–	20.13
	450.00	**2,501.54**
Less: Amount disclosed under current borrowings (refer note (ii) below)	(12.50)	(594.53)
Total non-current borrowings	**437.50**	**1,907.01**

ii) Current borrowings

	As at 31st March 2022	As at 31st March 2021
Indian Rupee loans repayable on demand from banks - secured	57.15	554.97
Packing credit	–	487.08
Current Maturities of non-current borrowings	12.50	574.40
Current Maturities of deferred payment liabilities	–	20.13
Indian Rupee loans repayable on demand (from NBFC) - Unsecured *	196.11	102.93
Total current borrowings	**265.76**	**1,739.51**

* The Company enters into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 31 March 2022 the Company had factoring facilities in place for trade receivables and amount of ₹ 196.11 million (31 March 2021: ₹102.93 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the Company's customer. The Company does not derecognise the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the Company from the banks but yet to be collected by the financial institution from the Company's customers.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

iii) Terms of Long-term borrowing

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st 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
	Repayment schedule		Quarterly Instalments 4 Instalment for ₹ 22.24 million (Total ₹ 88.96) 4 Instalment for ₹ 26.69 million (Total ₹ 106.75 million)
HDFC (Term loan) - 2	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
	Repayment schedule		Quarterly 11 instalments of ₹ 70.15 each total amounting ₹ 771.60 million
HDFC (Term loan) - 3	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
	Repayment schedule		Quarterly 18 Instalment for ₹ 37.96 million each starting from 1st October 2021 (Total ₹ 683.28 million)
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. 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 Instalment for ₹ 28.48 million each starting from 23rd December 2022 (Total amounting ₹ 455.73 million)

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st March 2021
HDFC (Term loan) - 5	Outstanding Amount (₹ million)	351.36	
	Interest rate	3M T Bill +1.51% P.A.	
	Security	1. Movable Fixed Assets: First *pari passu* charge on the entire moveable fixed assets, present and future, of the company 2. Immovable Fixed Assets: First *pari passu* charge on the immovable fixed assets situated at Gurgaon 3. Second *pari passu* charge on entire current assets of the Company	
	Repayment schedule	Quarterly Instalment 12 Instalment of ₹ 29.17 million each starting from October 2023"	
Citi Bank (Term loan) 2	Outstanding Amount (₹ million)	100.55	377.31
	Interest rate	3 Months T-Bill Rate + 2.00% PA	3 Months T-Bill Rate +3.67%
	Security	1. Movable Fixed Assets: First *pari passu* charge on the entire moveable fixed assets, present and future, of the company 2. Immovable Fixed Assets: First *pari passu* charge on the immovable fixed assets situated at Gurgaon 3. Second *pari passu* charge on entire current assets of the Company	
	Repayment schedule	Quarterly Instalment 16 Instalment of ₹ 6.25 million each starting from December 2022	Quarterly Instalments 12 Instalments of ₹ 31.25 million each total amounting ₹ 375.00 million
Citi Bank (Term loan) 1	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 Instalments 12 Instalments 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 instalment ranging from 24~33 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 instalment ranging from 32~56 EMI's and amount ranging from ₹ 10,455 ~ ₹ 77,150.
Deferred payment liabilities	Outstanding Amount (₹ million)		20.13

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st March 2021
State Bank of India New Delhi-EPC	Outstanding Amount (₹ million)		0.10
	Interest rate		MCLR(1yr)+55 bps(5.6%-6.05%) v
	Security		First *pari passu* on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company
	Repayment schedule		Repayable on demand
State Bank of India New Delhi-CC	Outstanding Amount (₹ million)	0.02	39.56
	Interest rate	MCLR (06 Month) +15 bps	MCLR(1yr)+85 bps v
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immovable fixed assets of the company situated at Gurgaon plant.	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	Repayable on demand
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)	–	–
	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
HDFC Bank -CC	Outstanding Amount (₹ million)	0.09	13.12
	Interest rate	7.20% PA linked with 1Y MCLR	MCLR(1yr)+130 bps
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immovable fixed assets of the company situated at Gurgaon plant.	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

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st March 2021
HDFC Bank - WCDL	Outstanding Amount (₹ million)	57.03	–
	Interest rate	4.60% PA linked with T-Bill	
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immovable fixed assets of the company situated at Gurgaon plant.	
	Repayment schedule	Repayable on demand	
HDFC Bank - EPC 1	Outstanding Amount (₹ million)	–	336.01
	Interest rate		As mutually agreed 4.3% / 7.3% (before / after interest subvention)
	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
Yes Bank-CC	Outstanding Amount (₹ million)	–	–
	Interest rate		3 months MCLR +60% p.a (7.5%-9.8%)
	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
Short Term PCFC Loan-HDFC Bank	Outstanding Amount (₹ million)	–	487.08
	Interest rate		Average rate- 4.21%
	Security		Secured by first charge on entire stock and book debt.
	Repayment schedule		Repayable within 180 days
Overdraft Facility-HDFC Bank	Outstanding Amount (₹ million)	–	22.61
	Interest rate		Average rate- 8.75%
	Security		Secured by first charge on entire stock and book debt.
	Repayment schedule		Repayable within 180 days
Tata Capital loan-Financial Institution	Outstanding Amount (₹ million)	126.60	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	
Tata Capital loan-Financial Institution	Repayment schedule	69.51	40.30
	Interest rate	The interest rate agreed with customer is 0.42% for 60 days credit period (current effective rate is 2.69% 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 2022

(Figures in Million ₹, unless stated otherwise)

iv) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cash flows')

The changes of the Company's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings	Short-term borrowings	Leases	Total
Balance as at 1st April 2020	**2,205.66**	**545.09**	**542.06**	**3,292.81**
Effect on business combination (Refer note 49)	**–**	**301.38**	**13.67**	**315.05**
Balance as at 1st April 2020 (post business combination)	**2,205.66**	**846.47**	**555.73**	**3,607.86**
Cash Flows:				
Repayment of non-current borrowings	(407.96)	–	–	(407.96)
Proceeds from non-current borrowings	717.57	–	–	717.57
Proceeds from current borrowings (net)	–	298.52	–	298.52
Repayment of Deferred payment liabilities	(12.47)	–	–	(12.47)
Repayment of lease liabilities	–	–	(83.86)	(83.86)
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	–	–	69.62	69.62
Creation of lease liabilities under Ind AS 116	–	–	240.55	240.55
Interest accrued on long-term borrowing movement	–	–	–	
Balance as at 31st March 2021	**2,501.54**	**1,144.99**	**782.04**	**8,036.43**
Cash Flows:				
Repayment of non-current borrowings	(2,505.67)	–	–	(2,505.67)
Proceeds from non-current borrowings	450.00	–	–	450.00
Proceeds from current borrowings (net)	–	(891.73)	–	(891.73)
Repayment of Deferred payment liabilities	(21.04)	–	–	(21.04)
Repayment of lease liabilities	–	–	(94.65)	(94.65)
Non-cash changes				
Amortisation of transaction cost based on effective interest rate	10.12	–	–	10.12
Unwinding of discount on deferred payment liabilities	0.91	–	–	0.91
Interest expense on lease liabilities	–	–	76.19	76.19
Interest accrued on long-term borrowing movement	14.15	–	–	14.15
Other movement	–	–	0.36	0.36
Balance as at 31st March 2022	**450.00**	**253.26**	**763.94**	**5,060.56**

16 OTHER FINANCIAL LIABILITIES

	As at 31st March 2022	As at 31st March 2021
Non-current		
Security deposits	1.74	1.24
Total other financial liabilities - non-current	**1.74**	**1.24**
Current		
Interest accrued but not due on borrowings	1.91	16.07
Employee benefits payable	151.45	51.80
Capital creditors	687.76	131.92
Other payables	32.00	30.46
Total other financial liabilities - current	**873.11**	**230.25**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

17 PROVISIONS

	As at 31st March 2022	As at 31st March 2021
Non-current		
Provision for compensated absences (refer below)	79.76	73.03
Provision for defined benefit plans (refer note 38)	0.36	2.62
Provision for warranty (refer below)	12.62	7.95
Total provisions - non-current	**92.74**	**83.60**
Current		
Provision for compensated absences (refer below)	42.99	27.43
Provision for defined benefit plans (refer note 38)	38.80	26.13
Provision for warranty (refer below)	10.34	9.14
Total provisions - current	**92.12**	**62.70**

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

	As at 31st March 2022	As at 31st March 2021
Provision for Compensated Absences		
Opening balance	100.47	42.90
Effect of business combination (Refer note 49)	-	16.96
Opening balance (post business combination)	**100.47**	**59.86**
Additions	48.29	75.09
Amounts utilised	(26.01)	(34.48)
Closing balance	**122.75**	**100.47**
Provision for Warranty		
Opening balance	17.09	-
Effect of business combination (Refer note 49)	-	17.07
Opening balance (post business combination)	17.09	17.07
Additions	9.70	8.70
Amounts utilised	(3.83)	(8.68)
Closing balance	**22.96**	**17.09**

18 DEFERRED TAX LIABILITIES (NET)

	As at 31st March 2022	As at 31st March 2021
Deferred tax liabilities		
Property, plant and equipment and intangible assets	712.26	732.58
Others	12.77	18.02
Total deferred tax liabilities	**725.03**	**750.60**
Deferred tax assets		
Provision for employee benefits obligation	50.52	40.20
Others	13.87	16.67
Total deferred tax assets	**64.39**	**56.87**
Net deferred tax liabilities	**660.63**	**693.73**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

a) Movement in deferred tax assets/liabilities

	31st March 2022	31st March 2021
Property, plant and equipment and intangible assets		
Opening balance	732.58	122.24
Effect of business combination (Refer note 49)	-	297.29
Opening balance (post business combination)	**732.58**	**419.53**
Charged/(credited):		
– to profit or loss	(20.32)	313.05
– to other comprehensive income	–	–
Closing balance	**712.26**	**732.58**
Provision for employee benefits obligation		
Opening balance	(40.20)	(13.52)
Effect of business combination (Refer note 49)	–	(18.77)
Opening balance (post business combination)	**(40.20)**	**(32.29)**
Charged/(credited):		
– to profit or loss	(6.45)	(6.71)
– to other comprehensive income	(3.87)	(1.19)
– directly in equity	–	–
Closing balance	**(50.52)**	**(40.20)**
Others Deferred tax liabilities		
Opening balance	(16.67)	(24.21)
Effect of business combination (Refer note 49)	–	–
Opening balance (post business combination)	(16.67)	(24.21)
Charged/(credited):		
– to profit or loss	2.81	7.54
Closing balance	**(13.87)**	**(16.67)**
Others Deferred tax assets		
Opening balance	18.02	–
Effect of business combination (Refer note 49)	–	(31.10)
Opening balance (post business combination)	18.02	(31.10)
Charged/(credited):		
– to profit or loss	(5.24)	49.12
Closing balance	**12.77**	**18.02**

Deferred tax assets amounting to ₹ 82.62 million as at 31st March 2022 (31st March 2021: ₹ 82.62 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

19 TRADE PAYABLES

	As at 31st March 2022	As at 31st March 2021
Trade payables		
– micro enterprises and small enterprises (refer note 41)	386.98	495.55
– other than micro enterprises and small enterprises	1,472.80	1,448.31
Total Trade payables	**1,859.78**	**1,943.86**

Note:

(i) Refer note 36 for balance payable to related parties

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Trade payables ageing schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	4.36	307.05	69.62	5.71	0.23	0.01	386.98
(ii) Others	254.90	978.60	228.29	7.38	1.22	2.42	1,472.80
Total	**259.26**	**1,285.64**	**297.91**	**13.08**	**1.45**	**2.43**	**1,859.78**

Trade payables ageing schedule as at 31st March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	3.84	447.76	43.67	-	0.17	0.12	495.55
(ii) Others	259.98	880.16	298.88	3.27	2.60	3.42	1,448.31
Total	**263.82**	**1,327.92**	**342.55**	**3.27**	**2.77**	**3.54**	**1,943.86**

20 OTHER CURRENT LIABILITIES

	As at 31st March 2022	As at 31st March 2021
Statutory dues payable	60.77	73.98
– Advance from customers	86.97	91.66
– Contract liability	70.00	–
Total current liabilities	**217.74**	**165.64**

21 CURRENT TAX LIABILITIES

	As at 31st March 2022	As at 31st March 2021
Income tax liabilities (net)(Net of advance tax ₹ 734.45 million)	60.21	–
Total current tax liabilities	**60.21**	**–**

22 REVENUE FROM OPERATIONS

	For the year ended 31st March 2022	For the year ended 31st March 2021
Sale of goods	18,418.98	13,253.63
Other operating revenue		
Scrap sales	449.96	237.46
Export incentive	249.86	133.29
Liabilities written back	53.17	0.00
Foreign exchange gain (net)	209.31	358.78
Royalty income	8.65	16.41
Others	0.55	0.87
Total revenue from operations	**19,390.49**	**14,000.44**

23 OTHER INCOME

	For the year ended 31st March 2022	For the year ended 31st March 2021
Interest income from bank	13.09	20.97
Interest income from income tax refunds	182.68	–
Dividend income from subsidiary	312.73	346.39
Others	1.48	1.39
Total other income	**509.98**	**368.75**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended 31st March 2022	For the year ended 31st March 2021
Inventories at the beginning of the year		
Work-in-progress	268.17	148.30
Finished goods	1,338.57	145.96
	1,606.74	**294.26**
Add: Effect of business combination (Refer note 49)		
Work-in-progress	–	15.25
Finished goods	–	660.72
	–	**675.97**
Inventories at the beginning of the year (post business combination)		
Work-in-progress	268.17	163.55
Finished goods	1,338.57	806.68
	1,606.74	**970.23**
Inventories at the end of the year		
Work-in-progress	326.07	268.17
Finished goods	1,575.25	1,338.57
	1,901.32	**1,606.74**
Changes in inventories	**(294.57)**	**(636.51)**

25 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2022	For the year ended 31st March 2021
Salaries, wages and allowances	1,298.52	1,156.34
Contribution to provident and other funds	78.05	75.95
Staff welfare expenses	157.76	121.66
Share based payment to employees (refer note 45)	66.60	45.38
Total employee benefits expense	**1,600.93**	**1,399.33**

26 FINANCE COSTS

	For the year ended 31st March 2022	For the year ended 31st March 2021
Interest on loans	70.98	213.06
Other borrowing costs	3.04	5.12
Bank and other finance charges	22.16	13.20
Interest on lease liabilities (refer note 43)	76.19	69.62
Interest expenses on others	–	17.01
Total finance costs	**172.37**	**318.01**

27 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation of property, plant and equipment	774.77	526.43
Amortisation of intangible assets	447.85	269.51
Amortisation of right-of-use assets	72.73	66.80
Less: Transfer to Capital work-in-progress	–	(2.07)
Total depreciation and amortisation expense	**1,295.35**	**860.68**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

28 OTHER EXPENSES

	For the year ended 31st March 2022	For the year ended 31st March 2021
Consumption of stores, spares and tool	1,012.63	664.07
Power and fuel	479.49	388.13
Freight, clearing and forwarding charges	378.21	285.24
Packing material	309.52	189.82
Sub contracting cost	747.85	592.81
Rent (refer note 43)	31.43	21.15
Repairs and maintenance - plant and machinery	300.63	237.02
Repair and maintenance - buildings	16.01	19.16
Repair and maintenance - others	109.21	89.62
Manpower hiring on contract	388.71	287.72
Legal and professional charges (refer note (a) below)	209.64	121.36
Rates and taxes	7.96	7.36
Insurance	52.96	31.14
Travelling, conveyance and vehicle expenses	117.45	87.55
Communication and stationery expenses	22.63	15.75
Security charges	21.69	16.28
Corporate social responsibility expense (refer note (b) below)	54.74	53.95
Business promotion	13.10	9.14
Directors sitting fees	33.68	27.01
Loss on sale of property plant & equipments (net)	9.14	2.92
Provision for warranty	9.70	8.70
Miscellaneous expenses	116.83	57.84
Total other expenses	**4,443.19**	**3,213.74**

a) Details of payment to auditors*

	For the year ended 31st March 2022	For the year ended 31st March 2021
Payments to the statutory auditor:		
(a) For Statutory Audit	11.15	5.85
(b) For other services	1.71	1.79
(c) For reimbursement of expenses	0.05	0.08
Total expenses	**12.91**	**7.72**

* Excluding applicable taxes and fees paid for services related to Initial Public Offer amounting to ₹ 4.51 million for year ended 31st March 2022 (₹ 21.72 million for the year ended 31st March 2021)(Refer note 51 and 52)

b) Corporate social responsibility expenditure

Details of CSR Expenditure:

	For the year ended 31st March 2022	For the year ended 31st March 2021
a) Gross amount required to be spent by the Company during the year	55.10	53.94
b) Amount spent during year is as below		
(i) Construction/ acquisition of assets	–	–
(ii) On Purpose other than above	40.11	39.56
Total Amount Spent		
Amount yet to be spent	**15.00**	**14.39**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Ongoing Projects and others:	In case of Section 135(6) (Ongoing Project)	In case of Section 135(5) (Other than ongoing Project)
Opening Balance		
With Company	–	–
In Separate CSR Unspent A/c	15.00	–
Add: Amount required to be spent during the year	22.50	32.61
Less: Amount spent during the year		
From Company's bank A/c (from the CSR obligation of financial year 21-22)	7.50	32.61
From Separate CSR Unspent A/c (from the CSR obligation of financial year 20-21)	13.48	–
Closing Balance	**16.52**	**–**
With Company	**–**	**–**
In Separate CSR Unspent A/c	**1.52**	**–**

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company has transferred ₹ 15 million the unspent amount relating to ongoing project for CSR for FY 2021-22 in a 'Unspent Corporate Social Responsibility Account- Sona BLW Precision Forgings Limited- 2022' on 26 April 2022.

29 EXCEPTIONAL ITEM

	For the year ended 31st March 2022	For the year ended 31st March 2021
Expenditure incurred for listing and offer for sale of shares (refer note 51)	(132.70)	139.06
	(132.70)	**139.06**

30 INCOME TAX EXPENSE

	For the year ended 31st March 2022	For the year ended 31st March 2021
Current tax	796.17	390.04
Tax related to previous years	(134.62)	-
Deferred tax charge/(credit)	(29.23)	363.00
Total Income Tax expense	**632.32**	**753.03**

a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended 31st March 2022	For the year ended 31st March 2021
Profit before income tax expense	4,167.71	2,913.43
Income tax as per statement of profit and loss	632.32	753.04
Tax at the Indian tax rate of 25.167% (31st March 2021: 25.167%)	**1,048.89**	**733.22**
Effect of non-deductible expenses	9.26	15.63
Transaction cost of an equity transaction	(3.30)	-
Tax effect on Dividend from foreign subsidiary at a lower rate	(104.35)	(27.74)
Tax effect of ESOP exercised	(126.81)	-
Lower tax paid in respect of dividend income due to change in tax position of FY 2020-21	(82.71)	-
Previous year related principal receipt which was written-off in previous years *	(91.00)	-
Others	(17.64)	31.92
Income tax expense (as per statement of profit and loss)	**632.32**	**753.04**

* The Company has received income tax refunds during the years. The difference between the refunds so received toward principal and tax receivable as per books is recorded as tax for the earlier years. Interest amounting to ₹ 155.71 million has been recorded under the head other income

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

31 RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended 31st March 2022	For the year ended 31st March 2021
Revenue expenditure charged to statement of profit and loss		
– Revenue and development expenditure charged to statement of profit and loss	269.98	137.38
– Capital expenditure	171.74	777.65
Total research expenses	**441.72**	**915.03**

32 FAIR VALUE MEASUREMENTS

a) Financial instruments by category

	For the year ended 31st March 2022			For the year ended 31st March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	–	–	4,374.88	–	–	3,986.43
Cash and bank balances	–	–	394.57	–	–	50.37
Other financial assets	–	–	98.67	–	–	60.51
Derivative financial assets	29.49	–	–	147.87	–	–
Current Investments	58.32	–	–	–	–	–
Total financial assets	**87.81**	**–**	**4,868.12**	**147.87**	**–**	**4,097.31**
Financial liabilities						
Borrowings	–	–	705.17	–	–	3,662.59
Trade payables	–	–	1,859.78	–	–	1,943.86
Other financial liabilities	–	–	872.95	–	–	215.42
Lease liabilities	–	–	763.94	–	–	782.04
Total financial liabilities	**–**	**–**	**4,201.84**	**–**	**–**	**6,603.90**

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
As at 31st March 2022			
Foreign exchange forward contracts- asset	–	29.49	–
Total financial assets	**–**	**29.49**	**–**
As at 31st March 2021			
Foreign exchange forward contracts- asset	–	147.87	–
Total financial liabilities	**–**	**147.87**	**–**
Investments measured at fair vlaue through other comprehensive income	–	–	19.00
Total financial assets	**–**	**–**	**19.00**

ii) Fair value of instruments measured at amortised cost

	Level	As at 31st March 2022		As at 31st March 2021	
		Carrying value	Fair value	Carrying amount	Fair value
Financial assets					
Trade receivables	Level 3	4,374.88	4,374.88	3,986.43	3,986.43
Cash and bank balances	Level 3	394.57	394.57	50.37	50.37
Other financial assets	Level 3	98.67	98.67	60.51	60.51
Total financial assets		**4,868.12**	**4,868.12**	**4,097.31**	**4,097.31**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

ii) Fair value of instruments measured at amortised cost

	Level	As at 31st March 2022		As at 31st March 2021	
		Carrying value	Fair value	Carrying amount	Fair value
Financial liabilities					
Borrowings	Level 3	705.17	705.17	3,662.59	3,662.59
Trade payable	Level 3	1,859.78	1,859.78	1,943.86	1,943.86
Other financial liability	Level 3	872.95	872.95	215.42	215.42
Total financial liabilities		**4,201.84**	**4,201.84**	**6,603.90**	**6,603.90**

There are no transfers amongst levels during the year.

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

33 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Company to support its operations. The Company's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Company's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Company enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Company's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets"

(a) Credit Risk Management

(i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

a) Low credit risk

b) Moderate credit risk

c) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

The Company provides for expected credit loss based on the following:

Asset group	Categorisation of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss,unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets that expose the entity to credit risk –

Credit rating	Particulars	As at 31st March 2022	As at 31st March 2021
Low credit risk	Loans		
	Cash and bank balances	394.57	50.37
	Other financial assets	98.67	60.51
	Investment	58.32	-
	Derivative financial assets	29.49	147.87
Moderate credit risk	Trade receivables*	4,374.88	3,986.43

*This represent carrying values after deduction for doubtful debt provisions

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

Trade receivables

To mitigate the credit risk related to trade receivables, the Company closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

Other financial assets measured at amortised 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)

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 2022

(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 recognised on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Company recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the period ended 31st March 2022, and for the years ended 31st March 2021 is insignificant.

Reconciliation of loss allowance

	31st March 2022	31st March 2021
At the beginning of year	2.97	3.94
Movement during the year	4.45	(0.97)
Total expected credit loss allowance	**7.42**	**2.97**

(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 2022				
Borrowings	291.07	479.45	–	770.51
Trade payables	1,859.78	–	–	1,859.78
Other financial liabilities	874.86	–	–	874.86
Lease liabilities	98.04	432.99	797.57	1,328.59
Total	**3,123.75**	**912.42**	**797.57**	**4,833.74**

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2021				
Borrowings	1,902.69	2,129.88	88.58	4,121.15
Trade payables	1,943.86	–	–	1,943.86
Other financial liabilities	231.49	–	–	231.49
Lease liabilities	93.85	416.99	911.61	1,422.44
Total	**4,171.89**	**2,546.87**	**1,000.19**	**7,718.94**

(ii) Undrawn borrowing facilities

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31st March 2022	31st March 2021
Expiring within one year (bank loans)	**1,567.85**	**670.99**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(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 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	31st March 2022	31st March 2021
Variable rate borrowings	705.17	3,634.39
Fixed rate borrowings	–	28.20
Total borrowings	**705.17**	**3,662.59**

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31st March 2022	31st March 2021
Interest rate increase by 1.00% (31st March 2021: 1.00%)*	16.24	23.79
Interest rate decrease by 1.00% (31st March 2021: 1.00%)*	(16.24)	(23.79)

*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 recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows:

Foreign currency	31st March 2022	31st March 2021
Trade receivables and others		
United States Dollar (USD)	28.88	30.47
Euro (EUR)	0.71	0.54
Others	–	0.08
Trade payables		
United States Dollar (USD)	1.27	3.60
Euro (EUR)	0.05	0.17
Japanese Yen (JPY)	0.62	76.77
Canadian Dollar (CAD)^	–	0.00
Swiss Franc (CHF)	0.01	0.06
Others	0.03	0.06

^Rounded off to Nil

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

Indian Rupee (₹)	31st March 2022	31st March 2021
Trade receivables and others		
United States Dollar (USD)	2,189.11	2,227.59
Euro (EUR)	59.64	46.49
Others	–	0.65
Trade payables		
United States Dollar (USD)	95.94	262.91
Euro (EUR)	4.54	14.60
Japanese Yen (JPY)	0.38	50.76
Canadian Dollar (CAD)^	–	0.15
Swiss Franc (CHF)	0.82	4.63
Others	–	5.62

^Rounded off to Nil

Indian Rupee (₹)	31st March 2022	31st March 2021
Outstanding forward contracts as at the reporting date (Million USD)	88.97	96.02
Outstanding forward contracts as at the reporting date (₹)	6,872.34	7,242.86

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	31st March 2022	31st March 2021
Net currency receivables/(payables)		
USD sensitivity		
₹/USD- increase by 1.00% (31st March 2021: 1.00%)*	15.66	14.70
₹/USD- decrease by 1.00% (31st March 2021: 1.00%)*	(15.66)	(14.70)
EUR sensitivity		
₹/EURO- increase by 1.00% (31st March 2021: 1.00%)*	0.41	0.24
₹/EURO- decrease by 1.00% (31st March 2021: 1.00%)*	(0.41)	(0.24)
JPY sensitivity		
₹/JPY- increase by 1.00% (31st March 2021: 1.00%)*	(0.00)	(0.38)
₹/JPY- decrease by 1.00% (31st March 2021: 1.00%)*	0.00	0.38
CAD sensitivity		
₹/CAD- increase by 1.00% (31st March 2021: 1.00%)*	–	(0.00)
₹/CAD- decrease by 1.00% (31st March 2021: 1.00%)*	–	0.00
CHF sensitivity		
₹/CHF- increase by 1.00% (31st March 2021: 1.00%)*	(0.01)	(0.03)
₹/CHF- decrease by 1.00% (31st March 2021: 1.00%)*	0.01	0.03

* 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 2022

(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 maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Companymay 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.

	As at 31st March 2022	As at 31st March 2021
Long-term borrowings including current maturities (refer note 15)	450.00	2,501.54
Short-term borrowings (refer note 15)	253.26	1,144.97
Less: Cash and cash equivalents (refer note 11)	(202.14)	(49.15)
Net debts *	**501.12**	**3,597.36**
Equity share capital (refer note 13)	5,843.53	5,729.80
Other equity (refer note 14)	13,888.02	7,879.73
Total equity	**19,731.55**	**13,609.53**
Net Gearing ratio	**2.54%**	**26.43%**

* Excluding lease liabilities

Dividends	For the year ended 31st March 2022	For the year ended 31st March 2021
Equity share		
Interim dividend of ₹ 0.77 per each 584,352,710 equity share	449.95	-
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
	449.95	**904.00**

The Board of Directors of the Company in its meeting held on 5th May 2022 has approved and declared final dividend of ₹ 0.77/- i.e (7.7%) per equity share of the Company having face value of ₹ 10/- each for the financial year 2021-22.

35 SEGMENT INFORMATION

The Company's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components". The Company has opted to provide segment information in its consolidated Ind AS financial statements in accordance with para 4 of Ind AS 108 - Operating Segments.

36 RELATED PARTY DISCLOSURES

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(a) Names of related parties and nature of relationship

(i) Entity exercising control of Company

Singapore VII Topco III Pte Ltd. (with effect from 5th July 2019 till 21st June 2021)

(ii) The entity having substantial interest in the Company

Sona Autocomp Holding Private Limited

Singapore VII Topco III Pte Ltd. (with effect from 21st June 2021)

(iii) Ultimate holding Company

BCP Topco I Pte Ltd.(till 21st June 2021)

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

(iv) Key Management Personnel

Name	Designation
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr. Vikram Verma Vadapalli	Chief Executive Officer (Driveline Business)
Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary
Mr. Santhana Krishnan Gopalan	Chief Financial Officer of merged entity (Refer Note 48) (till 28th January 2022)
Mr. Hari Prasath K	Company Secretary of merged entity (Refer Note 48) (till 18th January 2021)
Non-Executive Directors	
Mr. Sunjay Kapur	Non-executive Chairman
Mr. Prasan Abhaykumar Firodia	Independent director
Mr Subbu Venkata Rama Behara	Independent director
Mrs Pallavi Joshi Bakhru	Independent director (till 2nd May 2020)
Mr. Amit Dixit	Director
Mr. Amit Jain	Director (with effect from 5th July 2019 till 1st January 2021)
Mr. Neeraj Mohan	Director (with effect from 5th July 2019 till 12th February 2021)
Mr. Ganesh Mani	Director
Mrs Shradha Suri	Independent director (with effect from 5th August 2020)
Mr. Jeffrey Mark Overly	Independent Director (with effect from 12th February 2021)
Relative fo KMP	
Mr. Tanay Gupta	Son of Mr. Sat Mohan Gupta

(v) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)
Harpreet Motors Private Limited

(vi) Subsidiary companies

Comstar Automotive Hongkong Limited
Comstar Automotive USA LLC
Comstar Automotive Technologies Services Private Limited
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
Comstar Automotive (Hangzhou) Co., Ltd.
Comstar Hong Kong Mexico No. 1, LLC
Comestel Automotive Technologies Mexicana Ltd.
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
Sona Comstar eDrive Private Limited (with effect from 12th November 2020)

(b) Transactions with related parties :

(i) Entity exercising control

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Dividend paid		
Singapore VII Topco III pte Ltd.	–	599.18

(ii) Entity having substantial interest

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Dividend paid		
Sona Autocomp Holding Private Limited	153.51	304.84
Singapore VII Topco III pte Ltd.	148.77	–
Relinquishment of right of put option (refer note 48)		
Sona Autocomp Holding Private Limited	–	19.00
Reimbursement of IPO expenses		
Singapore VII Topco III pte Ltd.	359.69	–

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

(iii) Entity having substantial interest

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Managerial remuneration		
Mr. Vivek Vikram Singh	30.85	31.70
Mr. Vikram Verma Vadapalli	30.63	28.39
Mr. Rohit Nanda	24.09	26.13
Mr. Ajay Pratap Singh	7.13	6.74
Mr. Sat Mohan Gupta	18.17	24.41
Mr. Santhana Gopalan K	3.21	3.91
Mr. Tanay Gupta	1.75	1.59
Mr. Hariprasath K	–	1.31
Issue of equity shares under ESOP Scheme		
Mr. Vivek Vikram Singh	8.46	–
Mr. Vikram Verma Vadapalli	6.10	–
Mr. Rohit Nanda	4.57	–
Mr. Ajay Pratap Singh	1.52	–
Mr. Sat Mohan Gupta	6.10	–
Mr. Santhana Gopalan K	0.31	–
Director Sitting Fee		
Non-executive director	5.06	3.60
Commission		
Non-executive director	36.36	27.71
Dividend paid		
Mr. Vikram Verma Vadapalli	0.06	–
Mr. Ajay Pratap Singh	0.01	–
Mr. Sat Mohan Gupta	0.04	–
Mr. Santhana Gopalan K	0.01	
Mrs. Shradha Suri	#	–
Sale of Vehicles		
Mr. Vivek Vikram Singh	0.17	–

*Break- up of Key management personnel remuneration

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Short-term employee benefits	115.83	124.18

* Including provident fund, leave encashment and any other benefit.

* Share based payment to Key Managerial Personnel for the period ended 31st March 2022 is ₹ 43.24 million (31st March 2021 is ₹ 29.11 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.

* The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between 14th September 2021, to 27th September 2021. There is however no financial impact of such payments on the Company.

Number less than ₹ 10,000

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

(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 31st March 2022	For the year ended 31st March 2021
Sale of goods		
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)	–	0.14
Services received		
Harpreet Motors Private Limited	0.01	–

(v) Subsidiary companies

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Dividend Received		
Comstar Automotive USA LLC	312.73	346.39
Rent Received		
Sona Comstar Edrive Pvt Ltd.	0.07	–
Corporate Guarantee given		
Sona Comstar Edrive Pvt Ltd.	83.23	–
Reimbursement of expense incurred by related party		
Comstar Automotive USA LLC	–	2.22
Comstar Automotive Technology Services Private Limited	–	0.01
Reimbursement of expenses incurred by Holding Company		
Sona Comstar Edrive Pvt Ltd.	5.71	–
Investment in the shares		
Sona Comstar Edrive Private Limited	14.90	0.10
Purchase of Goods		
Comestel Automotive Technologies Mexicana Ltd.	–	2.00
Sale of goods		
Comstar Automotive USA LLC	610.30	666.02
Comestel Automotive Technologies Mexicana Limited	368.11	398.67
Comstar Automotive Hangzhou Co. Ltd.	90.96	51.25

(c) Details of balances with related parties at year end

(i) Key Management Personnel

Transactions	As at 31st March 2022	At at 31st March 2021
Payables		
Mr. Vivek Vikram Singh	8.71	–
Mr. Rohit Nanda	4.82	–
Mr. Vikram Verma Vedapalli	9.60	–
Mr. Jeffrey Mark Overly	4.04	0.53
Mr. Ajay Pratap Singh	1.47	–

(ii) Subsidiary companies

Transactions	As at 31st March 2022	At at 31st March 2021
Receivable		
Comstar Automotive USA LLC	83.21	102.40
Comestel Automotive Technologies Mexicana Ltd.	277.07	214.77
Comstar Automotive Hangzhou Co. Ltd.	116.90	42.92

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 48. All outstanding balances are unsecured.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

37 EARNINGS PER SHARE

	31st March 2022	31st March 2021
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	3,535.38	2,160.39
Total number of equity shares at the beginning of the year	57,29,80,560	4,71,53,944
Issue of shares	1,13,72,150	–
Conversion of compulsory convertible preference shares into equity shares	–	5,94,436
Bonus shares issued during the year	–	52,52,32,180
Total number of equity shares at the end of the year	**58,43,52,710**	**57,29,80,560**
Effect of exercise of share options (refer note 45)	3,43,775	1,92,634
Total number of equity shares (including options) at the end of the year	**58,46,96,485**	**57,31,73,194**
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	58,15,29,094	57,29,80,560
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	**58,15,29,094**	**57,29,80,560**
Effect of exercise of share options	3,43,775	1,92,634
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)	**58,18,72,869**	**57,31,73,194**
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	6.08	3.77
(b) Diluted earnings per share (in ₹)	6.08	3.77
Earning per share (both basic and diluted) has been restated for both the years presented on account of issue of bonus shares (refer note 13)		

38 EMPLOYEE BENEFITS

A. Defined contribution plans:

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
a) Provident fund	86.80	60.07
b) Employees state insurance corporation	0.32	0.62
c) Punjab/Haryana labour welfare fund	0.25	0.22
d) National Pension Scheme	8.20	7.47
	95.57	**68.38**

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

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
(i) Current service cost	20.52	19.38
(ii) Past service cost	–	3.46
(iii) Interest cost	6.46	5.56
(iv) Expected return on plan assets	(5.07)	(4.97)
Net expense recognised in the statement of profit and loss	**21.91**	**23.43**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

II. Remeasurement (gain)/loss recognised in other comprehensive income

Particulars		For the year ended 31st March 2022	For the year ended 31st March 2021
(i)	Actuarial changes arising from changes in demographic assumptions	(10.37)	0.43
(ii)	Actuarial changes arising from changes in financial assumptions	16.85	(9.56)
(iii)	Actuarial changes arising from changes in experience adjustments	9.81	4.59
(iv)	Return on plan assets greater than discount rate	(0.89)	(0.16)
Net expense recognised in other comprehensive income		**15.40**	**(4.70)**

III. Remeasurement (gain)/loss recognised in other comprehensive income

Particulars		For the year ended 31st March 2022	For the year ended 31st March 2021
(i)	Opening balance	219.41	86.54
	Effect of business combination	–	108.09
	Opening balance (post business combination)	**219.41**	**194.62**
(ii)	Current service cost	20.52	19.38
(iii)	Past service cost	–	3.46
(iv)	Interest cost	14.11	11.21
(v)	Benefit payments directly by employer	(3.38)	(2.80)
(vi)	Actuarial (gain)/loss	15.40	(4.70)
(vii)	Benefit payments from plan assets	(2.40)	(1.78)
	Present value of obligation as at year end	**263.66**	**219.42**

IV. Changes in plan assets

Particulars		For the year ended 31st March 2022	For the year ended 31st March 2021
(i)	Fair value of plan assets as at the beginning of the period	190.68	79.60
	Effect of business combination	–	84.28
	Fair value of plan assets as at the beginning of the period (post business combination)	**190.68**	**163.88**
(ii)	Interest income	11.86	10.49
(iii)	Contributions by employer	26.87	20.73
(iv)	Benefit payments from plan assets	(5.77)	(4.58)
(v)	Actuarial gain/(loss) on plan assets	0.89	0.16
	Fair value of plan assets	**224.53**	**190.68**

V. Net assets / liabilities

Particulars		For the year ended 31st March 2022	For the year ended 31st March 2021
(i)	Present value of obligation at the end of the year	263.67	219.42
(ii)	Fair value of plan assets at the end of the year	224.52	190.68
(iii)	Net liabilities recognised in the balance sheet		
	– Non-current	0.36	2.62
	– Current	38.80	26.13

VI. Experience adjustment

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Experience adjustment loss on plan liabilities	5.60	6.27

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

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

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Discount rate (per annum)	6.00-6.20%	6% to 6.40%
Expected return on plan assets (per annum)	7.15%	5.90%
Expected increase in salary costs (per annum)	8.00-8.50%	7.00% to .008%
Attrition rate	15.00-17.00%	9.00-15.00%
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:

Particulars	Impact on defined benefit obligation	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Delta effect of +1% change in rate of discounting	(13.48)	(14.34)
Delta effect of -1% change in rate of discounting	14.46	15.53
Delta effect of +1% change in rate of salary increase	14.09	15.26
Delta effect of -1% change in rate of salary increase	(13.33)	(14.29)

X Maturity profile of defined benefit obligation (undiscounted)

	For the year ended 31st March 2022	For the year ended 31st March 2021
Within the next 12 months (next annual reporting period)	43.35	26.47
Between 2 and 5 years	134.51	94.07
Between 6 and 10 years	108.24	88.77
Total expected payments	**286.10**	**209.31**

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 6.30 - 9 years (31st March 2021: 6.28 - 9 years)

XII The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

XIII Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employement. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

39 CONTINGENT LIABILITIES

			As at 31st March 2022	As at 31st March 2021
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	2.00
		Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	77.25	70.78
		Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)	2.28	–
		Demand raised by AO for which company intend to file appeal with CIT - Appeal for AY 2018-19	3.73	3.73
	(iii)	Central Excise Act, 1944		
		Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Compay has filed appeals. (FY 2014-15 to FY 2017-18)	14.85	14.85
		* Amount paid under protest of ₹ 24.48 million (31st March 2021: ₹ 24.48 million)		
		** Total disputed amount of the case is ₹ 85.88 million(including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 77.25 million (including interest liability) is being disclosed as a contingent liability.		
		As trial date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.		
b)	There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made 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 :			

	As at 31st March 2022	As at 31st March 2021
Export obligation pending (₹ million)	4,429.60	2,903.78

40 CAPITAL COMMITMENTS

	As at 31st March 2022	As at 31st March 2021
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	758.69	1,543.48

41 DUES TO MICRO AND SMALL ENTERPRISES

		As at 31st March 2022	As at 31st March 2021
a)	Principal amount due to suppliers registered under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) and remaining unpaid as at year end	382.65	491.71
b)	the amount of interest paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	–	–
c)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	–	–
d)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
e)	the amount of interest accrued and remaining unpaid at the end of each accounting year;	4.33	3.84
f)	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.	4.33	3.84

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

42 DISCLOSURE REQUIRED BY SECTION 186(4) OF THE COMPANIES ACT, 2013

	As at 31st March 2022	Maximum amount outstanding during the year	As at 31st March 2021	Maximum amount outstanding during the year
Details of investment made in Comstar Automotive USA LLC	1,248.90	1,248.90	1,248.90	1,248.90
Details of investment made in Comstar Automotive Technology Services Private Limited	73.80	73.80	73.80	73.80
Details of investment made in Comstar Automotive Hong Kong Ltd.	229.45	229.45	229.45	229.45
Details of investment made in Sona Comstar eDrive Private Limited	15.00	15.00	0.10	0.10
Details of corporate guarantee given on behalf of Sona Comstar eDrive Private Limited*	83.23	83.23	–	–

* Corporate guarantee given to a vendor

43 LEASES

i) The Company has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.

ii) The Company does not have any lease commitments towards variable rent as per the contract.

iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Company must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Company shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.

iv) Lease liabilities are presented in the statement of financial position as follows:

Particulars	As at 31st March 2022	As at 31st March 2021
Current	98.04	93.85
Non-current	665.91	688.18
	763.95	**782.04**

v) Future minimum lease payments are as follows:

Particulars	As at 31st March 2022		
Minimum lease payments due	**Lease payments**	**Finance charges**	**Net present values**
Within 1 year	98.04	67.88	30.15
1-5 years	432.99	196.07	236.92
More than 5 years	797.57	300.69	496.88
	1,328.60	**564.64**	**763.95**

Particulars	As at 31st March 2021		
Minimum lease payments due	**Lease payments**	**Finance charges**	**Net present values**
Within 1 year	93.85	75.67	18.18
1-5 years	416.99	224.57	192.41
More than 5 years	911.61	340.17	571.44
	1,422.45	**640.41**	**782.04**

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

vi) The following are amounts recognised in profit or loss:-

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation expense of right-of-use assets	72.73	66.80
Interest expense on lease liabilities	76.19	69.62
Rent expense (relating to short-term leases on which lease liability is not recognised)	31.43	21.15
Total	**180.35**	**157.57**

vii) Total cash outflow pertaining to leases

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Total cash outflow pertaining to leases during the year ended	**94.65**	**83.86**

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.

44 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	For the year ended 31st March 2022	For the year ended 31st March 2021
Revenue by geography		
Domestic	7,996.50	5,268.97
Export	10,422.48	7,984.66
Total	**18,418.98**	**13,253.63**
Revenue (timing)		
Revenue recognised at point in time	18,377.48	13,253.63
Revenue recognised over a period	41.50	–
Total	**18,418.98**	**13,253.63**

(b) Liabilities related to contracts with customers

Revenue from operations	As at 31st March 2022	As at 31st March 2021
Opening balance	91.66	53.05
Income recognised from advance	(126.31)	(23.52)
Advance received from customers during the year	191.62	62.13
Advance from customers and contract liability (refer note 20)	**156.97**	**91.66**

(c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

There are insginificant discounts offered by the Company to its customers for the year ended 31st March 2022 ₹ 0.43 million (31st March 2021: ₹ 1.26 million).

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

45 SHARE BASED PAYMENTS

Employee Stock Option Scheme Sona BLW Precision Forging Limited- 2020 ('Sona BLW ESOP Plan-2020') was approved by the shareholders of the Sona BLW Precision Forging Limited on 30th September 2020. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2020 shall be 3,342,672 Options which shall upon exercise shall convert into maximum 3,342,672 Shares. The Sona BLW ESOP Plan entitles employees of the Company to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Sona BLW Precision Forging Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	1st 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	32,63,220
	The total pool of Options that can be granted under the ESOP Plan is 3,342,672 (Thirty three lakhs forty two thousand six hundred seventy two) Options out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees.
Method of settlement	Equity

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 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. Total Company share based payment to employees amounting ₹ 66.61 million for the year ended 31st March 2022 (₹ 45.37 million for the year ended 31st March 2021) is recognised in the statement of profit and loss of the Company pertaining to options issued to employees of the Company . The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares were not public traded at that time. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognises the impact of the revision to original estimates, if any, in the profit or loss in standalone statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarised as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	1st October 2020	1st October 2020	1st October 2020
Vesting date	1st October 2021	1st October 2022	1st October 2023
Expiry date	1st October 2024	1st October 2025	1st 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%

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

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 twelth 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	3,263,220
Number of employees to whom options were granted	62
Options vested	1,081,764
Options exercised	1,062,872
Options forfeited/ lapsed/ cancelled	17,928
Option expired during the year	Nil
Options outstanding	Vested:18892
Options outstanding	Unvested: 21,63,528
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	1,062,872
Variation in terms of options	Per ESOP scheme
Money realised by exercise of options (in ₹ million)	40,750,512
Options outstanding at the period end	2,182,420
Options exercisable at the period end	18,892
Total number of options in force (excluding options not granted)	2,182,420
Weighted average remaining contractual life of outstanding options (in years)	4.00

Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31st March 2022 is ₹ 66.60 million (for the year ended 31st March 2021 was ₹ 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. Vikram Verma Vadapalli Mr. Sat Mohan Gupta Mr. Santhana Gopalan K Share based payment to Key Managerial Personnel for the year ended 31st March 2022 is ₹ 43.24 million (31st March 2021 was ₹ 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.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

46 GOODWILL AND BRAND IMPAIRMENT TESTING

Goodwill

As mentioned in the below note no. 49 company has recognised an amount of ₹ 1,582.24 million as Goodwill including assembled workforce and future customers. Annual test for impairment of goodwill was carried out as at 31st March 2022 and 31st March 2021, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognised in the standalone statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 12%-14% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast , followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3%- 4% as determined by the management.

Brand

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 2022 and March 2021, there was no impairment identified for the brand. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 11%-15% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast , followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 3%-4% as determined by the management.

Intangible Asset

As per Note 4 to the standalone financial statements, the company had capitalised technology development expenditure of ₹ 402.13 million towards the development of hybrid starter motor (BSG technology) as at 1st Feb 2020. The development expenditure incurred towards Hybrid starter motor was put to impairment test as at 31st March 2022. The outcome of the test indicated that the value in use of the asset was higher than its carrying value of ₹ 308.74 million as at 31st March 2022. Accordingly, no impairment charge has been recognised in the standalone statement of profit and loss. The recoverable amount of was determined based on value-in-use calculations using a discount rate of 11.5% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

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.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

47 The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of the Standalone Financial Results. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The Company will continue to closely monitor any material changes to future economic conditions .

48 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 BV (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 BV (call option) from Sona Autocomp at a pre-agreed formula based price defined in European Seperation Agreement. The decision was made taking cognisance 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 transation 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.

49 MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

The Hon'ble National Company Law Tribunal, Chandigarh Bench, vide order dated 7th January, 2022 ("Order"), has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited ('Wholly Owned Subsidiary") with Sona BLW Precision Forgings Limited ("Company") with effect from 5th July, 2019 ("Appointed Date") and the Order was filed by the Company with the Registrar of Companies, NCT of Delhi and Haryana on 28th January, 2022. Accordingly, the Company has accounted for the merger as mentioned in the Scheme retrospectively and restated numbers for period presented as prescribed in Appendix C of IND AS 103 - Business Combinations. Goodwill (including assembled workforce) and customer relationships, earlier recorded in the consolidated financial statements amounting to ₹ 1,582.24 million and ₹ 2,929 million are now recorded in standalone financial statements. Change in the tax base of customer relationship after the merger has resulted in creation of merger reserve amounting to ₹ 737.23 million

50 OTHER STATUTORY INFORMATION

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company have not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

51 EXCEPTIONAL ITEM

As per the terms of contract with the Selling shareholders, all Initial Public Offering ('IPO') related expenses were to be borne by the Company and the Selling shareholders in proportion to the number of Equity Shares issued and/or transferred by each one of them in the IPO respectively. However, in the event that the Issue was withdrawn by the Company or not completed for any reason whatsoever, all the Issue related expenses would have to be solely borne by the Company.

During the year ended 31st March 2021, the Company had incurred expenses amounting to ₹ 143.23 million related to the proposed IPO of the company. Considering the fact that the recovery of expenses incurred was not virtually certain as on 31st March 2021, the management decided to charged off ₹ 139.06 million to the Statement of Profit and Loss as an Exceptional Expense and the remaining amount of ₹ 4.17 million was recorded under the head 'Other Current Assets'.

In year ended 31st March 2022, since the IPO has now been completed, the pro-rata IPO expenses recovered from the selling shareholder have been recorded as an exceptional income in the Statement of Profit and Loss. Pro-rata IPO expenses related to fresh issue of shares have been charged off to the equity in compliance with the applicable accounting standards.

52 The Parent Company completed its maiden Initial Public Offer of 190,721,649 Equity Shares of the face value of ₹ 10/- each at an issue price of ₹ 291/- per Equity Share, comprising offer for sale of 180,412,371 shares by selling shareholders and fresh issue of 10,309,278 shares. The Equity Shares of the Company were listed on 24th June 2021 on Bombay Stock Exchange and National Stock Exchange of India Limited.

53 THE UTILISATION OF THE NET INITIAL PUBLIC OFFERING PROCEEDS IS SUMMARISED BELOW:

Particulars	Objects of the issue as per prospectus	Utilisation upto 31st March 2022	Unutilised amount as on 31st March 2022
Repayment and Prepayment of identified borrowings	2,411.17	2,411.17	-
General Corporate Purposes	523.13	523.13	-
Of the unutilised net Fresh IPO Proceeds, there is no balance lying in Monitoring Agency Account and Public Offer Account.			

54 RATIOS

Particulars	Numerator (refer notes below)	Denominator (refer notes below)	As at 31st March 2022	As at 31st March 2021	Reason for more than 25 % Change
a. Current Ratio	Current Assets (CA)	Current Liabilities (CL)	2.46	1.71	Due to decrease in short-term borrowings
b. Debt-Equity Ratio	Debt	Equity	0.04	0.27	Debt repaid through proceeds from Initial public offering
c. Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	1.81	4.29	
d. Return on Equity Ratio/ Return on investment	Profit after tax	Average Shareholder Equity	32.60%	29.89%	NA
e. Inventory turnover ratio	Revenue from Operation	Agerage Inventory	6.96	6.72	NA
f. Trade Receivables turnover ratio	Revenue from Operation	Average Receivables	4.64	4.46	NA
g. Trade payables turnover ratio	Revenue from Operation	Average Payables	10.20	9.53	NA
h. Net capital turnover ratio	Revenue from Operation	Average Working Capital	3.83	3.73	NA
i. Net profit ratio	Profit after tax	Revenue from Operation	0.18	0.15	NA
j. Return on Capital employed	Earning before interest and tax	Average Capital employed	32.22%	32.24%	NA

i) Debt = Long Term Borrowing + Short Term Borrowing

ii) Equity = Share Capital + other Equity

iii) Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Finance Cost

iv) Debt Service = Interest + Lease payments + Principal repayments

Notes

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

v) Average Shareholder Equity = Equity - Goodwill - Intangible Assets - Intangible asset under development

vi) Average Inventory = (Opening Inventory + Closing Inventory) / 2

vii) Average Receivable = (Opening Receivable + Closing Receivable) / 2

viii) Average Payables = (Opening Payables + Closing Payables) / 2

ix) Average Working Capital = ((Opening Inventory + Opening Receivables - Opening Payables) + (Closing Inventory + Closing Receivables- Closing Payables)) / 2

x) Average Capital employed = Total Asset -Goodwill - Intangible Asset - Intangible Asset under development - Current Liabilities

55 RECONCILIATION OF QUARTERLY BANK RETURN

Quarter	Particulars	FY 2021-22		FY 2020-21	
		Amount as per books of account	Amount as reported in the quarterly return/statement #	Amount as per books of account	Amount as reported in the quarterly return/statement#
Quarter 1	Trade Receivable	2,224.24	2,205.86	1,038.74	1,042.93
Quarter 1	Inventory	1,097.81	1,097.82	570.93	580.20
Quarter 1	Trade Payables *	643.80	628.29	280.67	279.17
Quarter 2	Trade Receivable	2,646.84	2,535.07	1,904.01	1,805.67
Quarter 2	Inventory	1,115.32	1,172.13	672.16	664.76
Quarter 2	Trade Payables *	801.28	802.83	596.87	596.19
Quarter 3	Trade Receivable	2,391.82	2,273.52	2,402.70	2,299.90
Quarter 3	Inventory	1,391.00	1,390.99	832.40	849.84
Quarter 3	Trade Payables *	775.96	775.88	841.87	840.41
Quarter 4	Trade Receivable	4374.88 **	4238.12 **	2,478.63	2,459.14
Quarter 4	Inventory	3006.75 **	2983.2 **	997.69	997.69
Quarter 4	Trade Payables *	1579.80 **	1616.31 **	669.24	667.94

Notes:

i) HDFC Bank and SBI are represented as Working capital lenders

The difference in the trade receivables between the books of account and the amount reported to banks is on account of adjustment of bill discounting for a specific debtor. Rest of the differences are not significant.

* Above information is given as per the norms of working capital lenders

** Q4 FY22 Quarter figure are post merger (refer note 49)

56 Previous year's figures has been regrouped and/ or reclassed wherever necessary to confirm to the current year's groupings and classifications.

57 AUTHORISATION OF STANDALONE FINANCIAL STATEMENTS

The Standalone financial Statements for the year ended 31st March 2022 were approved by the Board of Directors on 5th May 2022.

The accompanying summary of accounting policies and significant explanatory notes form an integral part of these Standalone financial statements.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: 5th May, 2022

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: 5th May, 2022

Independent Auditor's Report

To the Members of
Sona BLW Precision Forgings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31st March 2022, 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, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31st March 2022, 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 Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and brands having indefinite useful life (together 'intangibles') As detailed in Note 5 and Note 46 to the consolidated financial statements, the Group carries goodwill amounting to ₹ 1,758.09 million and brands amounting to ₹ 687.40 million in its consolidated balance sheet as at 31st March 2022. Goodwill was recorded on the acquisition of Comstar Automotive Technologies Private Limited, Comstar Automotive Hong Kong Limited, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited, involved in design, manufacturing and selling of starter motors and motor and vehicle accessories, which has been determined as a cash generating unit ('CGU') by the management The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited.	Our audit procedures included: a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to aforementioned annual impairment assessment; b) Obtained the impairment analysis carried out by the management and reviewed their conclusions; c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;

Key audit matter	How our audit addressed the key audit matter
In terms with Indian Accounting Standard 36, Impairment of Assets, Goodwill and indefinite lived assets are tested for impairment annually by the management at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU. Impairment assessment requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the recoverable amount, using discounted cash flow model ('Model'). Key assumptions used in management's assessment of the carrying amount of goodwill and indefinite life intangible assets includes the expected growth rates, estimates of future financial performance, market conditions and discount rates, among others. The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31st March 2022. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such intangibles as a key audit matter for the current year audit.	d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long-term growth rates; f) We evaluated the inputs used by the management with respect to revenue and cost growth trends, among others, for reasonableness thereof; g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.
Impairment testing of definite life intangible assets As detailed in Note 46 to the consolidated financial statements the Company has intangible assets amounting ₹ 960.89 million as at 31st March 2022 of which ₹ 308.74 million are in the nature of technology development expenditure relating to development of electric starter motor and hybrid starter motor technology. In terms with Indian Accounting Standard 36, Impairment of Assets, the management has carried out an impairment analysis of aforementioned intangible assets, which requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the fair value of such intangibles, using discounted cash flow model ('Model'). Key assumptions used in management's assessment of the recoverable amounts include projection of future cash flows, revenue growth rates, estimated future operating capital expenditure, external market conditions and discount rates, among others. Considering the materiality of the amounts involved and significant degree of judgement required in assessment of the impairment of technology development expenditure and subjectivity involved in the estimates and assumptions, this matter has been identified as a key audit matter for the current year's audit.	Our procedures included, but were not limited to the following: a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to impairment of technology development expenditure; b) Obtained impairment analysis carried out by the management and reviewed their conclusions; c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; e) Assessed the reasonableness of the key assumptions used and appropriateness of valuation methodology applied. Tested cash flow forecasts and impact of macro-economic factors on the forecasts, future sales projections, discount rates, growth rate;

Key audit matter	How our audit addressed the key audit matter
	f) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long-term growth rates; g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.

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

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance, Directors' Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Management Discussion and Analysis, Report on Corporate Governance, Directors' Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries covered under the Act, have adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of seven subsidiaries, whose financial statements reflects total assets of ₹ 2,986.45 million and net assets of ₹ 1,325.06 million as at 31st March 2022, total revenues of ₹ 3,496.86 million and net cash inflows amounting to ₹ 116.03 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, six subsidiaries, are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by 197(16) of the Act based on our audits and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of a subsidiary, we report that the Holding Company and one subsidiary company incorporated in India whose financial statements have been audited under the Act have paid and provided 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 one subsidiary company incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under Section 197(16) of the Act is not applicable in respect of such subsidiary company.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended 31st March 2022 and covered under the Act we report that following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended 31st March 2022 for which such Order reports have been issued till date:

Sr. No.	Name	CIN	Holding Company/ subsidiary/ Associate/ Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause xvii

18. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought 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;

    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;

    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;

    d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary company and taken on record by the Board of Directors of the Holding Company, its subsidiary company respectively, and the report of the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies are disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and

    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 and based on the consideration of the report of the other auditor on separate financial statements and other financial information of a subsidiary incorporated in India whose financial statements have been audited under the Act:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 40 to the consolidated financial statements;

        ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2022;

        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 2022;

        iv. a) The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief , no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

            b) The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed by us and that performed by the auditor of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Holding Company during the year ended 31st March 2022 is in compliance with Section 123 of the Act. As stated in note 35 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31st March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273
UDIN: 22517273AIKVOL9312

Place: New Delhi
Date: 5th May 2022

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

Annexure 1

LIST OF ENTITIES INCLUDED IN THE STATEMENT

Sr no.	Name of the holding Company
1	Sona BLW Precisions Forgings Limited
	Name of subsidiaries
1	Comstar Automotive Technologies Services Private Limited
2	Comstar Automotive USA LLC
3	Comstar Automotive Hongkong Limited
4	Comestel Automotive Technologies Mexicana Ltd.
5	Comstar Automotive (Hangzhou) Co., Ltd.
6	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
7	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
8	Comstar Hong Kong Mexico No. 1, LLC
9	Sona Comstar eDrive Private Limited

Annexure I Independent Auditor's Report

on the internal financial controls with reference to financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31st March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the report of the other auditor on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31st March 2022, 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.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is company covered under the Act, whose financial statements reflect total assets of ₹ 56.94 million and net assets of ₹ 54.32 million as at 31st March 2022, total revenues of ₹ 38.15 million and net cash outflows amounting to ₹ 0.03 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company has been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273
UDIN: 22517273AIKVOL9312

Place: New Delhi
Date: 5th May 2022

Consolidated Balance Sheet

as at 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	Note No.	As at 31st March 2022	As at 31st March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,679.17	3,449.02
Capital work-in-progress	4	1,408.63	821.36
Right-of-use assets	4	1,514.09	1,592.65
Goodwill on consolidation	5	1,758.09	1,758.09
Other intangible assets	5	4,889.91	5,366.21
Intangible assets under development	5	65.20	10.76
Financial assets			
(i) Other financial assets	7	64.74	57.77
Income tax assets (net)	8	270.23	417.33
Other non-current assets	9	555.32	296.23
Total non-current assets		**16,205.39**	**13,769.42**
Current assets			
Inventories	10	3,633.75	3,055.57
Financial assets			
(i) Investments	6	65.30	-
(ii) Trade receivables	11	4,451.89	4,169.87
(iii) Cash and cash equivalents	12	536.06	249.48
(iv) Bank balances other than (iii) above	13	236.46	26.27
(v) Other financial assets	7	64.59	166.72
Other current assets	9	764.16	541.56
Total current assets		**9,752.21**	**8,209.48**
Total assets		**25,957.60**	**21,978.89**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(A)	5,843.53	5,729.81
Other equity	15	14,159.44	8,029.53
Total equity		**20,002.97**	**13,759.34**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	16 (i)	437.50	1,907.01
(ii) Lease liabilities	43	696.02	720.15
(iii) Other financial liabilities	17	1.74	1.24
Provisions	18	100.44	86.78
Deferred tax liabilities (net)	19	883.86	940.76
Total non-current liabilities		**2,119.56**	**3,655.95**
Current liabilities			
Financial liabilities			
(i) Borrowings	16 (ii)	266.20	1,739.52
(ii) Lease liabilities	43	111.76	105.27
(iii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises		387.18	495.83
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,802.56	1,745.26
(iv) Other financial liabilities	17	877.98	234.26
Other current liabilities	21	222.17	170.77
Provisions	18	105.61	72.69
Current tax liabilities (net)	22	61.60	–
Total current liabilities		**3,835.07**	**4,563.60**
Total liabilities		**5,954.63**	**8,219.55**
Total equity and liabilities		**25,957.60**	**21,978.89**
The summary of significant accounting policies and other explanatory information form an integral part of these Consolidated financial statements.	1 to 56		

This is the Consolidated balance sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: 5th May, 2022

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: 5th May, 2022

Consolidated Statement of Profit and Loss

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	Note No.	For the year ended 31st March 2022	For the year ended 31st March 2021
Income			
Revenue from operations	23	21,306.40	15,663.00
Other income	24	200.26	23.41
Total income		**21,506.66**	**15,686.41**
Expenses			
Cost of materials consumed		9,892.03	7,094.78
Changes in inventories of finished goods and work-in-progress	25	(436.45)	(641.68)
Employee benefits expense	26	1,688.77	1,474.49
Finance costs	27	182.57	325.15
Depreciation and amortisation expense	28	1,419.65	969.40
Other expenses	29	4,571.04	3,325.25
Total expenses		**17,317.61**	**12,547.38**
Profit before exceptional items and tax		**4,189.05**	**3,139.02**
Exceptional item	30	(132.70)	139.06
Profit before tax		**4,321.75**	**2,999.96**
Tax expense	31		
- Current tax		893.92	497.38
- Tax related to previous years		(134.62)	-
- Deferred tax (credit)/ charge		(52.98)	350.93
Total tax expense		**706.32**	**848.31**
Profit for the year		**3,615.43**	**2,151.65**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		(15.57)	4.86
Exchange difference on translation of foreign subsidiaries		40.35	2.92
Income tax relating to above-mentioned item		3.92	(1.22)
Changes in fair values of equity instruments carried at fair value through other comprehensive income		–	(19.00)
Other comprehensive income/(loss) for the year		**28.70**	**(12.44)**
Total comprehensive income for the year		**3,644.13**	**2,139.21**
The summary of significant accounting policies and other explanatory information form an integral part of these Consolidated financial statements.	1 to 56		

This is the Consolidated statement of profit and loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: 5th May, 2022

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

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DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: 5th May, 2022

Consolidated Cash Flow Statement

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2022	For the year ended 31st March 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	4,321.75	2,999.96
Adjustments for:		
Depreciation and amortisation expense	1,419.65	969.40
Loss on sale of property plant and equipment (net)	8.75	2.92
Loss/(gain) on allowance for doubtful receivables and advances	-	(3.63)
Share based payments	66.60	45.37
(Recovery)/allowance for doubtful receivables	4.45	-
Unwinding of discount on fair valuation of security deposits	(1.34)	(0.70)
Amortisation of transaction cost based on effective interest rate	10.12	(2.32)
Unwinding of discount on deferred payment liabilities	0.91	1.07
Provision for slow moving inventory	10.61	31.86
Fair value loss/(gain) on derivatives	117.33	(374.24)
Profit on sale of investments	–	0.15
Finance costs	172.32	325.15
Interest income	(179.21)	(28.80)
Unrealised foreign exchange (gain)/ loss	(72.05)	59.72
Operating profit before working capital changes	**5,879.91**	**4,025.91**
Changes in working capital		
Movement in inventories	(598.38)	(1,129.20)
Movement in trade receivables	(213.28)	(1,922.55)
Movement in other financial asset	82.25	15.67
Movement in other asset	(194.57)	(181.38)
Movement in trade payable	(21.35)	1,084.84
Movement in other financial liabilities	(1.20)	(58.13)
Movement in provision	12.55	60.29
Movement in other liabilities	43.53	59.88
Cash generated from operations	**4,989.48**	**1,955.33**
Direct taxes paid	(543.67)	(528.17)
Net cash flow generated from operating activities - Total (A)	**4,445.81**	**1,427.16**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment, intangibles and capital work-in-progress including capital advances	(3,472.13)	(2,189.37)
Proceeds from sale of property, plant and equipment	33.93	9.07
Movement in bank balances other than cash and cash equivalents	(210.19)	597.79
(Purchase) of investments	(65.27)	-
Interest received	179.21	21.97
Net cash (used in)/generated from investment activities - Total (B)	**(3,534.45)**	**(1,560.54)**

Consolidated Cash Flow Statement

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2022	For the year ended 31st March 2021
C. CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Proceeds from short-term borrowings, net	(898.02)	298.52
Proceeds from long-term borrowings	450.00	717.57
Repayment of long-term borrowings	(2,505.67)	(407.97)
Repayment of deferred payment liabilities	(21.04)	(12.47)
Repayment of lease liabilities	(101.37)	(91.34)
Dividend paid	(449.95)	(904.02)
Proceeds from issue of equity shares	3,040.75	-
Expense related to capital raising	(59.26)	–
Fees paid for increase in authorised share capital	–	(20.97)
Interest paid	(92.03)	(246.31)
Net cash used in financing activities - Total (C)	**(636.60)**	**(666.99)**
D. Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**274.76**	**(800.37)**
E. Cash and cash equivalents at the beginning of the year	249.48	1,049.85
F. Effect of exchange differences on cash and cash equivalents	11.81	–
G. Cash and cash equivalents at the end of the year (D)+(E)	**536.05**	**249.48**
Reconciliation of cash and cash equivalents as per the cash flow statement (refer note 12)		
Cash and cash equivalents as per above comprise of the following		
Balances in current accounts	480.60	247.98
Cash on hand	0.14	0.10
Cheque on hand	53.17	–
Bank deposits with original maturity of less than three months	2.15	1.40
Balances per statement of cash flows	**536.06**	**249.48**

This is the consolidated 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: 5th May, 2022

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: 5th May, 2022

Consolidated Statement of Changes in Equity

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

A. EQUITY SHARE CAPITAL

	Amount
Balance as at 1st April 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**
Equity share issued during the year	113.73
Balance as at 31st March 2022	**5,843.53**

B. INSTRUMENTS ENTIRELY EQUITY IN NATURE

	Amount
Balance as at 1st April 2020	**5.94**
Conversion of compulsory convertible preference shares into equity shares	(5.94)
Balance as at 31st March 2021	**–**
Movement during the year	–
Balance as at 31st March 2022	**–**

C. OTHER EQUITY

	Reserve and Surplus					Equity instruments through other comprehensive income	FCTR	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings				
Balance as at 1st April 2020	**120.00**	**7,881.34**	**25.93**	**–**	**3,569.95**	**(309.28)**	**14.00**	**–**	**11,301.94**
Add/ (less): Effect of business combination (Refer note 49)	–	–	–	–	(16.89)	–	–	737.23	720.34
Balance as at 1st April 2020 (post business combination)	120.00	7,881.34	25.93	–	3,553.06	(309.28)	14.00	737.23	12,022.28
Net profit for the year	–	–	–	–	2,151.65	–	–	–	2,151.65
Securities premium utilised on bonus share issue		(5,252.32)	–	–	–	–	–	–	(5,252.32)
Remeasurement of defined benefit obligations (net of tax)	–	–	–	–	3.64	–	–	–	3.64
Dividend paid	–	–	–	–	(904.03)	–	–	–	(904.03)
Expense related to capital raising	–	–	–	–	–	–	–	–	–
Stamp duty paid for increase in authorised 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)
Currency translation during the year	–	–	–	–	–	–	2.92	–	2.92
Balance as at 31st March 2021	**120.00**	**2,608.05**	**25.93**	**45.37**	**4,804.32**	**(328.28)**	**16.92**	**737.23**	**8,029.54**
Balance as at 1st April 2021	**120.00**	**2,608.05**	**25.93**	**45.37**	**4,804.32**	**(328.28)**	**16.92**	**737.23**	**8,029.53**

Consolidated Statement of Changes in Equity

for the year ended 31st March 2022

(Figures in Million ₹, unless stated otherwise)

	Reserve and Surplus					Equity instruments through other comprehensive income	FCTR	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings				
Net profit for the year	–	–	–	–	3,615.43	–	–	–	3,615.43
Remeasurement of defined benefit obligations (net of tax)	–	–	–	–	(11.65)	–	–	–	(11.65)
Dividend paid	–	–	–	–	(449.95)	–	1.35	–	(448.60)
Expense related to capital raising	–	(59.26)	–	–	–	–	–	–	(59.26)
Premium received on issue of shares (refer note 45 and 52)	–	2,927.03	–	–	–	–	–	–	2,927.03
Employee stock option reserve created during the year	–	–	–	66.61	–	–	–	–	66.61
Impact on exercise of ESOPs grants (Refer Note 45)	–	47.17	–	(47.17)	–	–	–	–	–
Impact of option lapsed during the year (Refer Note 45)	–	–	–	(0.28)	0.28	–	–	–	–
Currency translation during the year	–	–	–	–	–	–	40.35	–	40.35
Balance as at 31st March 2022	**120.00**	**5,522.99**	**25.93**	**64.53**	**7,958.43**	**(328.28)**	**58.62**	**737.23**	**14,159.44**

This is the statement of changes in equity in consolidated statement refered to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: New Delhi
Date: 5th May, 2022

Place: Gurugram
Date: 5th May, 2022

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

1. GROUP OVERVIEW

Sona BLW Precision Forgings Limited (the "Parent Company" or the "Company"), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as "the Group") are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications

2. GROUP COMPANIES

Consolidated financial statements comprise the financial statements of Sona BLW Precision Forgings Limited, its subsidiaries and its associate (hereinafter referred together referred to as 'Group') which are listed below:

Name of Subsidiary	Country of incorporation	Proportion of ownership (%) as at 31st March 2022	Proportion of ownership (%) as at 31st March 2021
Comstar Automotive Technologies Services Private Limited	India	100%	100%
Comstar Automotive USA LLC	USA	100%	100%
Comstar Hong Kong Mexico No. 1, LLC	USA	100%	100%
Comstar Automotive Hong Kong Ltd.	Hong Kong	100%	100%
Comestel Automotive Technologies Mexicana Ltd.	Hong Kong	100%	100%
Comstar Automotive (Hangzhou) Co., Ltd.	China	100%	100%
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Sona Comstar eDrive Private Limited	India	100%	Nil

3. (A) SIGNIFICANT ACCOUNTING POLICES

This note provides a list of the significant accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The Consolidated Financial Statements comprise of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and Statement of Significant Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as "Consolidated Financial Statements"). The Consolidated Financial Statements has been prepared to comply in 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) 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.

c) 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. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalised at discounted value. The

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

difference between the discounted value and the total payment is recognised as interest over the period of credit.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory Buildings	30
Roads	10
Sheds	3
Plant and equipment	7.5 to 25
Furniture and fixtures	10
Tools	3 to 5
Computers and IT equipment	3 to 6
Vehicles	4 to 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.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

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

Amortisation methods and periods.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	3 to 6
Brand	Indefinite
Customer Relationship	15
Technology development expenditure	5

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalised at cost and amortised 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 recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

e) 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 recognised as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognised in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

Revenue from contract with customers

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by the Company to the customer. The amount, if not for a payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. The Company recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognises revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

f) 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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

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 realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

g) 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:

1. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. 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 recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the 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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

h) 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:

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 Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Financial assets at amortised cost

A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value

Investments in equity instruments (other than subsidiaries/ associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

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) Impairment of financial assets

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 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.

j) 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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

k) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

l) 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.

m) 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.

n) 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 at the amounts expected to be paid when the liabilities are settled.

ii) Post-employment benefits

Defined contribution plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

iii) Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

iv) Termination benefits are recognised as an expense immediately.

o) 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

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

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.

p) 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.

q) 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.

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 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) 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 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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

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.

u) 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.

v) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

3. (B) STANDARDS ISSUED BUT NOT YET EFFECTIVE

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") vide its notification dated March 23, 2022 has notified Companies (Indian Accounting Standards) Amendment Rules, 2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015. Amendments have been made to the following standards.

Amendment to Ind AS 16, Property, Plant and Equipment

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Amendment to Ind AS 109, Financial Instruments

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendments listed above will be effective on or after 1st April 2022 and are not expected to significantly affect the current or future periods.

3. (C) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- 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
- Capitalisation of internally developed intangible assets

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

4 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

Property, plant and equipment	Freehold land	Buildings (Refer note i)	Plant and equipment (Refer note ii)	Furniture and fixtures	Office Equipment	Computers	Vehicles	Leasehold improvement	Total	Right of Use Assets: Leasehold land (refer note (iii) & (iv)	Right of Use Assets: Building	Right of Use Assets: Total
Gross block as at 1st April 2020	**28.10**	**505.35**	**2,773.74**	**46.90**	**79.92**	**79.92**	**102.40**	**111.34**	**3,727.65**	**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 31st March 2021	**25.83**	**519.63**	**3,614.47**	**52.97**	**94.17**	**106.01**	**107.14**	**135.57**	**4,655.79**	**925.43**	**813.54**	**1,738.97**
Accumulated depreciation as at 1st April 2020	**–**	**54.50**	**692.19**	**13.41**	**34.05**	**32.00**	**30.70**	**25.72**	**882.58**	**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 31st March 2021	**–**	**82.33**	**920.99**	**20.72**	**49.23**	**56.54**	**41.01**	**35.91**	**1,206.77**	**28.08**	**118.25**	**146.32**
Net carrying amount as at 31st March 2021	**25.83**	**437.29**	**2,693.48**	**32.25**	**44.93**	**49.47**	**66.14**	**99.66**	**3,449.02**	**897.35**	**695.29**	**1,592.65**
Gross block as at 1st April 2021	**25.83**	**519.63**	**3,614.47**	**52.97**	**94.17**	**106.01**	**107.14**	**135.57**	**4,655.79**	**925.43**	**813.54**	**1,738.97**
Additions	–	64.49	2,842.04	15.87	15.56	38.46	90.45	10.69	3,077.56	–	1.81	1.81
Disposals	–	–	(66.17)	–	–	(2.36)	(42.73)	–	(111.26)	–	–	–
Foreign currency translation reserve	0.12	1.08	8.46	0.26	0.01	0.36	0.38	–	10.67	–	8.47	8.47
Gross block as at 31st March 2022	**25.95**	**585.20**	**6,398.80**	**69.10**	**109.74**	**142.47**	**155.25**	**146.25**	**7,632.76**	**925.43**	**823.82**	**1,749.25**
Accumulated depreciation as at 1st April 2021	**–**	**82.33**	**920.99**	**20.72**	**49.23**	**56.54**	**41.01**	**35.91**	**1,206.74**	**28.08**	**118.25**	**146.32**
Depreciation charge during the year	–	29.80	693.43	7.76	14.98	28.80	23.36	12.18	810.32	10.48	75.79	86.26
Disposals	–	–	(41.43)	–	–	(2.28)	(24.73)	–	(68.45)	–	–	–
Foreign currency translation reserve	–	0.21	4.43	(0.33)	0.01	0.32	0.33	–	4.98	–	2.56	2.56
Accumulated depreciation as at 31st March 2022	**-**	**112.35**	**1,577.42**	**28.15**	**64.23**	**83.39**	**39.97**	**48.09**	**1,953.59**	**38.55**	**196.60**	**235.15**
Net carrying amount as at 31st March 2022	**25.95**	**472.85**	**4,821.38**	**40.96**	**45.51**	**59.08**	**115.28**	**98.16**	**5,679.17**	**886.88**	**627.22**	**1,514.09**

Capital work-in-progress

Particulars	As at 31st March 2022	As at 31st March 2021
Capital work-in-progress	1,408.63	821.36
Total	**1,408.63**	**821.36**

CWIP ageing schedule as at 31st March 2022

Particulars	Amount in CWIP for a period of: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress*	1,065.65	54.26	180.62	108.10	1,408.63

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

CWIP ageing schedule as at 31st March 2021

Particulars	Amount in CWIP for a period of: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress*	526.53	182.33	112.50	–	821.36

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

Notes:

(i) In Company, Building (gross block) amounting ₹ 208.91 million (31st March 2021: ₹ 192.11 million), net block ₹ 150.33 million (31st March 2021:₹ 135.80 million) is constructed on leasehold land.

(ii) Refer note 41 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.

(iv) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

5 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets	Computer software	Technical knowhow	Capitalised development expenditure	Brand	Customer Relationships	Total	Intangible assets under development	Goodwill on consolidation (Including assembled workforce)
Gross block as at 1st April 2020	**143.10**	**27.18**	**–**	**687.40**	**4,009.00**	**4,866.68**	**315.00**	**1,758.09**
Additions	88.57	–	992.90	–	–	1,081.47	688.66	–
Transfers	–	–	–	–	–	–	(992.90)	–
Gross block as at 31st March 2021	**231.67**	**27.18**	**992.90**	**687.40**	**4,009.00**	**5,948.15**	**10.76**	**1,758.09**
Accumulated amortisation as at 1st April 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 2021	**164.10**	**10.20**	**960.89**	**687.40**	**3,543.63**	**5,366.21**	**10.76**	**1,758.09**
Gross block as at 1st April 2021	**231.67**	**27.18**	**992.90**	**687.40**	**4,009.00**	**5,948.15**	**10.76**	**1,758.09**
Additions	42.78	3.97	–	–		46.75	77.56	–
Transfer to intangible assets	–	–	–	–	–	–	(23.12)	–
Gross block as at 31st March 2022	**274.46**	**31.15**	**992.90**	**687.40**	**4,009.00**	**5,994.91**	**65.20**	**1,758.09**
Accumulated amortisation as at 1st April 2021	**67.58**	**16.98**	**32.01**	**–**	**465.37**	**581.94**	**–**	**–**
Amortisation charge for the year	52.52	4.89	198.58	–	267.07	523.06	–	–
Accumulated amortisation as at 31st March 2022	**120.10**	**21.87**	**230.59**	**–**	**732.44**	**1,105.00**	**–**	**–**
Net carrying amount as at 31st March 2022	**154.36**	**9.28**	**762.31**	**687.40**	**3,276.56**	**4,889.91**	**65.20**	**1,758.09**

Intangible assets under development ageing schedule for the year ended 31st March 2022

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	65.20	–	–	–	65.20

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Intangible assets under development ageing schedule for the year ended 31st March 2021

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	10.76	–	–	–	10.76

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

6 INVESTMENTS

	As at 31st March 2022	As at 31st March 2021
At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies		
9,553 (31st March 2021: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	211.66
Less: Provision for impairment	(211.66)	(211.66)
	–	–
At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies		
392,647 (31st March 2021: 9,953) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	116.62
Less: Provision for impairment	(116.62)	(116.62)
	–	–
Aggregate amount of unquoted non-current investments	–	–
Aggregate amount of impairment of unquoted investments	328.28	328.28

	As at 31st March 2022	As at 31st March 2021
Investment (current)		
At fair value through profit and loss Quoted Investment		
20823.64 units (31st March 2021: Nil) of HDFC Overnight Fund - Regular	65.30	–
	65.30	**–**
Aggregate amount of quoted investments at cost	65.30	–
Aggregate amount of quoted investments at market value	**65.30**	**–**

7 OTHER FINANCIAL ASSETS

	As at 31st March 2022	As at 31st March 2021
Unsecured, considered good		
Non-current		
Security deposits	64.74	57.77
Total other financial assets- non-current	**64.74**	**57.77**
Current		
Forward contract receivables (refer note 34)	29.49	147.87
Security deposits	30.00	0.35
Other financial assets	0.39	17.03
Royalty income receivable	4.71	1.47
Total other financial assets- current	**64.59**	**166.72**

i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 33 and 34

8 INCOME TAX ASSETS (NET)

	As at 31st March 2022	As at 31st March 2021
Non-current		
Prepaid taxes	270.23	417.33
	270.23	**417.33**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

9 OTHER ASSETS

	As at 31st March 2022	As at 31st March 2021
Non-current		
Prepaid expenses	1.01	2.07
Un-adjusted consideration for revenue contract	41.83	42.26
Capital advances	512.48	251.90
Total other assets- non-current	**555.32**	**296.23**
Current		
Prepaid expenses	91.49	59.79
Loans and advances to employees	2.94	3.29
Advance to suppliers for goods and services	119.10	108.82
Balance with government authorities	415.49	297.80
Un-adjusted consideration for revenue contract	14.24	19.23
Other assets	141.28	74.22
Less: Allowance for doubtful advances	(20.38)	(21.59)
Total other assets- current	**764.16**	**541.56**

10 INVENTORIES

	As at 31st March 2022	As at 31st March 2021
Raw materials and components *	1,107.86	984.56
Work-in-progress**	326.07	268.18
Finished goods***	1,810.54	1,431.98
Stores and spares	126.60	174.24
Loose tools	48.68	39.06
Dies, jigs and fixtures	197.09	146.78
Scrap	16.92	10.77
Total	**3,633.75**	**3,055.57**

Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 54.50 million (31st March 2021: ₹ 47.52 million)

* Includes raw materials and components in transit amounting ₹ 50.16 million (31st March 2021: ₹ 72.28 million)

* Includes raw materials and components with the vendors sent for job work ₹ 11.80 million (31st March 2021: ₹ 12.19 million)

** Includes inventory with the vendors sent for job work ₹ 108.98 million (31st March 2021: ₹ 98.49 million)

*** Includes goods in transit ₹ 476.94 million (31st March 2021: ₹ 361.07 million)

11 TRADE RECEIVABLES

	As at 31st March 2022	As at 31st March 2021
Unsecured		
Trade receivables considered good	4,451.89	4,169.87
Trade receivables - credit impaired	7.42	2.97
Less: Allowances for expected credit loss	(7.42)	(2.97)
Total trade receivables	**4,451.89**	**4,169.87**

Notes:

(i) Refer note 37 for receivable balance from related parties.

(ii) Refer note 33 - Financial instruments for assessment of expected credit losses.

(iii) There are no discputed dues from customes

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Trade receivables ageing schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	34.79	3,884.76	490.83	39.47	2.03	–	–	4,451.89
(ii) Trade receivables - credit impaired	–	0.16	1.07	1.09	2.32	1.09	1.69	7.42

Trade receivables ageing schedule as at 31st March 2021

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	11.59	3,217.48	928.02	9.87	2.63	0.27	0.00	4,169.87
(ii) Trade receivables - credit impaired	–	–	0.04	0.16	0.38	–	2.39	2.97

12 CASH AND CASH EQUIVALENTS

	As at 31st March 2022	As at 31st March 2021
Balance with banks		
– in current accounts	480.60	247.97
Cash on hand	0.14	0.11
Cheque on hand	53.17	–
Bank deposits with original maturity of less than three months	2.15	1.40
Total cash and cash equivalents	**536.06**	**249.48**

13 OTHER BANK BALANCES

	As at 31st March 2022	As at 31st March 2021
Bank deposits with original maturity of more than three months but residual maturiry of less than twelve months	236.46	26.27
Total other bank balances	**236.46**	**26.27**

14 (A) EQUITY SHARE CAPITAL

	As at 31st March 2022	As at 31st March 2021
Authorised share capital		
1,148,500,000 (31st March 2021: 998,500,000) equity shares of ₹ 10 each)	9,985.00	9,985.00
Issued, subscribed and paid up share capital		
58,43,52,710 (31st March 2021: 572,980,560) equity shares of ₹ 10 each fully paid up	5,843.53	5,729.81

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

Number of shares	As at 31st March 2022	As at 31st March 2021
Equity shares outstanding at the beginning of the year	57,29,80,560	4,71,53,944
Add : Conversion of compulsory convertible preference shares into equity shares (refer note 14(B) iv below)	-	5,94,436
Add : Issue of shares	1,13,72,150	-
Add : Bonus shares issued during the year (refer note iv below)	-	52,52,32,180
Equity shares outstanding at the end of the year	**58,43,52,710**	**57,29,80,560**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Amount	As at 31st March 2022	As at 31st March 2021
Equity shares outstanding at the beginning of the year	5,729.81	471.54
Add : Conversion of compulsory convertible preference shares into equity shares (refer note 14(B) iv below)	-	5.94
Add : Issue of shares	113.72	-
Add : Bonus shares issued during the year (refer note iv below)	-	5,252.32
Equity shares outstanding at the end of the year	**5,843.53**	**5,729.81**

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 31st March 2022	As at 31st March 2021
Singapore VII Topco III Pte. Ltd.	–	37,97,71,512

iv) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31st March 2022	As at 31st March 2021
Singapore VII Topco III Pte. Ltd.	19,93,59,141	37,97,71,512
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	19,32,08,904	19,32,08,904

Percentage	As at 31st March 2022	As at 31st March 2021
Singapore VII Topco III Pte. Ltd.	34.12%	66.28%
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	33.06%	33.72%

v) 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 alloted 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 2022 and five years immediately preceeding the year ended 31st March 2021.

vi) Promoters shareholding

Shareholding of promoters as on 31st March 2022

Promoter name	Number of shares	% of total shares	% change during the period (refer note 52)
Singapore VII Topco III Pte. Ltd.	19,93,59,141	34.12	(32.16)
Sona Autocomp Holding Private Limited	19,32,08,904	33.06	(0.66)
*Rani Kapur- RK Family Trust	72	**	–
*Ashok Sachdev	151	**	–
*Jasbir Sachdev	361	**	–
*Charu Sachdev	423	**	–
Total	**39,25,69,052**	**67**	**–**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Shareholding of promoters as on 31st March 2021

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd.	37,97,71,512	66.28	0.43#
Sona Autocomp Holding Private Limited	19,32,08,904	33.72	(0.43)#
*Rani Kapur- RK Family Trust	72	**	–
Total	**57,29,80,488**	**100**	**–**

* Promoter Group

** Percentage is negligible

\# Change in percentage is due to issuance of compulsorily convertible preference shares

14 (B) INSTRUMENTS ENTIRELY EQUITY IN NATURE

	As at 31st March 2022	As at 31st March 2021
Authorised share capital		
1,500,000 (31st March 2021: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
Issued, subscribed and paid up share capital		
Nil (31st March 2021: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	–	–

i) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Number of shares	As at 31st March 2022	As at 31st March 2021
Compulsorily convertible preference shares outstanding at the beginning of the year	–	594,436
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (iv))	–	(594,436)
Compulsorily convertible preference shares outstanding at the end of the year	**–**	**–**

Amount	As at 31st March 2022	As at 31st March 2021
Compulsorily convertible preference shares outstanding at the beginning of the year	–	5.94
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (iv))	–	(5.94)
Compulsorily convertible preference shares outstanding at the end of the year	**–**	**–**

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) In the board meeting on 27th January 2021 the board 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.

iv) The Board of Directors of the Company has 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 alloted 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 2022 and five years immediately preceeding the year ended 31st March 2021.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

15 OTHER EQUITY

	As at 31st March 2022	As at 31st March 2021
Retained earnings	7,958.43	4,804.32
General reserve	120.00	120.00
Securities premium	5,522.99	2,608.05
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(328.28)	(328.28)
Employee's stock options reserve	64.53	45.37
Foreign currency translation reserve	58.61	16.92
Merger Reserve	737.23	737.23
Total reserves and surplus	**14,159.44**	**8,029.53**

a) Retained earnings

	As at 31st March 2022	As at 31st March 2021
Opening balance	4,804.32	3,553.06
Net profit for the year	3,615.43	2,151.65
Remeasurement of defined benefit obligations, net of tax	(11.65)	3.64
Less:-Dividend paid	(449.95)	(904.03)
Add: Tranferred from ESOP reserve for option lapsed during the period (Refer note 45)	0.28	–
Closing balance	**7,958.43**	**4,804.32**

Retained earnings are created from the profit of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

b) General reserve

	As at 31st March 2022	As at 31st March 2021
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 31st March 2022	As at 31st March 2021
Opening balance	2,608.05	7,881.34
Premium on fresh issue of equity shares	2,927.03	–
Less: Expense related to capital raising	(59.26)	–
Less : Premium paid on issue of bonus shares	–	(5,252.32)
Add : Impact on ESOP shares issuance	47.17	–
Less: Stamp duty paid for increase in authorised share capital	–	(20.97)
Closing balance	**5,522.99**	**2,608.05**

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 31 March 2022

(Figures in Million ₹, unless stated otherwise)

d) Capital redemption reserve

	As at 31st March 2022	As at 31st March 2021
Opening balance	25.93	25.93
Transferred from retained earnings	–	–
Closing balance	**25.93**	**25.93**

'Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in earlier years.

e) Merger Reserve

	As at 31st March 2022	As at 31st March 2021
Opening balance	737.23	737.23
Movement during the year	–	–
Closing balance	**737.23**	**737.23**

Merger Reserve has been created pursuant to merger of Sona BLW Precision Forgings Limited and Comstar Automotive Technology Private Limited. (refer note 49)

f) Equity instruments through other comprehensive income

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 31st March 2022	As at 31st March 2021
Opening balance	(328.28)	(309.28)
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	–	(19.00)
Closing balance	**(328.28)**	**(328.28)**

g) Employee's stock options outstanding 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 31st March 2022	As at 31st March 2021
Opening balance	45.37	–
Add: Created during the year	66.61	45.37
Less: Utilised during the year	(47.17)	–
Less: Transferred to retained earning for option lapsed during the period (refer Note 45)	(0.28)	–
Closing balance	**64.53**	**45.37**

h) 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 31st March 2022	As at 31st March 2021
Opening balance	16.92	14.00
Currency translation during the year	41.70	2.92
Closing balance	**58.62**	**16.92**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

16 BORROWINGS

i) Non-current borrowings

	As at 31st March 2022	As at 31st March 2021
Secured		
Term loans from banks		
Indian rupee loans	450.00	2,473.34
Vehicle loans	–	8.07
Deferred payment liabilities	–	20.13
	450.00	**2,501.54**
Less: Amount disclosed under current borrowings (refer note (ii) below)	(12.50)	(594.53)
Total non-current borrowings	**437.50**	**1,907.01**

ii) Current borrowings

	As at 31st March 2022	As at 31st March 2021
Indian Rupee loans repayable on demand from banks - secured	57.59	1,042.05
Current Maturities of non-current borrowings	12.50	574.40
Current Maturities of deferred payment liabilities	–	20.13
Indian Rupee loans repayable on demand (from NBFC) - Unsecured**	196.11	102.94
Total current borrowings	**266.20**	**1,739.52**

** The parent company entered into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 31st March 2022 the parent company had factoring facilities in place for trade receivables and amount of ₹ 196.11 million (31 March 2021: ₹102.94 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the parent company's customers. The parent company does not derecognise the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the parent company from the banks but yet to be collected by the financial institution from the parent company's customers.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

iii) Terms of Long-term borrowing

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st 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	
	Repayment schedule	Quarterly Instalments 4 Installment for ₹ 22.24 million (Total ₹ 88.96) 4 Installment for ₹ 26.69 million (Total ₹ 106.75 million)	
HDFC (Term loan) - 2	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	
	Repayment schedule	Quarterly 11 instalments of ₹ 70.15 each total amounting ₹ 771.60 million	
HDFC (Term loan) - 3	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	
	Repayment schedule	Quarterly 18 Installment for ₹ 37.96 million each starting from 1st October 2021 (Total ₹ 683.28 million)	
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. 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 23rd December 2022 (Total amounting ₹ 455.73 million)	

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st March 2021
HDFC (Term loan) - 5	Outstanding Amount (₹ million)	351.36	
	Interest rate	3M T Bill +1.51% P.A.	
	Security	1. Movable Fixed Assets: First *pari passu* charge on the entire moveable fixed assets, present and future, of the company 2. Immovable Fixed Assets: First *pari passu* charge on the immoveable fixed assets situated at Gurgaon 3. Second *pari passu* charge on entire current assets of the Company	
	Repayment schedule	Quarterly Installment 12 Installment of ₹ 29.17 million each starting from October 2023	
Citi Bank (Term loan) 2	Outstanding Amount (₹ million)	100.55	377.31
	Interest rate	3 Months T-Bill Rate + 2.00% PA	3 Months T-Bill Rate +3.67%
	Security	1. Movable Fixed Assets: First *pari passu* charge on the entire moveable fixed assets, present and future, of the company• 2. Immovable Fixed Assets: First *pari passu* charge on the immoveable fixed assets situated at Gurgaon 3. Second *pari passu* charge on entire current assets of the Company	
	Repayment schedule	Quarterly Installment 16 Installment of ₹ 6.25 million eanch starting from December 2022	Quarterly Instalments 12 Installments of ₹ 31.25 million each total amounting ₹ 375.00 million
Citi Bank (Term loan) 1	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 Instalments 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 instalment ranging from 24~33 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 32~56 EMI's and amount ranging from ₹ 10,455 ~ ₹ 77,150.
Deferred payment liabilities	Outstanding Amount (₹ million)		20.13

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st March 2021
State Bank of India New Delhi-EPC	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
	Repayment schedule		Repayable on demand
State Bank of India New Delhi-CC	Outstanding Amount (₹ million)	0.02	39.56
	Interest rate	MCLR (06 Month) +15 bps	MCLR(1yr)+85 bps v
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immovable fixed assets of the company situated at Gurgaon plant.	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	Repayable on demand
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)	–	–
	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
HDFC Bank -CC	Outstanding Amount (₹ million)	0.09	13.12
	Interest rate	7.20% PA linked with 1Y MCLR	MCLR(1yr)+130 bps
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immovable fixed assets of the company situated at Gurgaon plant.	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

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Name of Bank/Financial institution	Particulars	As at 31st March 2022	As at 31st March 2021
HDFC Bank - WCDL	Outstanding Amount (₹ million)	57.03	–
	Interest rate	4.60% PA linked with T-Bill	
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immovable fixed assets of the company situated at Gurgaon plant.	
	Repayment schedule	Repayable on demand	
HDFC Bank -EPC 1	Outstanding Amount (₹ million)	–	336.01
	Interest rate		As mutually agreed 4.3% / 7.3% (before / after interest subvention)
	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
Yes Bank-CC	Outstanding Amount (₹ million)	–	–
	Interest rate		3 months MCLR +60% p.a (7.5%-9.8%)
	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
Short Term PCFC Loan-HDFC Bank	Outstanding Amount (₹ million)	–	487.08
	Interest rate		Average rate - 4.21%
	Security		Secured by first charge on entire stock and book debt.
	Repayment schedule		Repayable on demand
Overdraft Facility- HDFC Bank	Outstanding Amount (₹ million)	–	22.61
	Interest rate		Average rate- 8.75%
	Security		Secured by first charge on entire stock and book debt.
	Repayment schedule		Repayable within 180 days
Tata Capital loan-Financial Institution	Outstanding Amount (₹ million)	126.60	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	
Tata Capital loan-Financial Institution	Repayment schedule	69.51	40.30
	Interest rate	The interest rate agreed with customer is 0.42% for 60 days credit period (current effective rate is 2.69% p.a.).	
	Security	Trade receivables against corresponding loan	

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

iv) 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 2020	**2,221.73**	**846.09**	**604.06**	**3,671.88**
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)	-	298.52	-	298.52
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)
Unwinding of discount on deferred payment liablities	1.07	-	-	1.07
Interest expense on lease liabilities	-	-	73.37	73.37
Creation of lease liabilities under Ind AS 116	-	-	239.33	239.33
Interest accrued on long-term borrowing movement	(16.07)	-	-	(16.07)
Other movement	0.01	0.38	0.00	0.39
Balance As at 31st March 2021	**2,501.54**	**1,144.99**	**825.42**	**8,159.51**
Cash Flows:				
Repayment of non-current borrowings	(2,505.67)	-	-	(2,505.67)
Proceeds from non-current borrowings	450.00	-	-	450.00
Proceeds from current borrowings (net)	-	(898.02)	-	(898.02)
Repayment of Deferred payment liabilities	(21.04)	-	-	(21.04)
Repayment of lease liabilities	-	-	(101.37)	(101.37)
Non-cash changes				
Amortisation of transaction cost based on effective interest rate	10.12	-	-	10.12
Unwinding of discount on deferred payment liablities	0.91	-	-	0.91
Interest expense on lease liabilities	-	-	76.99	76.99
Interest accrued on long-term borrowing movement	14.16			
Creation of lease liabilities under Ind AS 116	-	-	-	-
Other movement	(0.01)	6.73	6.74	13.46
Balance As at 31st March 2022	**450.00**	**253.70**	**807.78**	**5,171.43**

17 OTHER FINANCIAL LIABILITIES

	As at 31st March 2022	As at 31st March 2021
Non-current		
Security deposits	1.74	1.24
Total other financial liabilities - non-current	**1.74**	**1.24**
Current		
Interest accrued but not due on borrowings	1.91	16.07
Employee benefits payable	156.28	55.81
Capital creditors	687.76	131.92
Other payables	32.04	30.46
Total other financial liabilities - current	**877.98**	**234.26**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

18 PROVISIONS

	As at 31st March 2022	As at 31st March 2021
Non-current		
Provision for compensated absences (refer below)	80.40	73.58
Provision for defined benefit plans (refer note 39)	0.55	2.70
Provision for warranty (refer below)	19.48	10.50
Total provisions - non-current	**100.44**	**86.78**
Current		
Provision for compensated absences (refer below)	43.33	27.66
Provision for defined benefit plans (refer note 39)	39.05	26.29
Provision for warranty (refer below)	23.23	18.74
Total provisions - current	**105.61**	**72.69**

The reconciliation of the carrying amount of provision from beginnning of the year to end of the year is provided below:

	As at 31st March 2022	As at 31st March 2021
Provision for Compensated Absences		
Opening balance	101.24	59.90
Additions	48.29	75.09
Amounts utilised	(25.80)	(33.75)
Closing balance	**123.73**	**101.24**
Provision for Warranty		
Opening balance	29.24	27.00
Additions	17.96	12.02
Amounts utilised	(4.48)	(9.78)
Closing balance	**42.71**	**29.24**

19 DEFERRED TAX LIABILITIES (NET)

	As at 31st March 2022	As at 31st March 2021
Deferred tax liabilities		
Property, plant and equipment and intangible assets	935.48	979.62
Others	12.77	18.02
Total deferred tax liabilities	**948.25**	**997.64**
Deferred tax assets		
Provision for employee benefits obligation	50.52	40.20
Others	13.87	16.67
Total deferred tax assets	**64.39**	**56.87**
Net deferred tax liabilities	**883.86**	**940.76**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

a) Movement in deferred tax assets/liabilities

Movement in deferred tax liabilities	31st March 2022	31st March 2021
Property, plant and equipment and intangible assets		
Opening balance	979.62	381.34
Add: Effect of business combination	–	297.29
Opening balance (post business combination)	**979.62**	**678.64**
Charged/(credited):		
– to profit or loss	(44.14)	300.99
Closing balance	**935.48**	**979.62**
Provision for employee benefits obligation		
Opening balance	(40.20)	(13.52)
Add: Effect of business combination	–	(18.77)
Opening balance (post business combination)	**(40.20)**	**(32.29)**
Charged/(credited):		
– to profit or loss	(6.45)	(6.71)
– to other comprehensive income	(3.87)	(1.19)
Closing balance	**(50.52)**	**(40.20)**
Others Deferred tax liabilities		
Opening balance	(16.67)	(24.21)
Add: Effect of business combination	-	-
Opening balance (post business combination)	**(16.67)**	**(24.21)**
Charged/(credited):		
– to profit or loss	2.81	7.54
Closing balance	**(13.87)**	**(16.67)**
Others Deferred tax Assets		
Opening balance	18.02	–
Add: Effect of business combination	–	(31.10)
Opening balance (post business combination)	**18.02**	**(31.10)**
Charged/(credited):		
– to profit or loss	(5.24)	49.12
Closing balance	12.77	18.02

Deferred tax assets amounting to ₹ 82.62 million as at 31st March 2022 (31st March 2021: ₹ 82.62 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

20 TRADE PAYABLES

	As at 31st March 2022	As at 31st March 2021
Trade payables		
– micro enterprises and small enterprises	387.18	495.83
– other than micro enterprises and small enterprises	1,802.56	1,745.26
Total Trade payables	**2,189.74**	**2,241.09**

Note:

(i) Refer note 37 for balance payable to related parties

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Trade payables ageing schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	4.36	307.05	69.83	5.71	0.23	0.00	387.18
(ii) Others	317.44	1,169.98	302.52	7.95	1.89	2.79	1,802.56
Total	**321.80**	**1,477.03**	**372.35**	**13.65**	**2.12**	**2.79**	**2,189.74**

Trade payables ageing schedule as at 31st March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(i) MSME	3.84	447.77	43.94	-	0.17	0.12	495.83
(ii) Others	289.12	1,068.60	377.47	3.51	2.60	3.96	1,745.26
Total	**292.97**	**1,516.37**	**421.40**	**3.51**	**2.77**	**4.07**	**2,241.09**

21 OTHER CURRENT LIABILITIES

	As at 31st March 2022	As at 31st March 2021
Statutory dues payable	65.75	79.11
– Advance from customers (refer note 44)	86.36	91.66
– Contract Liability (refer note 44)	70.00	–
– Others	0.06	–
Total current liabilities	**222.17**	**170.77**

22 CURRENT TAX LIABILITIES

	As at 31st March 2022	As at 31st March 2021
Income tax liabilities (net)(Net of advance tax ₹ 736.14 million)	61.60	–
Total current tax liabilities	**61.60**	**–**

23 REVENUE FROM OPERATIONS

	For the year ended 31st March 2022	For the year ended 31st March 2021
Sale of goods	20,332.84	14,917.63
Other operating revenue		
Scrap sales	449.96	237.46
Export incentive	249.86	133.29
Liabilities written back	53.17	0.00
Foreign exchange gain (net)	209.62	357.34
Royalty income	8.65	16.41
Others	2.29	0.85
Total revenue from operations	**21,306.40**	**15,663.00**

24 OTHER INCOME

	For the year ended 31st March 2022	For the year ended 31st March 2021
Interest income from bank	13.06	22.75
Interest income from income tax refund	182.68	–
Profit on sale of investments at fair value (net)	0.03	–
Others	4.47	0.67
Total other income	**200.26**	**23.41**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

25 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended 31st March 2022	For the year ended 31st March 2021
Inventories at the beginning of the year		
Work-in-progress	268.18	163.30
Finished goods	1,431.98	895.18
	1,700.16	**1,058.48**
Inventories at the end of the year		
Work-in-progress	326.07	268.18
Finished goods	1,810.54	1,431.98
	2,136.61	**1,700.16**
Changes in inventories	**(436.45)**	**(641.68)**

26 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2022	For the year ended 31st March 2021
Salaries, wages and allowances	1,368.69	1,217.37
Contribution to provident and other funds (refer note 39)	84.12	79.86
Staff welfare expenses	169.36	131.89
Share based payment to employees (refer note 45)	66.60	45.37
Total employee benefits expense	**1,688.77**	**1,474.49**

27 FINANCE COSTS

	For the year ended 31st March 2022	For the year ended 31st March 2021
Interest on loans	71.02	213.06
Other borrowing costs	3.04	5.12
Bank and other finance charges	31.52	16.59
‘Interest on lease liabilities (refer note 43)	76.99	73.37
Interest expenses on others	–	17.01
Total finance costs	**182.57**	**325.15**

28 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation of property, plant and equipment	810.32	555.25
Amortisation of intangible assets	523.06	344.44
Amortisation of right-of-use assets	86.26	71.77
Less: Transfer to Capital work-in-progress	–	(2.07)
Total depreciation and amortisation expense	**1,419.65**	**969.40**

29 OTHER EXPENSES

	For the year ended 31st March 2022	For the year ended 31st March 2021
Consumption of stores, spares and tool	1,012.63	664.06
Power and fuel	484.30	390.89
Freight, clearing and forwarding charges	381.59	287.02
Packing material	317.55	198.47
Sub contracting cost	747.85	592.81
Rent (refer note 43)	31.43	21.15
Repairs and maintenance - plant and machinery	311.97	248.90
Repair and maintenance - buildings	16.01	19.16
Repair and maintenance - others	146.47	121.58

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2022	For the year ended 31st March 2021
Manpower hiring on contract	388.71	287.72
Legal and professional charges	236.97	152.43
Rates and taxes	12.22	9.09
Insurance	55.51	35.06
Travelling, conveyance and vehicle expenses	120.75	90.53
Communication and stationery expenses	24.56	17.02
Security charges	21.69	16.28
Corporate social responsibility expense	54.74	53.95
Business promotion	13.10	9.14
Directors sitting fees	33.68	27.01
Loss on sale of property plant and equipments (net)	9.14	2.92
Provision for warranty	17.96	12.02
Miscellaneous expenses	132.22	68.04
Total other expenses	**4,571.04**	**3,325.25**

30 EXCEPTIONAL ITEM

	For the year ended 31st March 2022	For the year ended 31st March 2021
Expenditure incurred for listing and offer for sale of shares (refer note 50)	(132.70)	139.06
	(132.70)	**139.06**

31 INCOME TAX EXPENSE

	For the year ended 31st March 2022	For the year ended 31st March 2021
Current tax	893.92	497.38
Tax related to previous years	(134.62)	–
Deferred tax charge/(credit)	(52.98)	350.93
Total Income Tax expense	**706.32**	**848.31**

a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended 31st March 2022	For the year ended 31st March 2021
Profit before income tax expense	4,321.75	2,999.96
Income tax as per statement of profit and loss	706.32	848.31
Tax at the Indian tax rate of 25.168% (31st March 2020: 25.168%)	**1,087.65**	**755.00**
Effect of non-deductible expenses	9.26	15.63
Transaction cost of an equity transaction	(3.30)	–
Dividend from foreign subsidiary at a lower rate	(25.19)	–
Tax effect of ESOP exercised	(126.81)	–
Income taxable at a lower rate	–	(29.28)
Difference in tax rate of subsidiary companies	(43.94)	75.28
Lower tax paid in respect of dividend income dut to change in tax position of FY 2020-21	(82.71)	–
Previous year related principal receipt which was written-off in previous years	(91.00)	–
Others	(17.64)	31.68
Income tax expense (as per statement of profit and loss)	**706.32**	**848.31**

* The Company has received income tax refunds during the years. The difference between the refunds so received toward principal and tax receivable as per books is recorded as tax for the earlier years. Interest amounting to ₹ 155.71 million has been recorded under the head other income

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

32 RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended 31st March 2022	For the year ended 31st March 2021
Revenue expenditure charged to statement of profit and loss	269.98	137.38
– Capital expenditure	171.74	777.65
Total research expenses	**441.72**	**915.03**

33 FAIR VALUE MEASUREMENTS

a) Financial instruments by category

	For the year ended 31st March 2022			For the year ended 31st March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Loans	–	–	–	–	–	–
Trade receivables	–	–	4,451.89	–	–	4,169.87
Cash and bank balances	–	–	772.52	–	–	275.75
Other financial assets	–	–	99.84	–	–	76.62
Derivative financial assets	29.49	–	–	147.87	–	–
Current Investments	65.30	–	–	–	–	–
Total financial assets	**94.79**	**–**	**5,324.25**	**147.87**	**–**	**4,522.24**
Financial liabilities						
Borrowings	–	–	705.61	–	–	3,662.60
Trade payables	–	–	2,189.75	–	–	2,241.09
Other financial liabilities	–	–	877.82	–	–	219.43
Lease liabilities	–	–	807.78	–	–	825.42
Total financial liabilities	**–**	**–**	**4,580.96**	**–**	**–**	**6,948.54**

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
As at 31st March 2022			
Foreign exchange forward contracts - asset	–	29.49	–
Total financial assets	**–**	**29.49**	**–**
As at 31st March 2021			
Foreign exchange forward contracts- asset	–	147.87	–
Total financial assets	**–**	**147.87**	**–**
Investments measured at fair value through other comprehensive income	–	–	19.00
Total financial assets	**–**	**–**	**19.00**

ii) Fair value of instruments measured at amortised cost

	Level	As at 31st March 2022		As at 31st March 2021	
		Carrying value	Fair value	Carrying amount	Fair value
Financial assets					
Trade receivables	Level 3	4,451.89	4,451.89	4,169.87	4,169.87
Cash and bank balances	Level 3	772.52	772.52	275.75	275.75
Other financial assets	Level 3	99.84	99.84	76.62	76.62
Total financial assets		**5,324.25**	**5,324.25**	**4,522.24**	**4,522.24**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

	Level	As at 31st March 2022		As at 31st March 2021	
		Carrying value	Fair value	Carrying amount	Fair value
Financial liabilities					
Borrowings	Level 3	705.61	705.61	3,662.60	3,662.60
Lease liabilities	Level 3	2,189.75	2,189.75	825.42	825.42
Trade payable	Level 3	877.82	877.82	2,241.09	2,241.09
Other financial liability	Level 3	807.78	807.78	235.50	235.50
Total financial liabilities		**4,580.96**	**4,580.96**	**6,964.61**	**6,964.61**

There are no transfers amongst levels during the year.

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

34 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Group to support its operations. The Group's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Group's activities expose it to the financial risk of market risk, credit risk and liquidity risk . The Group enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

(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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Group provides for expected credit loss based on the following:

Asset group	Categorisation of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss,unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets that expose the entity to credit risk –

Credit rating	Particulars	As at 31st March 2022	As at 31st March 2021
Low credit risk	Cash and bank balances	772.52	275.75
	Other financial assets	99.84	76.62
	Derivative financial assets	29.49	147.87
Moderate credit risk	Trade receivables*	4,451.89	4,169.87

*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 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 amortised 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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(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 2022, and for the years ended 31st March 2021 is insignificant.

Reconciliation of loss allowance

	For the year ended 31st March 2022	For the year ended 31st March 2021
At the beginning of year	2.97	3.94
Movement during the year	4.45	(0.97)
Total expected credit loss allowance	**7.42**	**2.97**

(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 2022				
Borrowings	291.07	479.45	–	770.51
Trade payables	2,189.75	–	–	2,189.75
Other financial liabilities	879.73	–	–	879.73
Lease liabilities	111.76	473.28	797.57	1,382.61
Total	**3,472.31**	**952.73**	**797.57**	**5,222.60**

	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	1,464.56
Total	**4,921.53**	**2,577.56**	**1,000.19**	**8,499.28**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

(ii) Undrawn borrowing facilities

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31st March 2022	31st March 2021
Expiring within one year (bank loans)	**1,567.85**	**670.99**

(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	As at 31st March 2022	As at 31st March 2021
Variable rate borrowings	1,123.61	3,634.40
Fixed rate borrowings	-	28.20
Total borrowings	**1,123.61**	**3,662.60**

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	As at 31st March 2022	As at 31st March 2021
Interest rate increase by 1.00% (31st March 2021: 1.00%)*	17.80	24.92
Interest rate decrease by 1.00% (31st March 2021: 1.00%)*	(17.80)	(24.92)

* 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 Company's exposure to foreign currency risk at the end of the reporting period expressed as follows

Foreign currency	As at 31st March 2022	As at 31st March 2021
Trade receivables and others		
United States Dollar (USD)	31.54	43.67
Euro (EUR)	0.71	0.54
RMB	12.91	8.49
Others	–	0.08
Trade payables		
United States Dollar (USD)	8.12	8.97
Euro (EUR)	0.52	0.30
Japanese Yen (JPY)	0.62	76.77
Canadian Dollar (CAD)^	-	0.00
Swiss Franc (CHF)	0.01	0.01
Mexican Pesos (MXP)	1.48	
RMB	11.64	11.50
Others	0.03	2.76

^Rounded off to Nil

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Indian Rupee (₹)	As at 31st March 2022	As at 31st March 2021
Trade receivables and others		
United States Dollar (USD)	2,390.72	3,192.88
Euro (EUR)	59.64	46.49
RMB	154.15	94.51
Others	–	0.65
Trade payables		
United States Dollar (USD)	615.41	655.47
Euro (EUR)	44.12	25.38
Japanese Yen (JPY)	0.38	50.76
Canadian Dollar (CAD)^	–	0.15
Swiss Franc (CHF)	0.82	0.57
Mexican Pesos (MXP)	5.62	
RMB	138.95	128.11
Others	–	18.54

^Rounded off to Nil

Indian Rupee (₹)	As at 31st March 2022	As at 31st March 2021
Outstanding forward contracts as at the reporting date (Million USD)	88.97	89.09
Outstanding forward contracts as at the reporting date (₹)	6,872.34	7,242.86

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

Impact on profit after tax	For the year ended 31st March 2022	For the year ended 31st March 2021 "
Net currency receivables/(payables)		
USD sensitivity		
₹/USD- increase by 1.00% (31st March 2021: 1.00%)*	13.29	18.99
₹/USD- decrease by 1.00% (31st March 2021: 1.00%)*	(13.29)	(18.99)
EUR sensitivity		
₹/EURO- increase by 1.00% (31st March 2021: 1.00%)*	0.12	0.16
₹/EURO- decrease by 1.00% (31st March 2021: 1.00%)*	(0.12)	(0.16)
JPY sensitivity		
₹/JPY- increase by 1.00% (31st March 2021: 1.00%)*	(0.00)	(0.38)
₹/JPY- decrease by 1.00% (31st March 2021: 1.00%)*	0.00	0.38
RMB sensitivity		
₹/RMB- increase by 1.00% (31st March 2021: 1.00%)*	0.11	(1.31)
₹/RMB- decrease by 1.00% (31st March 2021: 1.00%)*	(0.11)	1.31
CAD sensitivity		
₹/CAD- increase by 1.00% (31st March 2021: 1.00%)*	(0.01)	(0.00)
₹/CAD- decrease by 1.00% (31st March 2021: 1.00%)*	0.01	0.00
MXP sensitivity		
₹/MXP- increase by 1.00% (31st March 2021: 1.00%)*	(0.04)	–
₹/MXP decrease by 1.00% (31st March 2021: 1.00%)*	0.04	–
CHF sensitivity		
₹/CHF- increase by 1.00% (31st March 2021: 1.00%)*	(0.01)	–
₹/CHF- decrease by 1.00% (31st March 2021: 1.00%)*	–	–

*Holding other variables constant

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

35 CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximise 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 31st March 2022	As at 31st March 2021
Long-term borrowings including current maturities (refer note 16)	450.00	2,501.54
Short-term borrowings (refer note 16)	253.70	1,165.12
Less: Cash and cash equivalents (refer note 12)	(536.06)	(249.48)
Net debts*	**167.64**	**3,417.18**
Equity share capital (refer note 14)	5,843.53	5,729.81
Other equity (refer note 15)	14,159.44	8,029.53
Total equity	**20,002.97**	**13,759.35**
Net Gearing ratio	**0.84%**	**24.84%**

*Excluding lease liabilities

Dividends	For the year ended 31st March 2022	For the year ended 31st March 2021
Equity share		
Interim dividend of ₹ 0.77 per each 58,43,52,710 equity share	449.95	–
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**
	449.95	**904.00**

The Board of Directors of the Company in its meeting held on 5th May 2022 has approved and declared an final dividend of ₹ 0.77/- i.e (7.7%) per equity share of the Company having face value of ₹ 10/- each for the financial year 2021-22.

36 SEGMENT INFORMATION

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

Information about geographical areas

	For the year ended 31st March 2022	For the year ended 31st March 2021
India	8,030.55	5,275.49
Outside India	12,302.29	9,642.14
Total	**20,332.84**	**14,917.63**

'Revenue outside India	For the year ended 31st March 2022	For the year ended 31st March 2021
North America	5,841.26	4,756.10
Europe	3,157.64	3,708.34
Asia (Excluding India)	3,246.06	1,177.70
Others	57.33	–
	12,302.29	**9,642.14**

Customers exceeding 10% of total revenue	For the year ended 31st March 2022	For the year ended 31st March 2021
No. of customers exceeding 10% of total revenue	3	3
Total revenue of such customers (₹ million)	9,328.00	6,777.34

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

The Group's non-current assets (property, plant and equipment, right of use assets, capital work-in-progress, intangible assets, Intangible assets under development and goodwill) are located into the following geographical regions:

	As at 31st March 2022	As at 31st March 2021
India	14,082.47	11,685.15
Outside India	1,232.63	1,312.94
Total	**15,315.10**	**12,998.09**

Carrying amount of non-current assets by location	As at 31st March 2022	As at 31st March 2021
North America	824.05	868.48
Others	408.58	444.46
	1,232.63	**1,312.94**

37 RELATED PARTY DISCLOSURES

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(a) Names of related parties and nature of relationship

(i) Entity exercising control of Company

Singapore VII Topco III Pte Ltd. (with effect from 5th July 2019 till 21st June 2021)

(ii) The entity having substantial interest in the Company

Sona Autocomp Holding Private Limited

Singapore VII Topco III Pte Ltd. (with effect from 21st June 2021)

(iii) Ultimate holding Company

BCP Topco I Pte Ltd. (till 21st June 2021)

(iv) Key Management Personnel

Name	**Designation**
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr.Vikram Verma Vadapalli	Chief Executive Officer (Driveline Business)
Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary
Mr. Santhana Krishnan Gopalan	Chief Financial Officer of merged entity (Refer Note 49) (till 28th January 2022)
Mr. Hari Prasath K	Company Secretary of merged entity (Refer Note 49) (till 18th January 2021)
Non-Executive Directors	
Mr. Sunjay Kapur	Non-executive Chairman
Mr. Prasan Abhaykumar Firodia	Independent director
Mr Subbu Venkata Rama Behara	Independent director
Mrs Pallavi Joshi Bakhru	Independent director (till 2nd May 2020)
Mr. Amit Dixit	Director
Mr. Amit Jain	Director (with effect from 5th July 2019 till 1st January 2021)
Mr. Neeraj Mohan	Director (with effect from 5th July 2019 till 12th February 2021)
Mr. Ganesh Mani	Director
Mrs Shradha Suri	Independent director (with effect from 5th August 2020)
Mr. Jeffrey Mark Overly	Independent Director (with effect from 12th February 2021)
Relative fo KMP	
Mr. Tanay Gupta	Son of Mr. Sat Mohan Gupta

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

(v) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)

Harpreet Motors Private Limited

(b) Transactions with related parties :

(i) Entity exercising control

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Dividend paid		
Singapore VII Topco III pte Ltd.	–	599.18

(ii) Entity having substantial interest

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Dividend paid		
Sona Autocomp Holding Private Limited	153.51	304.84
Singapore VII Topco III pte Ltd.	148.77	–
Relinquishment of right of put option (refer note 48)		
Sona Autocomp Holding Private Limited	–	19.00
Reimbursement of IPO expenses		
Singapore VII Topco III pte Ltd.	359.69	–

(iii) Key Management Personnel *

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Managerial remuneration		
Mr. Vivek Vikram Singh	30.85	31.70
Mr. Vikram Verma Vadapalli	30.63	28.39
Mr. Rohit Nanda	24.09	26.13
Mr. Ajay Pratap Singh	7.13	6.74
Mr. Sat Mohan Gupta	18.17	24.41
Mr. Santhana Gopalan K	3.21	3.91
Mr. Tanay Gupta	1.75	1.59
Mr. Hariprasath K	–	1.31
Issue of equity shares under ESOP Scheme		
Mr. Vivek Vikram Singh	8.46	–
Mr. Vikram Verma Vadapalli	6.10	–
Mr. Rohit Nanda	4.57	–
Mr. Ajay Pratap Singh	1.52	–
Mr. Sat Mohan Gupta	6.10	–
Mr. Santhana Gopalan K	0.31	–
Director Sitting Fee		
Non-executive director	5.06	3.60
Commission		
Non-executive director	36.36	27.71
Dividend paid		
Mr. Vikram Verma Vadapalli	0.06	–
Mr. Ajay Pratap Singh	0.01	–
Mr. Sat Mohan Gupta	0.04	–
Mr. Santhana Gopalan K	0.01	
Mrs. Shradha Suri	#	–
Sale of Vehicles		
Mr. Vivek Vikram Singh	0.17	–

*Break-up of Key management personnel remuneration

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Transactions	For the year ended 31st March 2022	For the year ended 31st March 2021
Short-term employee benefits	115.83	124.18

* Including provident fund, leave encashment and any other benefit.

* Share based payment to Key Managerial Personnel for the period ended 31st March 2022 is ₹ 43.24 million (31st March 2021 is ₹ 29.11 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.

* The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between 14th September 2021, to 27th September 2021. There is however no financial impact of such payments on the Company.

Number less than ₹ 10,000

(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 31st March 2022	For the year ended 31st March 2021
Sale of goods		
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)	–	0.14
Services received		
Harpreet Motors Private Limited	0.01	–

(c) Details of balances with related parties at year end

(i) Key Management Personnel

Balances as at year end	As at 31st March 2022	At at 31st March 2021
Payables		
Mr.Vivek Vikram Singh	8.71	–
Mr. Rohit Nanda	4.82	–
Mr. Vikram Verma Vedapalli	9.60	–
Mr. Jeffrey Mark Overly	4.04	0.53
Mr. Ajay Pratap Singh	1.47	–
Mr. Kiran Manohar Deshmukh	2.76	–

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 48. All outstanding balances are unsecured and settled in cash.

38 EARNINGS PER SHARE

	As at 31st March 2022	At at 31st March 2021
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	3,615.43	2,151.65
Total number of equity shares at the beginning of the year	572,980,560	47,153,944
Issue of shares	11,372,150	-
Conversion of compulsory convertible preference shares into equity shares	-	594,436
Bonus shares issued during the year	-	525,232,180
Total number of equity shares at the end of the year	**584,352,710**	**572,980,560**
Effect of exercise of share options (refer note 45)	343,775	192,634
Total number of equity shares (including options) at the end of the year	**584,696,485**	**573,173,194**
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	581,529,094	572,980,560
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	**581,529,094**	**572,980,560**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

	As at 31st March 2022	At at 31st March 2021
Effect of exercise of share options	343,775	192,634
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)	**581,872,869**	**573,173,194**
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	6.22	3.76
(b) Diluted earnings per share (in ₹)	6.21	3.75
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)		

39 EMPLOYEE BENEFITS

A Defined contribution plans:

Particulars	As at 31st March 2022	At at 31st March 2021
a) Provident fund	86.80	60.08
b) Employees state insurance corporation	0.32	0.40
c) Punjab/Haryana labour welfare fund	0.25	0.22
d) National Pension Scheme	8.20	7.47
	95.57	**68.17**

B Defined benefit plans:

(i) Gratuity

The Parent Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Holding Company through the gratuity trust has taken group gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

Details of changes and obligation under the defined benefit plan is given as below:-

I Expense recognised in the statement of profit and loss

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
(i) Current service cost	20.67	19.54
(ii) Past service cost	–	3.46
(iii) Interest cost	6.48	6.62
(iv) Expected return on plan assets	(5.07)	(4.97)
Net expense recognised in the statement of profit and loss	**22.08**	**24.65**

II Remeasurement (gain)/loss recognised in other comprehensive income

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
(i) Actuarial changes arising from changes in demographic assumptions	(10.43)	0.38
(ii) Actuarial changes arising from changes in financial assumptions	17.04	(9.76)
(iii) Actuarial changes arising from changes in experience adjustments	9.84	4.68
(iv) Return on plan assets greater than discount rate	(0.89)	(0.16)
Net expense recognised in other comprehensive income	**15.56**	**(4.86)**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

III Changes in obligation

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
(i) Opening balance	219.72	194.85
(ii) Current service cost	20.52	19.54
(iii) Past service cost	–	3.46
(iv) Interest cost	15.19	11.31
(v) Benefit payments directly by employer	(3.38)	(2.80)
(vi) Actuarial (gain)/loss	15.57	(4.86)
(vii) Benefit payments from plan assets	(2.40)	(1.78)
(viii) Present value of obligation as at year end	**265.23**	**219.72**

IV Changes in plan assets

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
(i) Fair value of plan assets as at the beginning of the period	191.63	164.49
(ii) Interest income	11.92	10.53
(iii) Contributions by employer	26.99	21.03
(iv) Benefit payments from plan assets	(5.77)	(4.58)
(v) Actuarial gain/(loss) on plan assets	0.89	0.16
Fair value of plan assets	**225.65**	**191.63**

V Net assets / liabilities

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
(i) Present value of obligation at the end of the year	265.24	219.73
(ii) Fair value of plan assets at the end of the year	225.64	191.62
(iii) Net liabilities recognised in the balance sheet		
– Non-current	0.55	1.83
– Current	39.05	26.28

VI Experience adjustment

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Experience adjustment loss on plan liabilities	5.64	6.37

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

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Discount rate (per annum)	6.00-6.20%	6.00%-6.40%
Expected return on plan assets (per annum)	7.19%	5.90%
Expected increase in salary costs (per annum)	8.00-8.50%	7.00% - 8.00%
Attrition rate	15.00-17.00%	9.10% - 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 consolidated financial statements for the year ended 31 March 2022

(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:

Particulars	Impact on defined benefit obligation	
	As at 31st March 2022	**As at 31st March 2021**
Delta effect of +1% change in rate of discounting	(16.53)	(16.62)
Delta effect of -1% change in rate of discounting	17.70	17.97
Delta effect of +1% change in rate of salary increase	17.33	17.70
Delta effect of -1% change in rate of salary increase	(16.38)	(16.57)

X **Maturity profile of defined benefit obligation (undiscounted)**

	For the year ended 31st March 2022	**For the year ended 31st March 2021**
Within the next 12 months (next annual reporting period)	43.61	26.63
Between 2 and 5 years	135.30	94.62
Between 6 and 10 years	108.86	89.25
Total expected payments	**287.77**	**210.50**

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 6.30 - 9 years (31st March 2021: 6.28 - 9 years)

XII The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

XIII Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employement. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

40 CONTINGENT LIABILITIES

			As at 31st March 2022	**As at 31st March 2021**
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	2.00
		Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	77.25	70.78
		Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)	2.28	-
		Demand raised by AO for which company intend to file appeal with CIT - Appeal for AY 2018-19	3.73	3.73

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

	As at 31st March 2022	As at 31st March 2021
(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. (FY 2014-15 to FY 2017-18)	14.85	14.85

* Amount paid under protest of ₹ 24.48 million (31st March 2021: ₹ 24.48 million)

** Total disputed amount of the case is ₹ 85.88 million(including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 77.25 million (including interest liability) is being disclosed as a contingent liability.

As trial date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made 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 Group are as under :

Particulars	As at 31st March 2022	As at 31st March 2021
Export obligation pending (₹ million)	4,429.60	2,903.78

41 CAPITAL COMMITMENTS

	As at 31st March 2022	As at 31st March 2021
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	758.69	1,543.48
	758.69	**1,543.48**

42 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTION FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AS PER SCHEDULE III OF COMPANIES ACT, 2013:

31st March 2022

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
Holding Company								
Sona BLW Precision Forgings Limited	98.64%	19,731.55	97.79%	3,535.38	(40.15%)	(11.52)	96.70%	3,523.86
Subsidiaries-India								
Comstar Automotive Technologies Services Private Limited	0.27%	54.32	0.49%	17.64	(0.44%)	(0.13)	0.48%	17.51
Sona Comstar eDrive Private Limited	0.07%	14.19	(0.02%)	(0.81)	0.00%	-	(0.02%)	(0.81)
Subsidiaries-Foreign								
Comstar Automotive USA LLC	3.87%	773.44	6.50%	234.95	98.67%	28.32	7.22%	263.27
Comstar Automotive Hongkong Limited	0.17%	34.17	(0.10%)	(3.76)	39.87%	11.44	0.21%	7.68
Comestel Automotive Technologies Mexicana Ltd.	0.98%	195.68	4.71%	170.30	27.35%	7.85	4.89%	178.15
Comstar Automotive (Hangzhou) Co., Ltd.	0.79%	158.83	1.14%	41.37	22.38%	6.42	1.31%	47.80
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.06%)	(11.36)	(0.22%)	(8.13)	(1.75%)	(0.50)	(0.24%)	(8.64)
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.60%	119.96	0.03%	0.91	26.29%	7.54	0.23%	8.45
Comstar Hong Kong Mexico No. 1, LLC	0.00%	–	0.00%	–	0.00%	–	0.00%	–
Consolidation adjustments	(5.34%)	(1,067.83)	(10.30%)	(372.41)	(72.22%)	(20.73)	(10.79%)	(393.14)
Total	**100%**	**20,002.97**	**100%**	**3,615.43**	**100%**	**28.70**	**100%**	**3,644.13**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

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	98.91%	13,609.53	100.41%	2,160.39	124.51%	(15.49)	100.27%	2,144.90
Subsidiaries-India								
Comstar Automotive Technologies Services Private Limited	0.27%	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%	-
Subsidiaries-Foreign								
Comstar Automotive USA LLC	8.49%	1,168.85	12.86%	276.76	250.58%	(31.17)	11.48%	245.59
Comstar Automotive Hongkong Limited	(0.49%)	(68.00)	0.46%	10.00	86.88%	(10.81)	(0.04%)	(0.81)
Comestel Automotive Technologies Mexicana Ltd.	0.44%	61.00	(0.23%)	(5.00)	64.35%	(8.01)	(0.61%)	(13.01)
Comstar Automotive (Hangzhou) Co., Ltd.	(0.67%)	(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	0.01%	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	(0.60%)	(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	(6.37%)	(875.96)	(14.70%)	(316.28)	(437.16%)	54.38	(12.24%)	(261.89)
Total	**100%**	**13,759.34**	**100%**	**2,151.65**	**100%**	**(12.44)**	**100%**	**2,139.21**

43 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:

Particulars	As at 31st March 2022	As at 31st March 2021
Current	111.76	105.27
Non-current	696.02	720.15
	807.78	**825.42**

v) Future minimum lease payments are as follows:

Particulars	As at 31st March 2022		
Minimum lease payments due	Lease payments	Finance charges	Net present values
Within 1 year	111.76	67.88	43.88
1-5 years	473.28	206.24	267.04
More than 5 years	797.57	300.69	496.88
	1,382.61	**574.81**	**807.78**

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Particulars	As at 31st March 2021		
Minimum lease payments due	Lease payments	Finance charges	Net present values
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	**648.56**	**825.42**

vi) The following are amounts recognised in profit or loss:-

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation expense of right-of-use assets	86.26	71.77
Interest expense on lease liabilities	76.99	73.37
Rent expense (relating to short-term leases on which lease liability is not recognised)	31.43	21.15
Total	**194.68**	**166.29**

vii) Total cash outflow pertaining to leases

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Total cash outflow pertaining to leases during the year ended	101.37	91.34

The Group determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

44 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	For the year ended 31st March 2022	For the year ended 31st March 2021
Revenue by geography		
Domestic	8,030.55	5,275.49
Export	12,302.29	9,642.14
Total	**20,332.84**	**14,917.63**
Timing of revenue recognition		
Revenue recognised at point in time	20,291.34	14,917.63
Revenue recognised over the period of time	41.50	–
Total	**20,332.84**	**14,917.63**

(b) Liabilities related to contracts with customers

Particulars	As at 31st March 2022	As at 31st March 2021
Opening balance	91.66	53.05
Income recognised from advance	(126.92)	(23.52)
Advance received from customers during the year	191.62	62.13
Advance from customers and contract liability (refer note 21)	**156.36**	**91.66**

(c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Group to its customers for the year ended 31st March 2022 ₹ 0.43 million (31st March 2021: ₹ 1.26 million)

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

45 SHARE BASED PAYMENTS

Employee Stock Option Scheme Sona BLW Precision Forging Limited- 2020 ('Sona BLW ESOP Plan-2020') was approved by the shareholders of the Sona BLW Precision Forging Limited on 30th September 2020. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2020 shall be 3,342,672 Options which shall upon exercise shall convert into maximum 3,342,672 Shares. The Sona BLW ESOP Plan entitles employees of the Group to purchase shares in the Group at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below:

Particulars	Sona BLW Precision Forging Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	1st October 2020
Vesting schedule	1,087,740 options 12 months after the grant date ('First vesting')
	1,087,740 options 24 months after the grant date ('Second vesting')
	1,087,740 options 36 months after the grant date ('Third vesting')
Exercise period	Stock options can be exercised within a period of 3 years from vesting date.
Number of share options granted	3,263,220
	The total pool of Options that can be granted under the ESOP Plan is 3,342,672 (Thirty three lakhs forty two thousand six hundred seventy two) Options out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees.
Method of settlement	Equity

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 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. Total Company share based payment to employees amounting ₹ 66.61 million for the year ended 31st March 2022 (₹ 45.37 million for the year ended 31st March 2021) is recognised in the statement of profit and loss of the Company pertaining to options issued to employees of the Company. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares were not public traded at that time. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognises the impact of the revision to original estimates, if any, in the profit or loss in 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 summarised as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	1st October 2020	1st October 2020	1st October 2020
Vesting date	1st October 2021	1st October 2022	1st October 2023
Expiry date	1st October 2024	1st October 2025	1st 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%

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

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	3,263,220
Number of employees to whom options were granted	62
Options vested	1,081,764
Options exercised	1,062,872
Options forfeited/ lapsed/ cancelled	17,928
Option expired during the year	Nil
Options outstanding	Vested:18,892
Options outstanding	Unvested: 21,63,528
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	1,062,872
Variation in terms of options	Per ESOP scheme
Money realised by exercise of options (in ₹ million)	40,750,512
Options outstanding at the period end	2,182,420
Options exercisable at the period end	18,892
Total number of options in force (excluding options not granted)	2,182,420
Weighted average remaining contractual life of outstanding options (in years)	4.00
Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31st March 2022 is ₹ 66.60 million (for the year ended 31st March 2021 was ₹ 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. Vikram Verma Vadapalli Mr. Sat Mohan Gupta Mr. Santhana Gopalan K. Share based payment to Key Managerial Personnel for the year ended 31st March 2022 is ₹ 43.24 million (31st March 2021 was ₹ 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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

46 GOODWILL AND BRAND IMPAIRMENT TESTING

Goodwill

As on 5th July 2019, the Group acquired two entities, Comstar Automotive Technologies Private Limited ("Comstar India") and Comstar Automotive Hong Kong Limited ("Comstar Hong Kong"), pursuant to which the group had recognised goodwill amounting to ₹ 1,758.09 million and annual test for impairment of goodwill was carried out as at 31st March 2022 and 31st March 2021, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognised in the 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%-14% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3%- 4% as determined by the management.

Brand

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 2022 and March 2021, there was no impairment identified for the brand. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 11%-15% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast , followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 3%-4% as determined by the management.

Intangible Asset

As per Note 5 to the consolidated financial statements, the group had capitalised technology development expenditure of ₹ 402.13 million towards the development of hybrid starter motor (BSG technology) as at 1st Feb 2020. The development expenditure incurred towards Hybrid starter motor was put to impairment test as at 31st March 2022. The outcome of the test indicated that the value in use of the asset was higher than its carrying value of ₹ 308.74 million as at 31st March 2022. Accordingly, no impairment charge has been recognised in the consolidated statement of profit and loss. The recoverable amount of was determined based on value-in-use calculations using a discount rate of 11.5% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

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.

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

47 The Group has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Group has considered internal and external sources of information up to the date of approval of the Consolidated Financial Results. Based on the current estimates, the Group does not expect any significant impact on such carrying values. The Group will continue to closely monitor any material changes to future economic conditions.

48 RELINQUISHMENT OF RIGHT

In the board meeting on 12 February 2021 the board has approved waiver of the right to sell 19% shares in Sona Holding BV (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 BV (call option) from Sona Autocomp at a pre-agreed formula based price defined in ESA. The decision was made taking cognisance 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.

49 MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

The Hon'ble National Company Law Tribunal, Chandigarh Bench, vide order dated 7th January, 2022 ("Order"), has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited ('Wholly Owned Subsidiary") with Sona BLW Precision Forgings Limited ("Company") with effect from 5th July, 2019 ("Appointed Date") and the Order was filed by the Company with the Registrar of Companies, NCT of Delhi and Haryana on 28th January, 2022. Accordingly, the Company has accounted for the merger as mentioned in the Scheme retrospectively and restated numbers for period presented as prescribed in Appendix C of IND AS 103 - Business Combinations. Goodwill (including assembled workforce) and customer relationships, earlier recorded in the consolidated financial statements amounting to ₹ 1,582.24 million and ₹ 2,929 million are now recorded in standalone financial statements. Change in the tax base of customer relationship after the merger has resulted in creation of merger reserve amounting to ₹ 737.23 million.

50 EXCEPTIONAL ITEM

As per the terms of contract with the Selling shareholders, all Initial Public Offering ('IPO') related expenses were to be borne by the Company and the Selling shareholders in proportion to the number of Equity Shares issued and/or transferred by each one of them in the IPO respectively. However, in the event that the Issue was withdrawn by the Company or not completed for any reason whatsoever, all the Issue related expenses would have to be solely borne by the Company.

During the year ended 31st March 2021, the Company had incurred expenses amounting to ₹ 143.23 million related to the proposed IPO of the company. Considering the fact that the recovery of expenses incurred was not virtually certain as on 31st March 2021, the management decided to charged off ₹ 139.06 million to the Statement of Profit and Loss as an Exceptional Expense and the remaining amount of ₹ 4.17 million was recorded under the head 'Other Current Assets'.

In year ended 31st March 2022, since the IPO has now been completed, the pro-rata IPO expenses recovered from the selling shareholder have been recorded as an exceptional income in the Statement of Profit and Loss. Pro-rata IPO expenses related to fresh issue of shares have been charged off to the equity in compliance with the applicable accounting standards.

51 OTHER STATUTORY INFORMATION

(i) Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries\

(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group have not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

52 The Parent Company completed its maiden Initial Public Offer of 190,721,649 Equity Shares of the face value of ₹ 10/- each at an issue price of ₹ 291/- per Equity Share, comprising offer for sale of 180,412,371 shares by selling shareholders and fresh issue of 10,309,278 shares. The Equity Shares of the Company were listed on 24th June 2021 on Bombay Stock Exchange and National Stock Exchange of India Limited.

53 THE UTILISATION OF THE NET INITIAL PUBLIC OFFERING PROCEEDS IS SUMMARISED BELOW:

Particulars	Objects of the issue as per prospectus	Utilisation upto 31st March 2022	Unutilised amount as on 31st March 2022
Repayment and Prepayment of identified borrowings	2,411.17	2,411.17	–
General Corporate Purposes	523.13	523.13	–

Of the unutilised net Fresh IPO Proceeds, there is no balance lying in Monitoring Agency Account and Public Offer Account.

54 RECONCILIATION OF QUARTERLY BANK RETURN

Quarter	Particulars	FY 2021 - 22		FY 2020 - 21	
		Amount as per books of account	Amount as reported in the quarterly return/ statement #	Amount as per books of account	Amount as reported in the quarterly return/ statement #
Quarter 1	Trade Receivable	2,224.24	2,205.86	1,038.74	1,042.93
Quarter 1	Inventory	1,097.81	1,097.82	570.93	580.20
Quarter 1	Trade Payables*	643.80	628.29	280.67	279.17
Quarter 2	Trade Receivable	2,646.84	2,535.07	1,904.01	1,805.67
Quarter 2	Inventory	1,115.32	1,172.13	672.16	664.76
Quarter 2	Trade Payables*	801.28	802.83	596.87	596.19
Quarter 3	Trade Receivable	2,391.82	2,273.52	2,402.70	2,299.90
Quarter 3	Inventory	1,391.00	1,390.99	832.40	849.84
Quarter 3	Trade Payables*	775.96	775.88	841.87	840.41
Quarter 4	Trade Receivable	4374.88 **	4238.12 **	2,478.63	2,459.14
Quarter 4	Inventory	3006.75 **	2983.2 **	997.69	997.69
Quarter 4	Trade Payables*	1579.80 **	1616.31 **	669.24	667.94

Notes:

i) HDFC Bank and SBI are represented as Working capital lenders

The difference in the trade receivables between the books of account and the amount reported to banks is on account of adjustment of bill discounting for a specific debtor. Rest of the differences are not significant.

* Above information is given as per the norms of working capital lenders

** Q4 FY22 Quarter figure are post merger (refer note 49)

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

55 Previous year's figures has been regrouped and/ or reclassed wherever necessary to confirm to the current year's groupings and classifications.

56 AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial Statements for the year ended 31st March 2022 were approved by the Board of Directors on 5th May 2022.

The accompanying summary of accounting policies and significant explanatory notes form an integral part of these Consolidated financial statements.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: 5th May, 2022

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: 5th May, 2022

Notes

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

FORM No. AOC-1

1	Name of the subsidiary	Comstar Automotive Technology Services Private Limited	Comstar Automotive USA LLC	Comstar Automotive Hong Kong Ltd	Comestel Automotive Technologies Mexicana Ltd	Comstar Automotive (Hangzhou) Co., Ltd	Comstar 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 eDrive Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st Mar,2022	31st Mar,2022	31st Mar,2022	31st Mar,2022	31st Mar,2022	31st Mar,2022	31st Mar,2022	31st Mar,2022	31st Mar,2022
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	USD - 75.7925	USD - 75.7925	USD - 75.7925	RMB - 11.9375	USD - 75.7925	MXN - 3.792	MXN - 3.792	INR
4	Share capital	1.30	13.68	121.00	0.01	156.83	-	0.07	114.79	15.00
5	Reserves & surplus	52.99	759.77	(88.28)	195.67	2.00	-	(11.43)	5.17	(0.81)
6	Total assets	51.34	937.13	134.73	771.94	527.47	-	132.07	155.96	14.24
7	Total liabilities	4.02	163.68	258.92	691.05	368.64	-	143.43	35.99	0.04
8	Investments	6.98	0.00	156.91	114.79	-	-	-	-	-
9	Turnover (incl. forex gain/loss)	38.42	1,404.59	-	1,078.06	496.41	-	373.53	-	-
10	Profit/ (Loss) before taxation	23.59	317.26	(3.76)	170.30	41.37	-	(7.88)	7.14	(0.73)
11	Provision for taxation	5.99	82.06	-	-	-	-	0.25	6.23	-
12	Profit/ (Loss) after taxation	17.60	235.20	(3.76)	170.30	41.37	-	(8.13)	0.91	(0.73)
13	Proposed Dividend									
14	% of shareholding	100%	100%	100%	100%	100%	100%	100%	99%	99%

Note;- During the financial year under review, Comstar Automotive Technologies Private Limited (erstwhile wholly owned subsidiary of the Company) merged with the Company w.e.f 28th January, 2022.

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

Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Rohit Nanda
Group Chief Financial Officer

Ajay Pratap Singh
Company Secretary
Membership No. FCS 5253

SONA COMSTAR

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 **26th** (Twenty Sixth) Annual General Meeting **("AGM")** of the members of **Sona BLW Precision Forgings Limited ("Company")** will be held on **Thursday, 14th July, 2022, at 12:00 Noon (IST)** through video conferencing **(VC)** / other audio-visual means **("OAVM")** to transact the following businesses.

The proceedings of the 26th AGM shall be deemed to be conducted at the Registered Office of the Company at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004, which shall be the deemed venue of the AGM.

ORDINARY BUSINESS:

Item no. 1:

To consider and adopt the audited Standalone Financial Statements and audited Consolidated Financial Statements of the Company for the Financial Year ended on 31st March, 2022 together with the Reports of the Board of Directors and Auditors thereon.

Item no. 2:

To declare final dividend of INR 0.77/- per equity share of the Company having face value of INR 10/- each, for the Financial Year ended on 31st March, 2022.

Item no. 3:

To appoint a director in place of Mr. Amit Dixit (DIN: 01798942) who retires by rotation and, being eligible, offers himself for re-appointment.

Item no. 4:

To approve the re-appointment of Walker Chandiok & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company and fixing their remuneration.

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

"**RESOLVED THAT** pursuant to provisions of sections 139, 141, 142 and all other applicable provisions, if any, of the Companies **Act**, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, the consent of the members be and is hereby accorded for the re-appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/ N500013), as the Statutory Auditors of the Company for the second term of 5 (five) consecutive years, who shall hold office from the conclusion of this 26th Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company, at such remuneration as may be approved by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee) be and are hereby authorized to do all such acts, deeds, matters, things and to take all such steps as may be considered necessary or expedient, including filing the requisite forms or submission of documents with any authority or accepting any modifications to the clauses as required by such authorities, for the purpose of giving effect to this resolution and for matters connected therewith, or incidental thereto."

SPECIAL BUSINESS:

Item no. 5:

To approve the payment of remuneration to Mr. Sunjay Kapur (DIN: 00145529), Non-Executive Director and Chairperson of the Company for the Financial Year 2022-23.

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** in terms of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")** read with the provisions of Sections 178, 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 such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, and in furtherance to the resolution passed by the members of the Company at the Extra-ordinary General Meeting held on 22nd February, 2021 approving the variation in terms of appointment of Mr. Sunjay Kapur, Non-Executive Director and Chairperson, 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 Chairperson of the Company for the Financial Year 2022-23, along with other benefits as per the terms of his appointment as approved by the members at the Extra-ordinary General Meeting of the Company held on 22nd February, 2021, being in excess of 50% (fifty percent) of the total annual remuneration payable to all Non-Executive Directors of the Company in terms of Listing Regulations.

RESOLVED FURTHER THAT the Board of Directors including the Nomination and Remuneration Committee be and is hereby authorized 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. 6:

To approve the re-appointment of Mr. Vivek Vikram Singh (DIN: 07698495) as the Managing Director and Group Chief Executive Officer of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of the Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 **("Act")** and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")** (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the Article of Association of the Company and subject to the approval of any other statutory authorities, as may be required in this regard and subject to other regulations, sanctions, if any, and based on the recommendation and the approval of the Nomination and Remuneration Committee and the Board of Directors, the consent of members of the Company be and is hereby accorded for re-appointment of Mr. Vivek Vikram Singh (DIN: 07698495), as the Managing Director and Group Chief Executive Officer of the Company, liable to retire by rotation, for a period of 5 years with effect from 5th July, 2022 to 4th July, 2027, on such terms and conditions as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors including the Nomination and Remuneration Committee be and is hereby authorised to alter such terms and conditions as it may deem appropriate in relation to re-appointment of Mr. Vivek Vikram Singh as the Managing Director and Group Chief Executive Officer of the Company, in compliance with the applicable provisions of the Act, other applicable laws and Listing Regulations.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps, in its absolute discretion, it may think be necessary, proper or expedient to give effect to this resolution and to settle any question or doubt that may arise in relation thereto and/or to seek such approval/ consent from the government departments, if required, as the case may be."

Item no. 7:

To approve the remuneration of Mr. Vivek Vikram Singh (DIN: 07698495), Managing Director and Group Chief Executive Officer of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 **("Act")** and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")** (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the Article of Association of the Company and subject to the approval of any other statutory authorities, as may be required in this regard, and subject to other regulations, sanctions, if any, and based on the recommendation and the approval of the Nomination and Remuneration Committee and the Board of Directors, the consent of the members be and is hereby accorded for payment of remuneration to Mr. Vivek Vikram Singh (DIN 07698495), as the Managing Director and Group Chief Executive Officer of the Company, during his term of re-appointment, as set out in the Explanatory Statement thereto, notwithstanding that the aggregate remuneration including the value of perquisites on exercise of Options granted under the Sona BLW Precision Forgings Limited -Employee Stock Option Plan 2020 (hereinafter referred to as the **"ESOP Plan-2020"**) as approved by the members in the Extra-ordinary General Meeting held on 30th September, 2020, may exceed the limits permissible under section 197 read with Schedule V to the Act, in any financial year(s).

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during his term of re-appointment, the remuneration, as approved to be paid to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group Chief Executive Officer, shall be considered as the minimum remuneration, in accordance with the provisions of the Act, other applicable laws and Listing Regulations.

RESOLVED FURTHER THAT the Board of Directors including the Nomination and Remuneration Committee be and is hereby authorized to alter, enhance or widen the scope of remuneration (including the fixed pay, variable pay, perquisites or other benefits) or the terms and conditions of the re-appointment including such periodical increase in his remuneration and 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 and to seek such approval/ consent as may be required in this regard."

Item no. 8:

To ratify the remuneration of the Cost Auditors of the Company for Financial Year 2022-23.

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the remuneration of INR 200,000 (Rupees Two Hundred Thousand Only) plus applicable taxes thereon, besides reimbursement of out-of-pocket expenses on actuals incurred in connection therewith, payable to M/s. Jayaram & Associates, Cost Accountants (Firm Registration No. 101077), appointed by the Board of Directors as Cost Auditors of the Company, based on recommendations of Audit Committee, to conduct the audit of the applicable cost records of the Company for the Financial Year 2022-23.

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee), be and is hereby authorised to do all acts and take all such steps as may be necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

By Order of the Board
Sona BLW Precision Forgings Limited

Ajay Pratap Singh
Vice-President (Legal), Company Secretary
and Compliance Officer
Membership No. F5253

Place: Gurgaon
Date: 9th June, 2022

NOTES:

1. A statement under Section 102 of the Companies Act, 2013 **("Act")** and/or as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, concerning the special business under Item Nos. 5-8 of the Notice is annexed hereto.

2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs **("MCA")** has vide its circular dated 5th May, 2022, 14th December, 2021 read with circulars dated 13th January, 2021, 5th May, 2020, 8th April 2020 and 13th April, 2020 (collectively referred to as **"MCA Circulars"**) and SEBI vide its circulars dated 13th May, 2022 read with 15th January, 2021 and 12th May, 2020 (collectively referred to as **"SEBI Circulars"**) permitted the holding of the Annual General Meeting **("AGM")** through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")** and MCA Circulars, the 26th AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the 26th AGM through VC/OAVM.

3. **Pursuant to the above referred MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.**

   However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.

4. In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 is being sent through electronic mode only to those Members whose e-mail address is registered with the Company's Registrar and Share Transfer Agent / Depository Participants as on **Friday, 10th June, 2022.**

   Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website at www.sonacomstar.com, websites of the Stock Exchanges, that is, BSE Limited and National Stock Exchange of India Limited (NSE) at www.bseindia.com and www.nseindia.com, respectively and on the website of NSDL at evoting.nsdl.com

5. The Board of Directors of the Company has appointed Mr. Ankit Singhi (FCS No. - 11685; CP No. 16274), and failing him, Mr. Nitesh Latwal (ACS No. – 32109; CP No. 16276) Partners of M/s. PI & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.

6. The Scrutinizer will, after the conclusion of e-voting at the AGM, scrutinize the votes casted at the Meeting, votes casted through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairperson or a person authorized by him in writing, who shall countersign the same and declare the results (consolidated) within two working days from the conclusion of the AGM.

7. The result declared along with the Scrutinizers Report displayed at the Registered as well as Corporate Office of the Company and immediately will be placed on the Company's website at www.sonacomstar.com and on the website of NSDL e-voting 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, Chairperson, Directors, Key Managerial Personnel, the Chairperson 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 Circulars and MCA Circulars, the Company is providing facility of remote e-Voting and e-Voting at

the AGM to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-voting on the date of the AGM will be provided by NSDL.

11. For receiving all the communication(including Annual Report) from the Company electronically, Members are requested to register/update their email address.

    Manner of registering / updating email addresses:

    A) For members holding shares in physical mode: Members holding shares in physical mode who have not registered/ updated their email addresses with the Company, are requested to register/ update the same by providing the signed Form ISR-1 to Company's RTA. Members can also write to the Company/RTA at investor@sonacomstar.com / einward.ris@kfintech.com respectively along with the copy of signed Form ISR-1 mentioning all the details including Folio Number, name and address of the Member, Permanent Account Number ("PAN"), Email address, Mobile Number etc.

    B) For members holding shares in dematerialised mode: Members holding shares in dematerialised mode are requested to register/ update their email addresses/Electronic Bank Mandate by contacting their respective Depository Participants.

12. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.

13. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on the **record date (cut-off date) i.e., Thursday, 7th July, 2022,** are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only. Once the vote on a resolution is casted by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote through remote e-voting shall not be allowed to vote again at the Meeting.

14. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, Annual Report along with the AGM Notice and all other documents as referred in the Notice and explanatory statement, including certificate from the Secretarial Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 will be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. **Thursday, 14th July, 2022** and also during the AGM. Members seeking to inspect such documents can send an email at investor@sonacomstar.com.

15. The final dividend for the year ended 31st March, 2022 as recommended by the Board, if approved at the AGM, will be paid to those members whose names will appear in the Company's Register of Members /List of Beneficial Owner as on **Thursday, 30th June, 2022**.

    Members are requested to update/register Electronic Bank Mandate for the purpose of receiving the dividends directly in their bank account(s)on payout date.

    Manner of registering / updating Electronic Bank Mandate:

    A) For members holding shares in physical mode :

    Members holding shares in physical mode who have not updated their mandate for receiving the dividends directly in their bank account(s)on payout date through Electronic Clearning Services or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their Bank Account electronically, by sending the signed Form ISR-1 to Company/RTA along with the following details/document by email to investor@sonacomstar.com/einward.ris@kfintech.com respectively;

    i) Name and branch of Bank in which dividend is to be received and bank account type;

    ii) Bank Account Number allotted by your Bank after implementation of core banking solutions;

    iii) 11 digit IFSC Code; and

    iv) Self attested scanned copy of cancelled cheque bearing the name of the members or the first holder, in case shares are held jointly.

    B) For members holding shares in dematerialised mode:

    Members holding shares in dematerialised mode are requested to register/ update Electronic Bank Mandate by contacting their respective Depository Participants.

16. Members holding shares in dematerialised form may please note that bank details as furnished by the respective depositories will be used for the purpose of distribution of dividend to members. For members who have not updated their bank account details, dividend warrants / demand drafts / cheques will be sent out to their registered addresses. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialised mode) and with the Company's Registrar and Transfer Agent **("RTA")** (where shares are held in physical mode) by providing the signed Form ISR-1 which is available on the website of the

Company at https://sonacomstar.com/investor-relations. The Company or the Share Transfer Agent will not act on any direct request from such members for change/deletion in bank details.

17. SEBI has recently mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from 1st January 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after 1st April 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at https://sonacomstar.com/investor-relations.

COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

Shareholders may note that pursuant to changes in the Income Tax Act, 1961 **("IT Act")**, as amended by the Finance Act, 2020, dividend Income is taxable in the hands of shareholders and the Company is required to deduct Tax at Source (TDS) at the time of making the payment or distribution of dividend to the shareholders at the prescribed rates. Tax shall be deducted at source @ 10 % for resident shareholders with valid Permanent Account Number **("PAN")**; or @ 20% for resident shareholders without PAN or invalid PAN (as per Sec. 206AA of IT Act). Further, the TDS rate of 10% is subject to provisions of Section 206AB of the IT Act (effective from 1st July, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in Section 206AB of the IT Act, tax is required to be deducted, at the higher of the following rates, in case of payments to the **'specified person'**.

a) At twice the rate specified in the relevant provision of the IT Act; or

b) At twice the rate or rates in force; or

c) At the rate of 5%

The term 'Specified Person', as defined in Section 206AB of the IT Act means a person who has not filed the return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted for which the time limit of filing the return of income under sub-section (1) of Section 139 has expired; and the aggregate of the tax deducted at source and the tax collected at source in his/her case is INR 50,000 or more in each of these two previous years.

Further, TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the IT Act, if such valid certificate is provided.

However, no TDS shall be deducted on the dividend payable to:

A) Individual shareholders, if:-

- the amount of such dividend or as the case may be, the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year does **not exceed INR 5,000/-**, or

- their **income is below the taxable limit** and **declaration is received** from such shareholders in Form 15G (for individual resident, who is of the age of below 60 years, click here for Form 15G https://sonacomstar.com/investor/corporate-announcements) or in Form 15H (for individual resident, who is of the age of 60 years or more, click here for Form 15H https://sonacomstar.com/investor/corporate-announcements).

B) Insurance Companies (viz. LIC, GIC etc.), Mutual Funds and Alternative Investment Funds (incorporated in India), where the following documents, complete in all respects, are received from them:

Category of shareholder	Exemption applicability/Documentation requirement
Mutual Funds	1. A self-declaration that they are governed by the provisions of Section 10(23D) of the Income-tax Act, 1961;
	2. Self-attested copy of SEBI registration certificate; and
	3. Self-attested copy of PAN.
Insurance Companies	1. A self-declaration that they are covered by the second proviso to Section 194 of the Income-tax Act, 1961 and has full beneficial interest with respect to the shares owned by it;
	2. Self-attested copy of IRDA registration certificate; and
	3. Self-attested copy of PAN.
Category I and II Alternative Investment Fund **("AIF")**	1. A self-declaration that the income of the AIF is exempt under Section 10(23FBA) of the Income-tax Act, 1961 and that they are governed as Category I or Category II AIF under the SEBI regulations;
	2. Self-attested copy of SEBI registration certificate; and
	3. Self-attested copy of PAN.
Other non-individual resident shareholder	1. A self-declaration that dividend receivable by them is exempt from tax under Section 196 or other relevant provisions of the Income-tax Act, 1961; and
	2. Self-attested copies of documents in support of the claim.

In case of non- resident shareholder, taxes shall be withheld as per section 195 and section 196D of the IT Act, at the rates, as applicable. As per the relevant provisions of the IT Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the IT Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

Further, as per Section 90 of the IT Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty **("DTAA")** between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, to avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:

a) Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish (a) name; (b) email id; (c) contact number; (d) address in residency country; and (f) Tax Identification Number of the residency country (for format click here https://sonacomstar.com/investor/corporate-announcements).

b) Self-attested copy of Tax Residency Certificate **("TRC")** (for the period April 2022 to March 2023) obtained from the tax authorities of the country of which the shareholder is a resident.

c) Self-declaration in Form 10F (for format click here https://sonacomstar.com/investor/corporate-announcements).

d) Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (for the period April 2021 to March 2022) (for format click here https://sonacomstar.com/investor/corporate-announcements).

e) In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.

f) In case of shareholder being tax resident of a foreign country or specified territory where the Double Taxation Avoidance Agreement **("DTAA")** between India and that foreign country or specified territory, as the case may be, prescribes additional conditions (for example Article 24 of the India-Singapore Tax Treaty) for the shareholder to avail any beneficial tax treatment, please furnish relevant evidences demonstrating eligibility to avail such beneficial tax treatment (for example letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore DTAA). It is recommended that shareholder should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by the relevant DTAA.

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

Note: The non-resident who does not have the permanent establishment is excluded from the scope of a "Specified Person definition" as provided under section 206AB of the IT Act.

The Tax Exemption Forms from resident shareholders and Forms & Documents from non-resident shareholders for availing the benefit of Tax Treaty Rate, as stated above, to be uploaded on the link http://ris.kfintech.com/form15/forms.aspx?q=0 on or before **Thursday, 30th June, 2022**.

Kindly note that no communication/documents on the tax determination/ deduction shall be considered post 11:59 PM (IST) of **Thursday, 30th June, 2022**.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents, shareholder would still have an option of claiming refund of the excess tax deducted at the time of filing their income tax return by consulting their tax advisors.

No claim shall lie against the Company for such taxes deducted.

Credit of TDS will be available for verification in Form 26AS to those shareholders who have registered valid PAN as above, which can be downloaded from their e-filing account at https://incometaxindiaefiling.gov.in. The TDS Certificate, if applicable, will be e-mailed to your registered e-mail address in due course of time, post payment of the aforesaid dividend."

Further, in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING/ E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on **Monday, 11th July, 2022 at 9:00 A.M**. and ends on **Wednesday, 13th July, 2022 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the **cut-off date i.e. Thursday, 7th July, 2022**, may cast their vote electronically. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **Thursday, 7th July, 2022**.

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 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual members holding securities in demat mode is given below:

Type of members	Login Method
Individual Members holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer/Laptop 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. 2. 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 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer/Laptop or on a mobile. 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. 4. Members/Members 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** App Store Google Play
Individual Members holding securities in demat mode with CDSL	1. 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. 2. 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. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. 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

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer/Laptop or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL 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.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. **Password details for members other than Individual members are given below:**

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in process for those members whose email ids are not registered.

6. **If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:**

   a) Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   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. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to info@piassociates.co.in with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com 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 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at investor@sonacomstar.com atleast 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 4.

M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/ N500013), (hereinafter referred to as **Walker Chandiok**) were appointed as statutory auditors of the Company at the 21st AGM held on 28th September, 2017 to hold office from the conclusion of the said meeting till the conclusion of the 26th AGM to be held in the year 2022. In terms of the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, if any, the Company can appoint or reappoint an audit firm as statutory auditors for not more than two (2) terms of five (5) consecutive years. Walker Chandiok is eligible for reappointment for a further period of five years. Considering the evaluation of the past performance, experience and expertise of Walker Chandiok and based on the recommendation of the Audit Committee, the Board of Directors, at its meeting held on 9th June, 2022, approved the reappointment of Walker Chandiok as the statutory auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the ensuing AGM until the conclusion of the 31st AGM of the Company. The reappointment is subject to approval of the shareholders of the Company.

The proposed remuneration to be paid to Walker Chandiok for audit services for the Financial Year ending 31st March, 2023, is INR 11,200,000 (Rupees Eleven Million and Two Hundred Thousand) plus applicable taxes and out-of-pocket expenses.

The Board of Directors, on the recommendation of the Audit Committee, are authorised to approve and/or revise the remuneration of the statutory auditors, from time to time.

The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors.

Brief profile of M/s. Walker Chandiok & Co. LLP

M/s. Walker Chandiok & Co LLP is an Indian global firm, established in the year 1935. The head office of the Firm is at L-41, Connaught Circus, Outer Circle, New Delhi - 110001, Delhi, India. It has over 85 years of experience in India providing audit, tax and advisory Services. The firm is also acting as statutory auditors of many listed entities in India.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in passing the proposed Resolution.

The Board recommends the resolution set forth in item no. 4 for the approval of members as an **Ordinary Resolution**.

ITEM NO. 5.

Based on the recommendation of Nomination and Remuneration Committee and Board of Directors, the members of the Company in its meeting held on 5th July, 2019 has appointed Mr. Sunjay Kapur as Non-Executive Director and Chairperson of the Company.

Further, the members of the Company in its meeting held on 22nd February, 2021, based on the recommendation of Nomination and Remuneration Committee and Board of Directors, has approved variation in the terms of appointment of Mr. Sunjay Kapur as Non-Executive Director and Chairperson of the Company.

Mr. Sunjay Kapur is a qualified professional with over two decades of experience in the automotive industry. Mr. Kapur graduated with a bachelor's degree in Business Administration from the University of Buckingham and completed his post-graduation in Owner President Management program from Harvard Business School. He is the elected President of the Automotive Component Manufacturers Association of India. He is also a member of the National Council of Confederation of Indian Industry. He is the Co-Chairperson of CII Manufacturing Council and has been past Chairperson of CII Haryana State Council. He is a member of the Board of Governors at The Doon School, Dehradun, and Chairperson of the school's sports committee. He has also held the prestigious position of Global Chairperson of the Entrepreneurs' Organization in 2007-2008. With over two decades of experience in the automotive industry, he serves as an Independent Director on the board of other listed company. He had earlier been the Managing Director of Sona Koyo Steering Systems Limited (now JTEKT India Limited).

Mr. Sunjay Kapur is a doyen of the auto industry. Prior to his appointment as Non-Executive Director, Mr. Kapur was the Managing Director of the Company since 2015 and has been continuously associated with the Company since August 2006. In his previous role as Managing Director, Mr. Kapur was responsible for management of the whole of affairs of the Company.

Considering his rich experience and expertise in the automotive industry and his contribution in the growth of the Company, the Board had appointed him as Chairman and Non-Executive Director on 5th July 2019. Mr. Kapur's responsibilities include the following:

i. engage with the customers (along with the other Key Managerial Persons and relevant employees of the Company);

ii. represent himself, the Company and its Subsidiaries in industry associations, forums,

iii. conferences and other business events;

iv. contribute and participate in the strategic planning for the Company and its Subsidiaries;

v. introduce new customers to the Company; and

vi. introduce new technology partners to the Company.

The terms and conditions in connection with the appointment and remuneration of Mr. Sunjay Kapur, shall remain the same as approved by the members of the Company in its meeting held on 5th July, 2019 and 22nd February, 2021. There is no increment proposed in the remuneration of Mr. Sunjay Kapur, and his remuneration remains the same since July 2019. The Company had also disclosed the particulars in relation to the remuneration of Mr. Kapur as Chairman and Non-Executive Director of the Company, on page no. 218 of the Red Herring Prospectus filed on June 7, 2021 as part of its listing process.

It may be pointed out that as per 2019 India Spencer Stuart Board Index Report published in October 2020 (https://www.spencerstuart.com/research-and-insight/india-board-index), the average remuneration for Indian board chairs was INR 57.1 million in 2019. The percentage of chairs receiving remuneration of more than INR 150 million was 13.3% in 2019. This indicates that the remuneration payable to Mr. Kapur for Financial Year 2022-23 is as per industry standards and justified given his experience, expertise and responsibilities.

The Board also considers the annual remuneration of INR 24 million payable for Financial Year 2022-2023 to Mr. Kapur as Chairman & Non-Executive Director of the Company to be commensurate with the contribution made by him and expected from him given his long association with the Company and his stature and profile in the auto industry. This is also keeping in view his enlarged role which has included orderly transition in a company of this size and complexity while also being a mentor to the executive management. Mr. Kapur has been and is instrumental in shaping and steering the long-term strategy of the group. The role of Mr. Kapur as Chairman & Non-Executive Director and Mr. Vivek Vikram Singh as Managing Director & Group Chief Executive Officer (CEO) has been clearly demarcated based on their respective profiles and experience in the Company and the industry.

In accordance with Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 **("Act")**, the Company is 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 the payment of remuneration to Mr. Sunjay Kapur is likely to exceed such above referred limit of fifty percent , approval of the members is sought for payment above mentioned remuneration for the Financial Year ending on 31st March, 2023 in terms of Listing Regulations. The shareholders of the Company had approved the payment of remuneration to Mr. Kapur for the Financial Year 2021-22 by way of special resolution in the 25th Annual General Meeting held on 9th September, 2021.

It may be brought to the attention of the members that the remuneration payable to Mr. Kapur for the Financial Year 2022-2023 alongwith the remuneration/ compensation payable to the other Non-Executive Directors of the Company will be within the limit of 3% of net profit of the Company, as calculated in accordance with section 198 of the Act, approved by the members in the AGM held on 9th September, 2021, with a maximum cap of INR 70,000,000 (Indian Rupees Seventy million) for each financial year.

Except Mr. Sunjay Kapur, Non-Executive Director and Chairperson of the Company, none of the Directors of the Company or their relatives, is in any way concerned or interested in the resolution as set out in item no. 5 of the Notice.

The Board of Directors recommends the resolution as Set out in the Item No. 5 of the Notice for the approval of the members as a **Special Resolution**.

ITEM NO. 6 & 7.

The members of the Company in their Extra Ordinary General Meeting held on 5th July, 2019 appointed Mr. Vivek Vikram Singh as the Managing Director and Group CEO of the Company for a period of 3 (three) years effective from 5th July, 2019 to 4th July, 2022.

Mr. Vivek Vikram Singh is associated with the group since last 7 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 has over 17 years of experience, including seven years of experience in the automotive industry. He is also responsible for overseeing the production of auto components and systems platform in electric vehicles and hybrids, capital allocation decisions, shareholder management at our Company. He was recognised as one of the India's 40 under forty hottest business leaders by the Economic Times in 2018. In April 2022, Mr. Singh has been awarded as the EY Entrepreneurial CEO of the Year 2021.

Based on the strong performance of the Company and increase in shareholders' value, under the leadership of Mr. Singh and other key factors as elaborated below, the Nomination and Remuneration Committee considered it appropriate to recommend to the Board reappointment of Mr. Vivek Vikram Singh as the Managing Director and Group CEO of the Company, for a period of 5 (five) years commencing on 5th July, 2022 till 4th July, 2027 **("Term")** on the terms and conditions, including the remuneration payable to Mr. Singh as contained in this explanatory statement.

The Nomination and Remuneration Committee considered the following key factors while making its recommendations to the Board:

1. Under Vivek's leadership, the growth of the Company has accelerated, and it achieved impressive growth in both revenues and profits. The revenues grew to INR 21,306 million in the Financial Year 2022 from INR 6,992 million in the Financial Year 2019, at a CAGR of 45%, and the profits (PAT) grew to INR 3,615 million in Financial Year 2022 from INR 1,001 million in the Financial Year 2019, at a CAGR of 53%.

2. This remarkable growth was delivered under the new strategy, envisaged and led by Mr. Singh, based on four strategic priorities – Electrification, Global Market Significance, Diversification, and Technology. He has led the Company to achieve outstanding results in each of these areas described below:

    a. Revenue from the battery electric vehicle (BEV) segment grew ~29 times to INR 5,042 million in the Financial Fiscal 2022 from INR 174 million in the Financial Year 2019. As a percent of revenue, BEV share reached 25% in Fiscal 2022 from merely 1% in the Financial Year 2019. The Company acquired its first major EV customer in the Financial Year 2020, and by the end of the Financial Year 2022, the Company has won 30 EV programs across 19 customers.

    b. The global market share of the Company in its legacy products increased significantly. For differential gears, it reached 6.3% in the calendar year 2021 from 4.5% in the calendar year 2019, and for starter motors, it nearly doubled to 4.6% from 2.5% during the same period. Focus on business development also increased significantly under his leadership. The Company has a net orderbook of INR 186 billion by the end of the Financial Year 2022. At ~9 times the revenues for the Financial Year 2022, it indicates a strong future growth potential for the Company.

    c. The revenue mix across geographies and products has become more balanced in the Financial Year 2022, as compared to the Financial Year 2019. Mr. Singh also led the Company to enter into a new vehicle segment – electric two-wheelers and three-wheelers. With more focus on electrification, the dependence on Internal Combustion Engine (ICE) vehicles reduced to 18% in the Financial Year 2022 from 40% in the Financial Year 2019.

    d. Mr. Singh also kept the Company's focus on product innovation and devised a technology roadmap for the future of mobility. Following this roadmap, In the last three years under his leadership, the Company introduced 11 new products and created new revenue streams.

3. Mr. Singh led the efforts to the successful Initial Public Offering **("IPO")** of the Company with an issue size of INR 55,500 million in June 2021. It was India's largest IPO in the automotive component industry. Currently, the Company is amongst the publicly listed Top-5 auto component manufacturers in India by market capitalization.

4. Even after the IPO, the Company's share price performance was exceptional under his leadership. Since listing in June 2021, the Company's share price increased by 62% (as of June 8, 2022), outperforming the Sensex, Nifty 50, and Nifty Auto by a significant margin, which increased by only 4%, 3%, and 6% respectively during this period.

Accordingly, the Board of Directors of the Company in its meeting held on 9th June, 2022, based on the recommendation of the Nomination and Remuneration Committee, re-appointed Mr. Vivek Vikram Singh as Managing Director and Group CEO of the Company for a period of 5 (Five) years effective from 5th 5th July, 2022 to 4th July, 2027, at the remuneration approved by the Board as given below. Mr. Singh will be liable to retire by rotation. The aforesaid re-appointment and terms thereof is subject to approval of the members and such other approvals, as may be required, under applicable laws.

Mr. Singh, is re-appointed on the same remuneration as was approved by the Board in its meeting held on 27th October 2021, based on the recommendation of the Nomination and Remuneration Committee of the Board during the annual appraisal cycle-2021.

Brief resume of Mr. Vivek Vikram Singh, along with disclosures required under the Listing Regulations and Secretarial Standard – 2 on General Meeting issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, is given in the Annexure accompanying this Notice. Mr. Vivek Vikram Singh is not debarred from appointment pursuant to any order of SEBI or any other authority.

The terms and conditions of re-appointment and the break-up of remuneration of Mr. Vivek Vikram Singh as Managing Director & Group CEO are given below:

1. **Remuneration:**
    Mr. Vivek Vikram Singh, Managing Director and Group CEO shall by way of salary, allowances, perquisites and commission, be entitled for the following remuneration:

a. **Salary:**
Basic Pay of INR 287,996 (Rupees Two Hundred Eighty Seven Thousand Nine Hundred and Ninety Six Only) per month.

b. **HRA and other allowance:**
i) House Rent Allowance of INR 143,998 (Rupees One Hundred and Forty Three Thousand Nine Hundred and Ninety Eight Only) per month.

ii) Flexi Pay of INR 1,241,251 (Rupees One Million Two Hundred and Forty One Thousand Two Hundred and Fifty One Only) per month.

iii) Composite Allowance of INR 881 (Rupees Eight Hundred Eighty One Only) per month.

c. **Perquisites**
i) In addition to above remuneration Mr. Vivek Vikram Singh, Managing Director & Group CEO of the Company shall also be entitled to perquisites like vehicle (fuel, service, repair & maintenance, monthly toll charges) reimbursement, driver salary reimbursement, business promotion, internet/broadband bills and also repair and services bills, newspaper, magazine etc., soft furnishings, meal coupon and leave travel concessions for self and family. The value of these perquisites shall be restricted to an amount equivalent to INR 148,500 (Rupees One Hundred Forty Eight Thousand and Five Hundred Only) per month.

ii) Provision for use of chauffeur driven Company car for official duties / Car Allowance as per Company's Policy.

iii) Provision of telephone / mobile (including payment for local calls and long-distance official calls) as per Company's Policy.

iv) Company's contribution to Provident Fund and National Pension System (if applicable).

v) Gratuity not exceeding half month's salary for each completed year of service.

vi) Encashment of leave as per Company's policy.

In the absence or inadequacy of profits in any financial year during the currency of the tenure of Mr. Vivek Vikram Singh, as Managing Director & Group CEO of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Vivek Vikram Singh.

d. **Variable**
In addition to the above salary and perquisites, Mr. Vivek Vikram Singh, Managing Director & Group CEO of the Company shall also be entitled to such variable pay as may be decided by the Nomination and Remuneration Committee/ Board of Directors of the Company, from time to time.

The variable pay is linked to KPIs defined at the beginning of the year along with targets which include, but are not limited to, people metrics on safety, leadership and culture, lead performance indicators like new order intake, new EV programs by value, new product development, progress on defined technology roadmap; as well as lag indicators linked to annual business plan like EBIT, net profit, product quality, customer satisfaction, etc.

e. **ESOP**
Perquisites arising on ESOPs, as mentioned below, will also form part of the remuneration of Mr. Vivek Vikram Singh.

Mr. Singh was granted total 662,088 Options exercisable into 662,088 Equity Shares under the Scheme known as 'Sona BLW Precision Forgings Limited- Employee Stock Option Plan 2020 **("ESOP Plan-2020")**. The Options vested/to be vested over a period of 3 (three) years i.e. first vesting on October 1, 2021, second vesting on 1st October, 2022 and third vesting on 1st October, 2023.

On 1st October, 2021, 220,696 Options were vested and exercised by Mr. Singh. Now, 220,696 Options each will be vested in the remaining two tranches in the calendar year 2022 and 2023.

It is clarified that the current remuneration of Mr. Singh is within the maximum permissible remuneration as per Section 197 read with Schedule V of the Companies Act, 2013. However, 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.

It may also be brought to the attention of the members of the Company that in the AGM held on 9th September, 2021, the members has approved the payment of remuneration (including perquisite(s) arising as a result of exercise of Options granted under ESOP-2020) payable to Mr. Vivek Vikram Singh (DIN: 07698495) which may exceed the limits permissible under section 197 read with Schedule V of the Companies Act, 2013.

There is no other proposal to grant any additional Options to Mr. Singh under ESOP- 2020.

2. The appointment is w.e.f. 5th July, 2022 which may be terminated by either party giving the other party three months' notice or salary in lieu thereof, as the case may be, as mutually agreed between the Company and Mr. Singh

3. The Managing Director and Group CEO shall also be entitled to annual increments as may be decided by the Board, from time to time, based on the recommendation of the Nomination and Remuneration Committee.

4. The terms and conditions of the said appointment and/or Agreement(s) may be altered and varied from time to time by the Board as it may, in its discretion, deem fit.

5. The Managing Director and Group CEO shall be liable to retire by rotation.

6. He shall be a part of Company's directors' and officers' liability insurance policy.

The Board of Directors accordingly recommends the resolutions as set out in the Item No. 6 & 7, of the Notice for the approval of the members as an **Ordinary Resolution and Special Resolution** respectively.

Except Mr. Vivek Vikram Singh, Managing Director and Group CEO of the Company, none of the Directors of the Company or their relatives, is in any way concerned or interested in the resolution as set out in item no. 6 & 7 of the Notice.

Information as per Schedule V of the Companies Act, 2013 are as below:

S.No.	General Information	
1.	Nature of the Industry	Auto components manufacturing industry
2.	Commencement of Commercial Production	The Company commenced its commercial production since 1998
3.	In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus	Not applicable
4.	Financial Performance	The financial performance of the Company (audited) for Financial Year 2021-22:
5.	Foreign investment or collaboration, if any	The Company has foreign investments.
6.	Background Details	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 17 years of experience, including seven years of experience in the automotive industry. Mr. Singh joined the Company on 1st July, 2016. He was appointed as the Managing Director and Group Chief Executive Officer on the Board with effect from 5th July, 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.
7.	Past Remuneration:	INR 145.26 million (including perquisites value arising as a result of exercise of Options under ESOP Scheme-2020)
8.	Recognition or awards	a. Economic Times Award for under 40 Hottest Business Leaders of Indian award. b. EY Entrepreneurial CEO of the Year 2021.
9.	Job profile and his suitability	Mr. Vivek Vikram Singh is associated with the group since last 7 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.
10.	Remuneration Proposed	As mentioned above
11.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Mr. Singh is being re-appointed on the same remuneration. 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.

Financial performance (item 4):

Particulars	INR (in million)
Total Revenue	19,900.46
PBT	4,167.71
PAT	3,535.38

S.No.	General Information	
12.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	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.
Other Information		
1.	Reasons of loss or inadequate profits:	The current remuneration of Mr. Singh is within the maximum permissible remuneration as per Schedule V of the Companies Act, 2013. However, 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.
2.	Steps taken or proposed to be taken for improvement	The Company keeps on exploring new strategic and operational measures in its normal course of business to increase its profitability.
3.	Expected increase in productivity and profits in measurable terms	It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.

ITEM NO. 8.

Pursuant to the merger of Comstar Automotive Technologies Private Limited with the Company, the Company is required to conduct Cost Audit of the cost records of the Company in relation to some of its product for the Financial Year 2022-2023 as per the provisions of Section 148 Companies Act, 2013 **("Act")** and the Companies (Audit and Auditors) Rules, 2014. Accordingly, the Company is required to appoint a Cost Auditor, who is practicing Cost Accountants in accordance with the provisions of Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014.

The Board of Directors in its meeting held on 5th May, 2022, based on the recommendation of the Audit Committee, has approved the appointment of M/s. Jayaram & Associates, Cost Accountants, (Firm Registration No.: 101077), as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year 2022-23 at a remuneration of INR 200,000 (Indian Rupees Two Hundred Thousand Only) plus applicable taxes thereon besides reimbursement of out-of-pocket expenses on actuals incurred in connection therewith, payable to the Cost Auditor for Financial Year 2022-23.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item no. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2022-23.

None of the Directors and Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution as set out in item no. 8 of the Notice for the approval of the members as **Ordinary 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. Amit Dixit	Sunjay Kapur
Director Identification Number (DIN)	07698495	01798942	00145529
Date of Birth and Age	24.07.1979 (42 years)	26.01.1973 (49 years)	15.10.1971 (50 years)
Date of appointment	05.07.2019	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 degree of technology in civil engineering from the Indian Institute of Technology, Mumbai, (where he was awarded the institute silver medal), a master's degree in science in civil engineering from the Leland Stanford Junior University and a master's degree in business administration from Harvard University.	Mr. Sunjay Kapur is a qualified professional with over two decades of experience in the automotive industry. Mr. Kapur graduated with a bachelor's degree in Business Administration from the University of Buckingham and completed his post-graduation in Owner President Management program from Harvard Business School

Name	Mr. Vivek Vikram Singh	Mr. Amit Dixit	Sunjay Kapur
Brief resume/Experience (including expertise in specific functional area)	He has over 17 years of experience, including seven 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.	Mr. Amit Dixit is Head of Asia for Blackstone Private Equity. He has led various investments in South Asia and global technology-enabled services. Previously, Mr. Dixit was a Principal at Warburg Pincus and started his career at Trilogy Software. Mr. Dixit has established the first Chair exclusively for women faculty pursuing research in science and technology at IIT Mumbai. Mr. Dixit was previously a Director of Intelenet Global Services, Trans Maldivian Airways, Jagran Media, Igarashi Motors India, S.H. Kelkar Fragrances and Emcure Pharmaceuticals. He was appointed as a Nominee Director on our Board with effect from 5th July, 2019.	He has over two decades of experience in the automotive industry and holds membership in various autonomous bodies. He is the elected President of the Automotive Component Manufacturers Association of India. He is also a member of the National Council of Confederation of Indian Industry. He is the Co-Chairperson of CII Manufacturing Council and has been past Chairperson of CII Haryana State Council. He is a member of the Board of Governors at The Doon School, Dehradun, and Chairperson of the school's sports committee. He has also held the prestigious position of Global Chairperson of the Entrepreneurs' Organization in 2007-2008
Terms and Conditions of Appointment / Re-appointment	As mentioned in Item No. 6 & 7 of the Explanatory Statement annexed to this Notice	He was appointed as Non-Executive and Nominee Director of Singapore VII Topco Pvt. Ltd	He was appointed as Non-Executive Chairperson and Nominee Director
Remuneration last drawn (including sitting fees, if any)	INR 145.26 million (including perquisites value arised as a result of exercise of ESOP under ESOP Scheme-2020	NA	INR 24.00 million
Remuneration proposed to be paid	As mentioned in the Item No. 6&7 of the Explanatory statement annexed to this Notice	NA	As per existing terms and conditions
Shareholding in the Company (including shareholding as a beneficial owner in the Company as on March 31, 2022).	Nil	Nil	He is the Significant Beneficial Owner as per the Companies Act, 2013 and indirectly hold 33.06% 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	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	As mentioned in the Corporate Governance Report
Directorship of other Boards as on 31st March, 2022	Interplex Holdings Pte. Ltd.	1. Mphasis Limited	1. Sona Autocomp Holding Private Limited
		2. EPL Limited	
		3. Aadhar Housing Finance Limited	2. Sona Management Services Limited
		4. Blackstone Advisors India Private Limited	3. Raghuvanshi Investment Private Limited
		5. PGP Glass Private Limited	4. BRS Finance and Investment Company Private Limited
		6 Aakash Educational Services Limited	5. Azarias Advance Systems Private Limited
		7. ASK Investment Managers Limited	6. Automotive Component Manufacturers Association of India
		8. IBS Software Pte. Ltd.	7. Indian Public Schools Society
		9. a. TU TopCo Inc.;	8. Jindal Steel & Power Limited
		b. TU MidCo Inc.;	
		c. TU BidCo Inc.	
***Membership / Chairmanship of Committees of the other Boards as on March 31, 2022**	**Sona BLW Precision Forgings Limited** a. Stakeholder's Relationship Committee	**Mphasis Ltd** a. Audit Committee **IBS Software Pte Limited** a. Audit & Risk Management Committee	-
Listed entities from which the person has resigned in the past three years	None	a. Jagran Prakashan Limited b. S H Kelkar And Company Limited	None

*For the purpose of considering the Committee membership and chairpersonship of a Director, membership and chairpersonship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered, including the membership/chairpersonship in Sona BLW Precision Forgings Limited.

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: Gurgaon
Date: 9th June, 2022

NOTES

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

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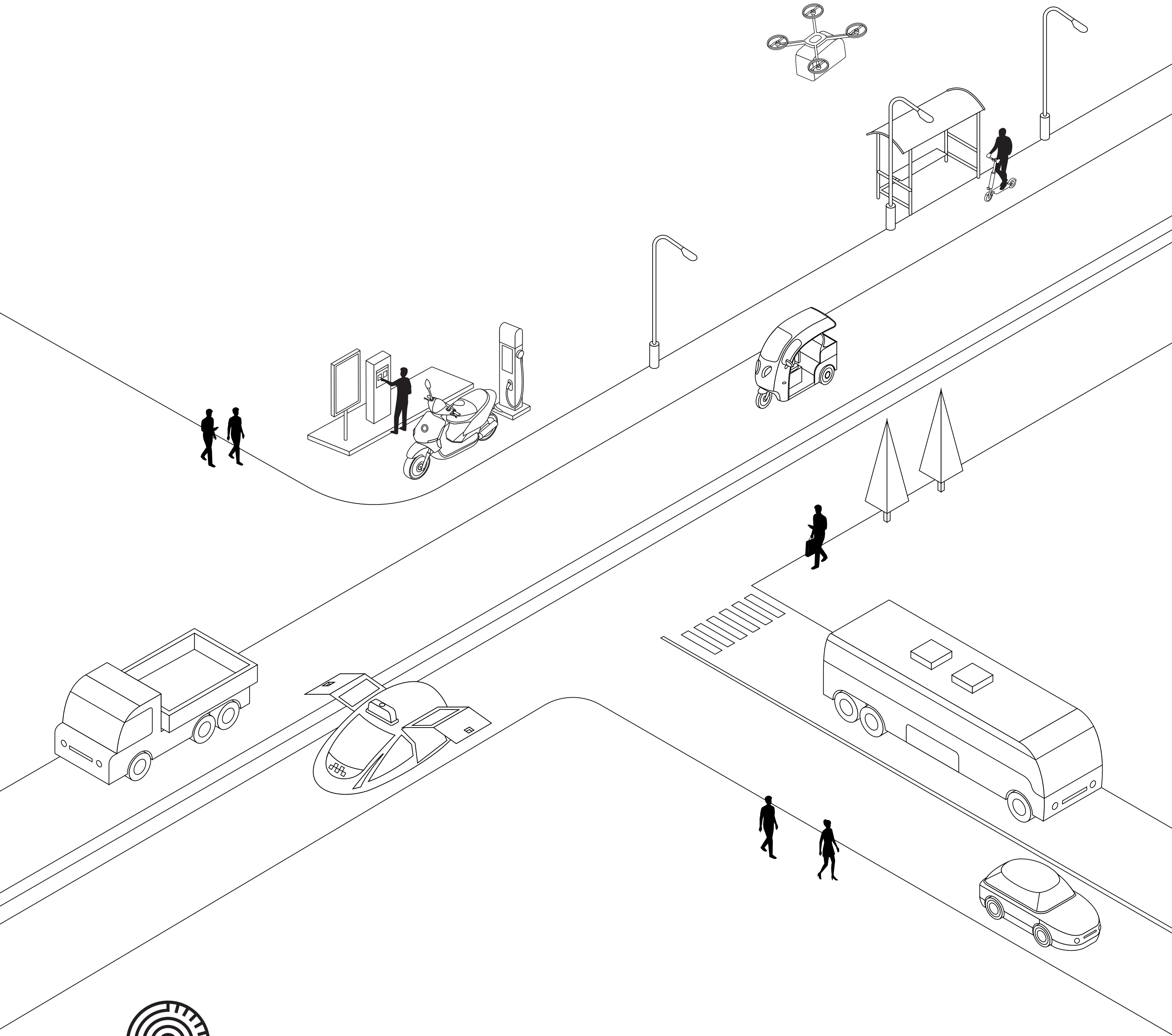

SONA COMSTAR

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