

Board's Report

Dear Members,

The Board of Directors takes pleasure in presenting the Twenty-Eighth (**28th**) Annual Report of Sona BLW Precision Forgings Limited (**Company** or **Sona Comstar**) along with the audited Financial Statements (Standalone and Consolidated) for the Financial Year ended on 31st March 2024.

1. FINANCIAL HIGHLIGHTS & PERFORMANCE

The financial performance of the Company (Standalone and Consolidated) for the Financial Year ended 31st March 2024 is as under:

	(INR in million)			
	Standalone		Consolidated	
	2023-2024	2022-2023	2023-2024	2022-2023
Revenue from Operations	28,931.09	24,686.24	31,847.82	26,755.95
Other Income	401.71	430.74	239.48	115.88
Total Income	29,332.80	25,116.98	32,087.30	26,871.83
Total expenses	22,953.52	20,137.10	25,287.08	21,747.09
Profit before exceptional items and tax	6,379.28	4,979.88	6,800.21	5,124.74
Less: Exceptional Items	87.16	33.69	87.16	33.69
Profit before tax	6,292.12	4,946.19	6,713.05	5,091.05
Less: Total Tax Expenses	1,447.32	1,065.29	1,535.30	1,138.08
Profit for the period/year	4,844.80	3,880.90	5,177.75	3,952.97
Other comprehensive (loss)/ income for the period/ year	-8.55	14.47	27.92	74.82
Total comprehensive income for the period/year	4,836.25	3,895.37	5,205.67	4,027.79
Earnings per share (Basic) (in INR)	8.27	6.64	8.83	6.76
Earnings per share (Diluted) (in INR)	8.27	6.63	8.83	6.75

Standalone

The standalone revenue (revenue from operations plus foreign exchange (net)) increased by 17.2% to INR 28,931.09 million for Financial Year 2024 from INR 24,686.24 million for Financial Year 2023, driven by ramp-up of sales volume for some of the new contracts especially in the electric vehicle (**EV**) segment in North American and European market and growth in sales in the Indian passenger and commercial vehicle market. Profit before exceptional items and tax in Financial Year 2024 was INR 6,379.28 million as compared to INR 4,979.88 million in Financial Year 2023, reflecting an increase of 28.1% from the previous year. Profit after tax (PAT) in the Financial Year 2024 was INR 4,844.80 million as compared to INR 3,880.90 million in Financial Year 2023, reflecting an increase of 24.8% from the previous year.

Consolidated

The consolidated revenue (revenue from operations plus foreign exchange (net)) increased by 19.0% to INR 31,847.82 million for Financial Year 2024 from INR 26,755.95 million for Financial Year 2023, primarily driven by the start and ramp-up of sales volume for some of the new contracts especially in the EV segment in North American and European market and growth in sales in the Indian passenger and commercial vehicle market. Profit before exceptional items and tax in Financial Year 2024 was INR 6,800.21 million as compared to INR 5,124.74 million in Financial Year 2023, reflecting an increase of 32.7% from the previous

year. Profit after tax (**PAT**) in the Financial Year 2024 was INR 5,177.75 million as compared to INR 3,952.97 million in Financial Year 2023, reflecting an increase of 31.0% from the previous year.

2. PERFORMANCE OF THE COMPANY AND INDUSTRY OVERVIEW

In Fiscal Year 2024, your Company continued its growth momentum by scaling new revenue and profitability benchmarks. Its consolidated revenue, EBITDA and Profits (before tax and exceptional items) were INR 31,847.82 million, INR 9,020.97 million and INR 6,800.21 million, respectively. The EV business that witnessed revenue growth of 32% over the prior year led the overall revenue growth. One of the key contributors to the EV business growth was the ramp-up and start of various new programmes. Non-EV business also achieved 15% revenue growth.

This performance was achieved against the headwinds of high inflation, geopolitical issues, rising interest rates and widespread strikes in US automotive factories in the global markets, and lower electric two-wheeler production due to vehicle homologation for new battery standards, pricing fallout and lower demand for a few electric two-wheelers OEMs after FAME II subsidy reductions in the domestic market. Global light vehicle production during the Fiscal 2024 recovered notably from the easing of supply chain-related challenges and the growing accessibility of battery electric vehicles (**BEVs**).

Although the industry continued to witness some major headwinds in various aspects, such as geopolitical, government policies and regulations, and inflationary trends in raw materials, 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 production lines. Apart from maintaining the revenue growth momentum during the year, your Company continued to drive business development and won 39 new programmes during the Fiscal 2024, of which 12 were for EV Programs. As of 31st March 2024, your Company has 54 EV programs, out of which 27 EV programs are under serial production or in a ramp-up phase, and 27 programs will undergo serial production in the Fiscal 2025 or later, depending upon customers' production schedules. With these new order wins, your Company's 10-year net order book stands at INR 226 billion.

The future of mobility is shifting towards higher and higher levels of automation, making vehicles more and more intelligent. As per findings from a Capgemini analysis, the ADAS sensor market is projected to reach a value of USD 75 billion by the calendar year 2030. Additionally, a report from McKinsey indicates that the combined sectors of ADAS and AD are anticipated to contribute between \$300 billion and \$400 billion to the passenger car market by the year 2035. During the year under review, the Company has completed the acquisition of NOVELIC and added a new business vertical of Sensors and Softwares.

With this acquisition, your Company expanded our technology landscape and modified our vision statement to replace the word 'auto technology' with 'mobility technology' to include all forms of future mobility. Aligning with the updated vision, it revamped its technology roadmap for the E.P.I.C. mobility (electric, personalised, intelligent and connected). In this new roadmap, we added eight new products in the future products category and we already won a programme for one of these – an integrated motor controller – during the year itself.

Continuing our focus on ESG, we published our second sustainability report this year and set targets for many sustainable development goals. One of the most important targets is to achieve a 45% revenue share from electric vehicles by 2026. We improved the emissions intensity (Scope 1 and 2) by more than 10% in relation to the revenue, compared to previous year. Moreover, the company has been rated (core) as low ESG risk with a score of 14.4 and it is ranked in the top 9% companies rated by Sustainalytics (as on date of publishing this report).

This was an eventful year for your Company. We participated in the Bharat Mobility Global Expo 2024, where we showcased our entire technology portfolio, including the recently added sensor products, which were well-liked by our customers. Even on the employee satisfaction front, once again we earned the Certification for Great Place To Work from the Great

Place to Work® Institute. The coveted recognition reinforces your Company's standing as one of India's leading automotive technology employers. On the Corporate Governance, the company received the prestigious Golden Peacock Award for Excellence in Corporate Governance in 2023. This award is a testament to the Company's exemplary governance practices which have consistently contributed to the Company's sustainable growth, financial success, and reputation as a responsible corporate entity.

For the future outlook, S&P Global Mobility forecasts global light vehicle sales to reach 88.3 million units in the calendar year 2024 and witness a 2.8% growth over the previous year. The auto industry continues to navigate stickier interest rates, improving supply chains, the affordability squeeze, lofty new vehicle prices, patchy consumer confidence, energy price/supply concerns, and ongoing electrification growing pains.

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 2023-24, pursuant to the provisions of Regulation 34 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**), and is attached as a separate statement forming part of this Annual Report.

4. ACQUISITIONS, INVESTMENTS AND OTHER CORPORATE DEVELOPMENTS

Certification under Production-Linked Incentive (PLI) Scheme

Your Company has received certifications for its 2 (two) hub wheel motors for electric two-wheelers under the Product Linked Incentive (**PLI**) Scheme for Automobile and Auto Component Industry in India from the Ministry of Heavy Industries, for availing the benefits/incentive under PLI Scheme.

Collaboration with Equipmake

Your Company has signed a technology licensing agreement (**Agreement**) with Equipmake, a UK-based technology company that has developed high-performance electric powertrains. Under the Agreement, Equipmake will license certain patented spoke motor and inverter technology in the power range of 100kW to 440kW to Sona Comstar to manufacture and sell EV Powertrains, subsystems, and components for electric cars, buses, commercial vehicles and off-road vehicles.

Incorporation of Wholly Owned Subsidiary in Mexico

During the Financial Year 2023-24, your Company has incorporated a wholly owned subsidiary "Sona BLW eDrive Mexicana, S.A.P.I. DE C.V." in Silao Mexico, mainly for manufacturing and assembly of bevel gears, differential assemblies and/or any other activities ancillary and incidental thereto. The Plant has been

inaugurated on 20th April 2024. This strategic expansion underscores the Company's commitment to meeting the growing demand for high-quality driveline solutions for battery electric vehicles (BEVs) in North America.

Acquisition of 54% stake in NOVELIC d.o.o. Beograd – Zvezdara, in Serbia (NOVELIC)

During the Financial Year 2023-24, your Company has completed the acquisition of 54% share capital and voting rights in NOVELIC on 04th September 2023, through acquisition 51% of its share capital and voting rights from the existing shareholders and 3% of the share capital and voting rights by way of fresh issuance of Capital, as per the terms of the definitive documents executed in this regard.

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

Investment in Captive solar power plant for setting up captive power generating facility in Haryana, Maharashtra and Chennai

The Board of your Company in its meeting held on 25th October 2023, has approved the investment in special purpose vehicle (**SPVs**) for setting up captive power generating facility in the state of Haryana and Maharashtra, for solar capacity of 14.85 MWp and 4.00 MWp respectively. The Company will invest total INR 75 million in SPV for Haryana and Maharashtra. The SPV will be funded partly by equity and partly by debt capital. The Company will hold 26% in the form of the equity share capital of the SPVs and remaining 74% of the equity share capital will be held by the Clean Max Enviro Energy Solutions Private Limited (**CleanMax**), through its group companies.

In this regard, your Company has acquired 26% of equity shares of CleanMax Calypso Private Limited, for setting up captive power generating facility in the state of Haryana, for solar capacity of 14.85 MWp for its operations Gurgaon and Manesar, Haryana, on 25th January 2024. Further, your Company has executed definitive documents with CleanMax for investment of 26% equity share of CleanMax Nova Private Limited for setting up captive power generating facility in the state of Maharashtra, for solar capacity of 4.00 MWp for its operations at Chakan Plant, Pune, Maharashtra.

The Board your Company in its meeting held on 30th April 2024 has approved the investment of INR 8.30 million into a special purpose vehicle (**SPV**), in terms of the Electricity Act, 2003 and Rule and

Regulations issued thereunder, proposed to be incorporated by Cleantech (**Cleantech**), as developer, for the purpose of setting up a group captive solar power project for the Chennai facility of the Company. Once incorporated, the SPV will be funded partly by equity and partly by debt capital. The Company will be acquiring 26% in the form of the equity share capital of the SPV and remaining 74% of the equity share capital will be acquired by the Cleantech. The Company is engaged into discussions with Cleantech to negotiate and finalise the documents for this purpose.

These investments in SPVs are made by the Company to meet the regulatory requirements of group captive.

5. SUBSIDIARIES AND ASSOCIATES

As on 31st March 2024, the Company has 6 (six) directly held subsidiaries, 8(eight) step-down subsidiaries and 1 (one) associate company, the details of which is available on the website of the Company in Form MGT-7 at <https://sonacomstar.com/investor/annual-reports-and-returns>

During the year under review, 5(five) bodies corporate became subsidiaries of the Company, which includes 3 (three) step-down subsidiaries.

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 separate statement containing salient features of Financial Statements of all subsidiaries in Form AOC-1 forms part of this Report.

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

Your Company does not have any material subsidiary as on 31st March 2024.

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/files/policy/policy-for-determining-material-subsiaries-policy-f3dEtf.pdf>

6. TRANSFER TO RESERVES

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

7. DIVIDEND

The Board of Directors at their meeting held on 30th April 2024 have recommended payment of INR 1.53 (One Indian rupee and fifty-three paise only) per equity share of Company having face value of INR 10 (Indian rupees ten only) each as final dividend for the Financial Year ended on 31st March 2024. The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

During the year under review, the Board of Directors of the Company at their meeting held on 23rd January 2024 has declared an interim dividend of INR 1.53 (One Indian rupee fifty-three paise only) per equity share of the Company having face value of INR 10 (Indian rupees ten only) each. The interim dividend was paid to the shareholders on 15th February 2024.

The tabular representation of the dividend declared during the Financial Year under review is as follows:

Dividend	For the Financial Year ended 31 st March 2024	For the Financial Year ended 31 st March 2023
	Dividend per share (in INR)	Dividend per share (in INR)
Equity share		
Interim dividend	1.53	1.28
Final dividend	1.53	0.77
Total dividend	3.06	2.05

In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividend paid or distributed by the Company shall be taxable in the hands of the shareholders. The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source, as applicable.

The abovesaid dividend declared is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the Listing Regulations, can be accessed on the website of the Company at <https://sonacomstar.com/files/policy/dividend-distribution-policy-policy-oW38wX.pdf>

8. 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.

9. CHANGE IN SHARE CAPITAL OF THE COMPANY

Till the date of this report and during the Financial Year 2023-24, your Company has allotted 1,055,964 (One million fifty five thousand nine hundred sixty four only) equity shares of the Company having face value of INR 10 /- (Indian rupees ten only) each fully paid up, to the eligible employees of the Company upon exercise of vested options, as granted to them, under the Sona BLW Precision Forgings Limited-Employee Stock Option Scheme 2020 (**ESOP Scheme-2020**).

As a result, the paid-up share capital of the Company increased from INR 5,854,045,820 (Indian rupees five billion eight hundred fifty-four million forty-five thousand eight hundred twenty only) consisting of 585,404,582 (Five hundred eighty-five million four hundred four thousand five hundred eighty two only) equity shares having face value of INR10/- (Indian rupees ten only) each fully paid-up to INR 5,864,605,460 (Indian rupees five billion eight

hundred sixty-four million six hundred five thousand four hundred sixty only) consisting of 586,460,546 (Five hundred eighty-six million four hundred sixty thousand five hundred forty six only) equity shares having face value of INR 10/- each fully paid-up. The Equity Shares issued under ESOP Scheme-2020 shall rank *pari-passu* with the existing equity shares of the Company including dividend entitlement.

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

10. CHANGE IN NATURE OF BUSINESS

During the Financial Year 2023-24, there was no change in the nature of Company's business.

11. CORPORATE GOVERNANCE

Your Company is continuing to benchmark itself with the best practices and national and international standards of Corporate Governance. The Company's corporate governance practices reflect its value system which encompasses its culture and relationships with its stakeholders.

Your Company was bestowed with the '**Golden Peacock Award for Excellence in Corporate Governance-2023**' at National Level by Institute of Directors.

Further, your Company was assessed on the Corporate Governance Scorecard 2023, by Institutional Investor Advisory Services India Limited (**IIAS**) with a Governance Score 64, Governance Grade **Good** with overall rank of 33 amongst S&P BSE 200/Nifty 200 Companies.

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 Act.

The report on the Corporate Governance as stipulated in Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **Annexure-A** and form part to this Annual Report.



12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board Diversity

Your Company recognises the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. Your Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, race and gender, which will ensure that the Company retains its competitive advantage.

Your Company believes that a diverse Board contribute towards driving business results, make corporate governance more effective, enhance quality and responsible decision-making capability, ensure sustainable development and enhance the reputation of the Company.

The Policy to Promote Diversity on the Board of Directors (**Diversity Policy**) adopted by the Board, in compliance with Regulation 19(4) read with Part D of the Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**Listing Regulations**), sets out its approach to diversity.

The Diversity Policy is available on the website of the Company at <https://sonacomstar.com/files/policy/policy-on-board-diversity-policy-sKCWRQ.pdf>

Board of Directors

As on 31st March 2024, the Board comprises of 8 (eight) directors, including 5 (five) independent directors (including 2 (two) women independent directors), 1 (one) executive director, and 2 (two) non-executive directors. The brief profile of each director is available on the website of the Company at <https://sonacomstar.com/board-of-directors>

In the opinion of the Board, all Independent Directors (including those appointed during the year) possess requisite qualifications, experience, expertise, proficiency and hold high standards of integrity for the purpose of Rule 8(5)(iii)(a) of the Companies (Accounts) Rules, 2014. In terms of the requirements under the SEBI Listing Regulations, the Board has identified key skills, expertise and core competencies required for appointment of director on the Board, including the Independent Directors, details of which are provided as part of the Corporate Governance Report.

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

Appointment of Mrs. Manisha Girotra (DIN: 00774574) as Independent Director of the Company

The shareholders vide postal ballot, concluded on 01st March 2024, approved appointment of

Mrs. Manisha Girotra (DIN: 00774574), as Independent Director of the Company w.e.f. 01st January 2024 for a period of 5 (five) consecutive years.

Retirement of Mr. Ganesh Mani (DIN:08385423), Non-Executive Director of the Company

During the year under review, Mr. Ganesh Mani (DIN: 08385423), Non-Executive and Nominee Director of the Company retired from the directorship of the Company w.e.f. 19th July 2023, who was liable to retire by rotation at the 27th Annual General Meeting. Mr. Mani had expressed his unwillingness for being re-appointed at the 27th Annual General Meeting.

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

Retirement of Mr. BVR Subbu (DIN:00289721), Independent Director of the Company

Mr. BVR Subbu (DIN:00289721), Independent Director of the Company will be completing his first term of appointment on 4th July 2024. Mr. Subbu has expressed his unwillingness for being considered for re-appointment for the second term.

The Board of Directors of the Company in its meeting held on 30th April 2024 expressed their gratitude for the guidance and support provided by Mr. Subbu to the deliberation of the Board during his tenure as an Independent Director of the Company.

Key Managerial Personnel

As on 31st March 2024, the Key Managerial Personnel (**KMP**) of the Company as per Section 2(51) and Section 203 of the Act are as follows:

Name of the KMP	Designation
Mr. Vivek Vikram Singh	Managing Director and Group Chief Executive Officer
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Group General Counsel, Company Secretary and Compliance Officer

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

13. DECLARATION BY INDEPENDENT DIRECTORS

Your Company has, *inter-alia*, received requisite declarations from all the Independent Directors confirming that they:

- meet the criteria of independence as prescribed under the Section 149(6) of the Companies Act, 2013 (**Act**) read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and Regulation 16(1)(b) of the Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

- have complied with the Code of Conduct for Board of Directors and Senior Management Personnel (**Code**) of the Company for the Financial Year 2023-24.

The Board of Directors of the Company have taken on record the declarations and confirmations submitted by the Independent Directors.

None of the directors of the Company are disqualified from being appointed as Directors as specified under Section 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) or are debarred or disqualified by SEBI, Ministry of Corporate Affairs (**MCA**) or any other such statutory authority.

The Company has received a certificate from M/s. PI & Associates, Company Secretaries certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority, is attached as **Annexure - B** to this Annual Report.

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 Listing Regulations. Further, details on the same are given in the Corporate Governance Report, which forms part of this Annual Report.

The Managing Director and Group CEO of the Company has not received any remuneration or commission from any of the subsidiary companies. Further, the Company does not have any holding company.

Singapore VII Topco III Pte. Ltd. (**Singapore Topco**), the *erstwhile* holding company/majority shareholder (and promoter) of the Company had adopted an exit return incentive plan (**ERI Plan**) pursuant to which Singapore Topco has rewarded certain identified employees of the Company and/or its subsidiaries (including each of Key Managerial Personnel and Executive Director(s) who are not promoters or promoter group of the Company) with cash rewards based on certain disposition event(s) in relation to its interest in the Company. These cash rewards were paid/will be paid to such employees entirely by Singapore Topco (without any recourse or liability to the Company).

None of the promoters, nominee director of the Company, having significant influence, is beneficiary of the ERI Plan. The Board of Directors and Shareholders of the Company had approved the ERI Plan, in their respective meeting held on 06th August 2021 and 09th September 2021 in compliance

with regulation 26(6) of the Listing Regulations. Accordingly, Singapore Topco paid part of cash rewards to the identified employees (including the Managing Director and Group CEO) of the Company.

The Remuneration Policy of the Company is available on the website of the Company at <https://sonacomstar.com/files/policy/nomination-and-remuneration-policy-policy-DqCLrU.pdf>

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

The percentage increase in remuneration, ratio of remuneration of each director and key managerial personnel (**KMP**) to the median of employees remuneration, as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in a separate **Annexure-C1**, forming part of this Annual Report.

The statement containing names of top ten (10) employees in terms of remuneration drawn and the particulars of employees as required under section 197(12) of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as **Annexure- C2**, forming part of this Annual Report.

16. BOARD EVALUATION

Your Company believes that the process of performance evaluation at the Board level is crucial for its board engagement and effectiveness. Based on the recommendation of the Nomination and Remuneration Committee (**NRC**), your Company has adopted Policy for Evaluation of the Performance of the Board of Directors, which was duly approved by the Board of Directors.

Pursuant to the provisions of the Act and the Listing Regulations, 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.

The criteria of evaluation of Board are based on "Guidance note on Performance Evaluation" issued by the SEBI on 05th January 2017, and in compliance with provisions of Act and Listing Regulations.

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

The summary of the evaluation was presented to the NRC, Independent Director's and the Board of Directors of the Company in their meeting held on 30th April 2024.

Evaluation of Committees

The performance evaluation of committees was carried out by the Board 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 for the decision of the Board etc.

Evaluation of Directors and Board

A separate exercise was carried out by the NRC 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. Additionally, they also assessed 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.

Criteria for evaluation

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.

The performance evaluation of Independent Directors was based on various criteria, *inter alia*, including independence from the Company and other directors and that there is no conflict of interest, the director exercises his/her own judgement and voice opinion freely etc.

Criteria for Chairman

The performance evaluation of Chairman of the Board was based on various criteria, *inter alia*, including displaying efficient leadership, contribution to the Company and in the Board meetings, keeping shareholders' interest in mind during discussions and decisions, etc.

Evaluation of Independent Directors

The performance evaluation of Independent Directors was carried out by the Board of Directors based on various criteria, *inter-alia*, including attendance at Board

and committee meetings, qualification, experience, ability to function as a team, commitment, roles performed and understanding of industry.

The feedback and results of the Board Evaluation process conducted for the Financial Year 2023-24, have been mentioned in detailed in the Corporate Governance Report.

17. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

All Independent Directors of the Company are familiarised with the operations and functioning of the Company at the time of their appointment followed by a management presentation and on an ongoing basis. The details of such training and familiarisation program conducted during the period under review, are provided in the Corporate Governance Report and is also available on the website of the Company at <https://sonacomstar.com/files/policy/familiarisation-programme-policy-OzjWbw.pdf>.

Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The draft format of the letter of appointment is available on our website, at <https://sonacomstar.com/investor/appointment-re-appointment-of-independent-directors>.

18. DIRECTORS RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts for the Financial Year ended on 31st March 2024, the applicable accounting standards were followed, and there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2024 and of the profits of the Company for the Financial Year ended at 31st March 2024;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts for the Financial Year ended on 31st March 2024, have been prepared on a going concern basis;
- v. proper internal financial controls have been laid down by the Directors were followed and that such internal financial controls are adequate and operating effectively; and

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

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

The remuneration policy for directors, key managerial personnel, senior management personnel and other employees (**NRC Policy**) of the Company was adopted by the Board based on the recommendation of the Nomination & Remuneration Committee (**NRC**). The NRC Policy sets out detailed procedure of appointment along with the criteria to pay equitable remuneration to the directors, Key Managerial Personnel (**KMP**), Senior Management Personnel (**SMP**) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

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

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration of the directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The salient features of the NRC Policy of the Company are as follows:

- 1) The NRC shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMPs and SMPs accordingly recommend to the Board his/her appointment to the Board;
- 2) The NRC shall consider qualifications and appointment for Independent Directors as per the provisions of the Act.
- 3) The Company shall ensure that the person appointed as Director/Independent Director are not disqualified under the Act and rules made thereunder.
- 4) The Director/ Independent Director/KMP/SMP shall be appointed as per the procedure laid down under the provisions of the Act, and rules made there under and the SEBI Listing Regulations, or any other enactment for the time being in force.

- 5) The term/ tenure of the Directors shall be governed as per provisions of the Act and the Rules made there under, as amended, from time to time.
- 6) In case of re-appointment of Director(s), the Board shall take into consideration, the performance evaluation of director, engagement of the director and contribution in the deliberations of the Board.

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

20. EMPLOYEE STOCK OPTIONS SCHEMES

a. Sona BLW Precision Forgings Limited-Employee Stock Option Scheme-2020

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

The Nomination and Remuneration Committee has been designated as the Compensation Committee under the ESOP Scheme-2020. During the period under review, a total of 1,055,964 (One million fifty-five thousand nine hundred sixty four only) equity shares of the Company having face value of INR 10 /- (Indian rupees ten only) each fully paid up were allotted pursuant to exercise of options by the employees of the Company under the ESOP Scheme-2020. The last and final vesting under the ESOP Scheme-2020 occurred on 01st October 2023.

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

b. Sona BLW Precision Forgings Limited-Sona Employee Stock Option Plan-2023

During the Financial Year, the shareholders of the Company have approved the ESOP-2023 in their 27th Annual General Meeting held on 19th July 2023 and have authorised Nomination & Remuneration Committee (**NRC**) of the Board of the Company for administration, implementation and grant of ESOPs under the ESOP- 2023.

The NRC has granted 6,926,600 (Six million nine hundred twenty six thousand six hundred) Stock Options to the Eligible Employees of the Company and its subsidiaries as per the terms of the ESOP-2023 and the Exercise Price of the Employee Stock Options was the Fair Market value as on Grant Date.

The required disclosures under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**SEBI SBEB Regulations**) with regard to the **ESOP Scheme-2020 and ESOP-2023** 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 Auditors of the Company as required under Regulation 13 of the SEBI (SBEB) Regulation and it confirms that both the Schemes, ESOP Scheme-2020 and ESOP- 2023, have been implemented in accordance with these Regulations. The Certificate is available for inspection during the AGM of the Company.

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

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

22. DIVIDEND DISTRIBUTION POLICY

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

23. SUCCESSION PLANNING

The Company believes that succession planning for the Board members and Senior Management is very important for creating a robust future for the Company. The Nomination and Remuneration Committee plays a pivotal role in identifying successors to the members of the Senior Management and invests substantial time with the Managing Director & Group CEO on succession planning.

The Company has a succession planning policy in place which intends to achieve the following:

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

The succession planning policy of the Company as approved by the Board of Directors of the Company is available on the website of the Company at <https://sonacomstar.com/files/policy/succession-planning-policy-policy-SYOpD5.pdf>

24. DEPOSITS

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

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

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

26. RELATED PARTY TRANSACTIONS

The Company has in place a robust process for approval of related party transactions and on dealing with related parties.

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 is obtained from the Audit Committee, for the related party transactions.

The Board has amended the Policy on Related Party Transactions as required under the Listing Regulations and in accordance with the recommendations of Institutional Investor Advisory Services (**IIAS**), which is available on the website of the Company at <https://sonacomstar.com/files/policy/policy-on-related-party-transactions-policy-AIiHMo.pdf>

All contracts/arrangements/transactions entered into by the Company during the year under review with related parties were in the ordinary course of business and on arm's length basis in terms of provisions of the Act. Further, there are no contracts or arrangements entered into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

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

The Company in terms of regulation 23(9) of the Listing Regulations have disclosed the statement of related party transactions on a consolidated basis for the half year ended on 30th September 2023 and 31st March 2024 to the Stock Exchanges and website

of the Company at <https://sonacomstar.com/investor/financial-information>

During the year under review, there were no transactions for which consent of the Board was required to be taken in terms of Section 188(1) of the Act and accordingly, no disclosure is required in respect of the related party transactions in Form AOC-2 under Section 134(3)(h) of the Act and rules framed thereunder. Further, there were no material related party transactions in terms of the Listing Regulations requiring approval of the members during the year under review.

27. NUMBER OF MEETINGS OF THE BOARD

During the year under review, six (6) meetings of the Board of Directors were held. The details of the meetings of the Board of Directors held and attended by the Board of Directors during the Financial Year 2023-24 are given in the Corporate Governance Report which forms the part of this Annual Report.

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

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

28. DOWNSTREAM INVESTMENT

During the Financial Year 2023-24, the Company has not made any downstream investment which tantamount to indirect foreign investment. Hence, the requirement of obtaining certificate from the statutory auditors under the extant Foreign Exchange Management (Non-debt Instruments) Rules, 2019 is not applicable.

29. AUDITORS AND AUDIT REPORT

a. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company at its meeting held on 03rd May 2023, on the recommendation made by the Audit Committee, had appointed M/s. PI & Associates (CP no. 16276), as the Secretarial Auditors of the Company to undertake the Secretarial Audit for Financial Year 2023-24.

The Company voluntarily conducted secretarial audit on quarterly basis and report of the secretarial auditors were placed before the Audit Committee and the Board of Directors of the Company on quarterly basis.

The Secretarial Auditors' Report for the Financial Year 2023-24 does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed herewith and forms part of this Annual Report and enclosed as **Annexure-D**.

Further, the Board of Directors of the Company in its meeting held on 30th April 2024, based on the recommendation made by the Audit Committee, have appointed M/s. PI & Associates (CP No. 16276), as the Secretarial Auditors of the Company to undertake the Secretarial Audit for Financial Year 2024-25.

Secretarial Compliance Report

As per the regulation 24A(2) of the Listing Regulations, the Secretarial Auditors of the Company has provided the report on the applicable compliances of the Company for the Financial Year 2023-24. The Annual Secretarial Compliance Report obtained from the Secretarial Auditor of the Company has been submitted to the Stock Exchanges and is available on the website of the Company at <https://sonacomstar.com/investor/annual-reports-and-returns>

b. Statutory Auditors

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

The Statutory Auditor's Report on standalone and consolidated financials for Financial Year 2023-24, does not contain any qualification, reservation, adverse remarks or observation and the same forms part of this Annual Report.

c. Cost Auditors

As per the section 148 of the Act and Cost (Records and Audit) Rules 2014, the Company is required to maintain cost audit records and conduct the Cost Audit. Therefore, the Board in its meeting held on 03rd May 2023 based on the recommendation of Audit Committee had appointed of M/s. Jayaram & Associates, as the Cost Auditors of the Company for the Financial Year 2023-24 and the shareholders of the Company had ratified the fees of the cost auditor in 27th Annual General Meeting of the Company held on 19th July 2023.

During the Financial Year, the Cost Auditors of the Company provided the Cost Audit report for the Financial Year 2022-23 in the **Form CRA-3** and the Company has filed the Cost Audit Report with the Ministry of Corporate Affairs in Form CRA-4 within the prescribed time.

The Cost Audit Report for the Financial Year 2022-23 does not contain any qualification, reservation or adverse remark.

Further, the Board of Directors of the Company, based on the recommendation of the Audit Committee at its meeting held on 30th April 2024 has appointed M/s. Jayaram & Associates, as the Cost Auditors of the

Company for the Financial Year 2024-25 under section 148 of the Act. M/s. Jayaram & Associates, being eligible, have consented to act as the Cost Auditors of the Company for the Financial Year 2024-25.

The remuneration proposed to be paid to the Cost Auditors for the Financial Year 2024-25, is subject to ratification by the members of the Company at the ensuing 28th AGM, would not exceed INR 275,000 (Indian rupees two hundred seventy five thousand), excluding taxes and out-of-pocket expenses, if any.

d. Internal Auditors

The Board of Directors had in their meeting held on 30th April 2024 have appointed M/s. BDO India LLP (Firm Registration No. MCA: AAB-7880), as Internal Auditors of the Company for the Financial Year 2024-25.

30. 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 Auditors of the Company for the Financial Year 2023-24.

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.

31. REPORTING OF FRAUD

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

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the Financial Year 2023-24, the Company has spent INR 52,911,387 (Indian rupees fifty two million nine hundred eleven thousand three hundred eighty seven only) on the CSR projects. The

amount spent includes the administrative expenses and the amount spent on the conduct of impact assessment, and the remaining unspent amount of INR 14,038,839 (Indian rupees fourteen million thirty-eight thousand eight hundred thirty nine only) was transferred to unspent CSR account of the Company on 16th April 2024, committed for the ongoing CSR projects, as per the applicable provisions of the Act.

For the Financial Year 2023-24, your Company continued to focus on innovation and promoting education through high standard projects in the domains of education and supporting innovative start-ups. This year your Company made special efforts in skill development amongst youth through digital literacy and providing on job trainings in the field of CNC operators, Front Office Administration and banking Financial Service and Insurance. The CSR initiatives of the Company focused under the CSR intervention, amongst others, 'Sona Comstar Samridh Bharat Program' (for promoting education) and 'Sona Comstar Saksham Bharat Program' (promotion of innovation) during the year under review.

The CSR Policy of the Company is available on the website of the Company at <https://sonacomstar.com/investor/corporate-social-responsibilities>.

Your Company has in place a CSR Committee, which functions in accordance with the applicable provisions of the Act and such other matters as prescribed by the Board from time to time. The detailed terms of reference of the CSR Committee, attendance at its meetings and other details have been provided in the Corporate Governance Report.

Your Company's Annual Report on the CSR activities undertaken during the Financial Year ended 31st March 2024, in accordance with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (**CSR Rules**) is attached as **Annexure-E** to this Annual Report.

Your Company has engaged M/s. InGovern Research Services Private Limited and Bluesky Sustainable Business LLP, an Independent Agency, on voluntarily basis to conduct the impact assessment of the CSR initiatives undertaken for the Financial Year 2023-24. The impact assessment report is attached as **Annexure L** of this report.

Further, the Group Chief Financial Officer of the Company has certified that CSR spends of the Company for Financial Year 2023-2024 have been utilised for the purpose and in the manner approved by the Board of Directors of the Company.

33. AWARDS AND RECOGNITIONS

We are happy to inform that your Company has received the following recognitions/awards during the Financial Year 2023-24:

S. No.	Award Category	Awarded By
1.	Gold Award in recognition of outstanding performance achieved for FY23	Indian Tier-1 Supplier for CVs.
2.	Supplier Excellence Award for 2022	North-American Tier-1 Supplier for OHVs
3.	Special Support Award in vendor conference 2023	Indian OEM of PVs
4.	Great Place To Work Certificate	Great Place To Work® Institute India
5.	CII – ITC Sustainability Awards 2023-Commendation for Significant Achievement in Corporate Social Responsibility in manufacturing sector	Confederation of Indian Industry (CII)
6.	CSR Times	National CSR Summit & Award
7.	Golden Peacock Award for Excellence in Corporate Governance 2023 at National level	Institute of Directors
8.	2022-23 Vision Award on Annual Report	League of American Communications Professionals LLC (LACP)

34. RISK MANAGEMENT

Pursuant to Section 134(3) (n) of the Act and Regulation 17(9) of Listing Regulations, the Company has formulated and adopted a Risk Management Policy. The primary objectives of the policy include identification and categorisation of potential risks, their assessment, developing a mitigation plan and monitoring these risks. The Board has entrusted the Risk Management Committee (RMC) with overseeing the processes of identification, evaluation, mitigation of risks and assess management actions to mitigate such risks. The Chief Risk Officer periodically presents the risk evaluation and monitoring status to the RMC based on risk evaluation performed by risk owners in the organisation. The Company has designated Mr. Rohit Nanda, Group CFO as the Chief Risk Officer of the Company. The details of the RMC along with its charter are set out in the Corporate Governance Report, forming part of this Annual Report.

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

The Company also published Enterprise Risk Management (ERM) Framework on its website at <https://sonacomstar.com/files/policy/erm-framework-policy-CZEnft.pdf>

35. VIGIL MECHANISM

Your Company is committed to highest standards of professionalism, honesty, integrity, transparency

and ethical behaviour. Pursuant to the provisions of Section 177(9) & (10) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the Listing Regulations, the Board of Directors has approved the Policy on Vigil Mechanism/ Whistle Blower and Code of Conduct and Business Ethics which provides mechanism to its directors, employees, vendors, customers, business partners/ associates or any third party and other stakeholders to raise concerns about any wrongdoing in the Company and provide for adequate safeguards against victimisation of employees and other persons who avail this mechanism.

Your Company's Whistle Blower Policy is also applicable to our associates who partner us in our organisational objectives. The Company has taken adequate measures to create awareness amongst its employees on the Code of Conduct and Governance Policies through regular learning sessions.

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

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

During the year under review, the Company has received one complaint from one of the suppliers in terms of the Vigil Mechanism Policy of the Company, the matter was reported to the Ethics Committee of the Company. The matter was investigated by the Ethics Committee and was also placed before the Audit Committee. The disciplinary action was taken against the delinquent employee.

The Whistle Blower Policy has been appropriately communicated within the Company across all levels and is available on the website of the Company at the link: <https://sonacomstar.com/files/policy/whistle-blower-policy-policy-Tb03tt.pdf>

Your Company discourages bribery and corruption in any form and has adopted an Anti-Bribery and Corruption Policy, which is available on the website at sonacomstar.com/files/policy/whistle-blower-policy-policy-MUwqe2.pdf

36. CYBER SECURITY AND DATA PRIVACY

With increasing digitalisation, rise in corporate cyber-crimes, high cost of data breaches and evolving regulations, businesses are placing greater focus on detecting, preventing, and combating information security threats. The Company identified its information security risks and is committed to safeguarding business information from internal and external threats. It is also committed to upholding stakeholders' right to privacy and, as a responsible corporate, strive to protect their personally identifiable information. Guided by the provisions of the Information Technology (IT) Act, 2000, other applicable regulations as well as



international standards, the Company has established robust policies and processes on information security.

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

During the Financial Year under review, the Company has updated its Data Privacy framework in compliance with the Digital Personal Data Protection Act, 2023 and the General Data Protection Regulation across all its locations and subsidiaries.

37. EXTERNAL REVIEW OF ETHICAL COMPLIANCE FRAMEWORK

The Company has engaged BDO to review the Company's compliance with the Responsible Business Alliance (RBA) code of conduct. This audit also aims to strengthen the ethical compliance framework of the Company. The period under review was from April 2023 to February 2024.

Based on the observations/suggestions in the audit report, the Company has made the necessary changes, wherever required, in the Code of Conducts and Business Ethics, Anti Bribery and Corruption Policy and Code of Conduct for Vendors, which are available on the website of the Company at <https://sonacomstar.com/policies-and-codes>

38. ANNUAL RETURN

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

39. COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has complied with all the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

40. 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.

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

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

42. INTELLECTUAL PROPERTY

Your Company is an innovation driven organisation and remained focused on creating intellectual property and filings thereof for registration regularly. On inventions, during the year under review, your company filed 11 patents and 10 designs applications with the Patent Office for registration. The Company was also granted registration of 13 patents and 15 designs during the year under review.

43. HUMAN RESOURCES

At Sona Comstar, excellence is not just about our products, technology, and delivery; it permeates every aspect of our operations and human resource practices. We are honoured to have received the 'Great Place To Work' certification for the past two years, a recognition of our strong human resource (HR) practices.

Our HR practices focus on collaboration, diversity, and inclusion, fostering innovation, creativity, and driving success. We believe in collaborating across teams, departments, and with external partners, creating a culture of shared success and continuous improvement. Through an inclusive culture, we ensure that every voice is heard, and every individual is valued.

We encourage an innovative mindset by embracing state-of-the-art technology and nurturing creative thinking at all levels, pushing the boundaries of what is possible. Our commitment to developing our workforce's engineering and technical competencies is evident through training, mentorship, and hands-on experience, ensuring they have the skills needed to excel and drive the organisation forward.

At the operator level, we enhance skills through our DOJO, where operators undergo detailed training covering safety, manufacturing processes, quality, customer service, governance, and core tools. The DOJO provides a dynamic learning environment that promotes continuous improvement and excellence.

Employee engagement is crucial to our success, and we enhance it through Quality Circles, Kaizen, cross-functional initiatives, and continuous improvement programs. These initiatives empower employees to contribute ideas and suggestions, fostering a sense of ownership and engagement.

Total Quality Management (TQM) and 'Safety First' are not just philosophies for us; they are a way of life. 'Quality First' and 'Safe Working' are ingrained in everything we do, from our products and processes to our systems. With a 'Safety First' and continuous improvement mindset, we provide a safe working environment and deliver exceptional results to our customers and stakeholders.

44. 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 (**POSH**), the Company has formulated a comprehensive Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace and Internal Committee (**IC**) have also been set up to redress any such complaints received.

The role of the IC is not restricted to mere redressal of complaints but also encompasses prevention and prohibition of sexual harassment. In the last few years, the IC has worked extensively on creating awareness on relevance of sexual harassment issues to help employees understand the forms of sexual harassment.

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

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

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

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

The Company has also published the procedure for filing compliant under POSH Policy on its website at <https://sonacomstar.com/files/policy/procedure-prescribed-for-filing-of-complaint-under-posh-policy-SEyfpU.pdf>

45. SUSPENSION OF SECURITIES OF THE COMPANY

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

46. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

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

47. CAUTIONARY STATEMENTS

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

48. ACKNOWLEDGEMENT

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

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

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

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

**Place: Gurgaon
Date: 30th April 2024**

**Sunjay Kapur
(Chairman)**