

MANAGEMENT DISCUSSION AND ANALYSIS

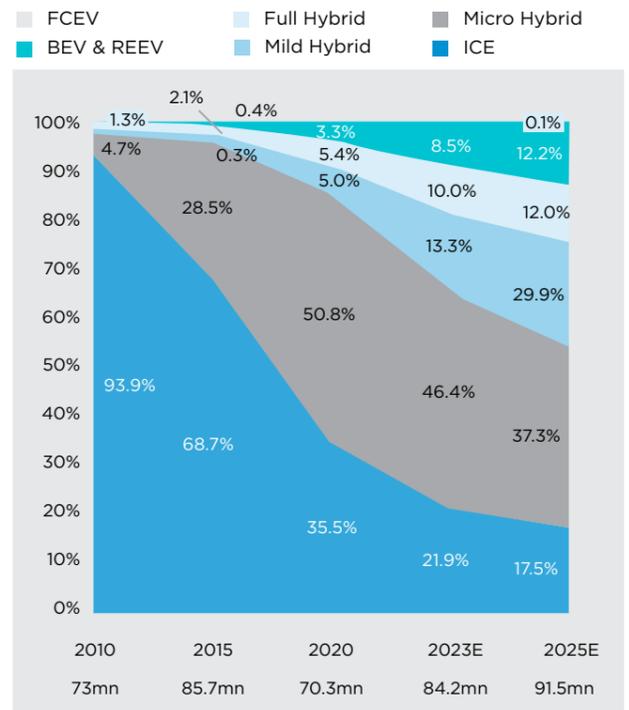
INDUSTRY OVERVIEW

Electrification - The biggest emerging trend

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

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

Global Propulsion Split - Passenger Vehicle Production Volume



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

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

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

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

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

Global light vehicle market

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

Global Light Vehicle Production



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

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

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

COMPANY OVERVIEW

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

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

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

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

Management Discussion and Analysis

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

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

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

OPPORTUNITIES

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

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

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

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

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

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

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

Increasing market share globally

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

Management Discussion and Analysis

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

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

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

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

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

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

THREATS, CONCERNS, AND RISKS

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

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

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

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

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

Dependence on global markets:

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

Change in regulations and industry trends:

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

Risk Mitigation, Internal control systems and their adequacy

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

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

OUTLOOK

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

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

FINANCIAL OVERVIEW

Consolidated Income Statement Summary

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

Adjusted PBT is PBT plus exceptional expense or minus exceptional income

Management Discussion and Analysis

Revenue from operations:

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

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

Expenditure

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

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

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

Material cost

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

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

Finance Costs

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

Depreciation and Amortisation Expense

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

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

Other expenses

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

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

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

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

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

Exceptional Items

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

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

Tax expense

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

EBITDA, PBT and PAT

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

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

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

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

Management Discussion and Analysis

Key Financial Ratios

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

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

- EBITDA Margin % : In FY 2019-20 EBITDA margin is lower due to certain one-time adjustments amounting to INR 318.98 million to P&L account.
- PAT margin % : PAT margin for both FY 2019-20 and FY 2020-21 have effect of exceptional income and exceptional expense respectively. Also PAT for FY 2019-20 has lower tax due to certain one-time tax adjustments.
- Similarly Net Debt to EBITDA, Return on Equity, Return on Capital Employed, Net working capital turnover and Interest coverage ratio have been impacted by such one-time adjustments.

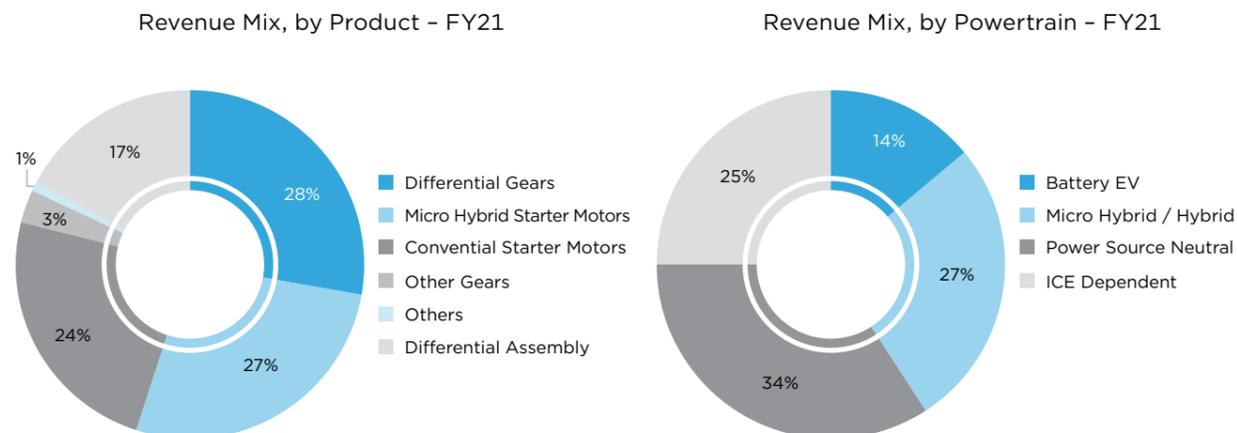
- Net Debt to EBITDA is calculated as Total Debt less Cash and cash equivalents/EBITDA
- ROE (%) is calculated as PAT/tangible net worth
- ROCE(%) is calculated as Earning before Interest, Other Income, Tax & Exceptional Items/tangible capital employed
- Net working Capital Turnover is calculated as Sales/ Net Working Capital
- Interest Coverage Ratio is calculated as Earning before Depreciation, Interest, Other Income, Tax & Exceptional Items/Finance cost
- Current Ratio is calculated as Current Asset/ Current Liabilities

Basis of calculation of the ratios:

- Net Debt to Equity is calculated as Total Debt less Cash and cash equivalents/Equity

SEGMENT - WISE OR PRODUCT - WISE PERFORMANCE

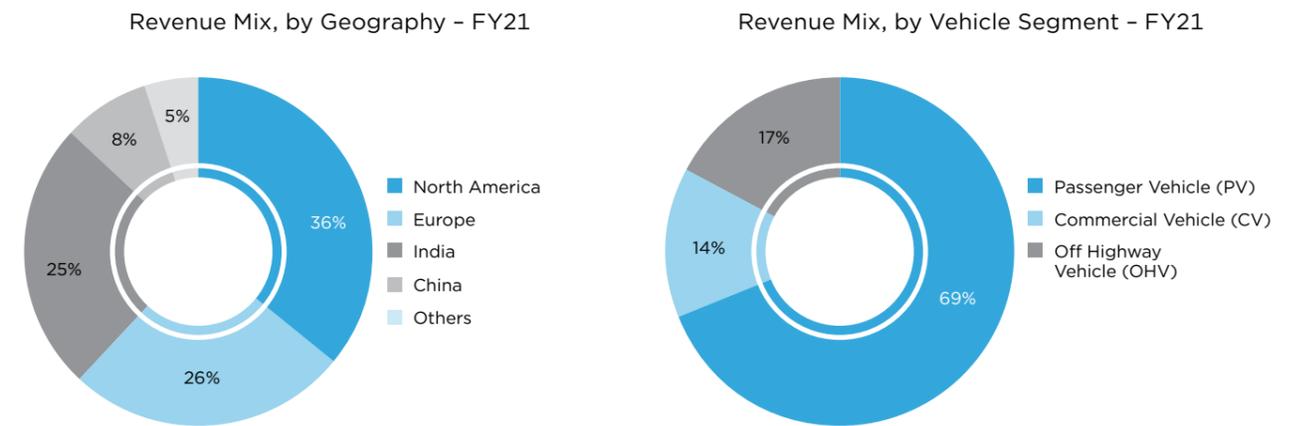
Diversified presence across product categories and powertrain segment



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

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

Diversified presence across geographies and automotive segments



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

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

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

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

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

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

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

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

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

Management Discussion and Analysis

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

Awards & Rewards Program

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

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

Employee Engagement

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

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

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

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

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

Learning and Development

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

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

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

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

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

Cautionary Statement

Some of the statements in this management discussion and analysis that describe the Company's objectives, projections, estimates, and expectations may contain certain 'forward looking statements' which are within the meaning of applicable laws and regulations.

Actual results could differ from those expressed or implied. There are a variety of factors which may cause real events or trends to vary significantly from those reflected or implied by these forward-looking statements and predictions. The Company assumes no responsibility to publicly amend, modify or revise any such statements. The Company disclaims any obligation to update these forward-looking statements except as may be required by law.

DIRECTORS' REPORT

To The Members,

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

1. FINANCIAL HIGHLIGHTS & PERFORMANCE

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

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

Standalone

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

Consolidated

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

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

2. PERFORMANCE OF THE COMPANY AND INDUSTRY OVERVIEW

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

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

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

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

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

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

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

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

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

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

Directors' Report

3. CORPORATE DEVELOPMENTS

a. INITIAL PUBLIC OFFER

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

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

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

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

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

4. DIVIDEND

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

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

5. TRANSFER TO RESERVES

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

6. MANAGEMENT DISCUSSION AND ANALYSIS

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

7. CHANGE IN SHARE CAPITAL OF THE COMPANY

Increase in Authorised Share Capital

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

a. CONVERSION OF PREFERENCE SHARES INTO EQUITY SHARES

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

b. ISSUE OF BONUS SHARES

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

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

8. CHANGE IN NATURE OF BUSINESS

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

9. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

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

Pursuant to Section 129(3) of the Companies Act, 2013, the Company has prepared the Consolidated Financial Statements, which forms part of this Annual Report. Further, a statement containing salient features of Standalone Financial Statements of subsidiaries in Form AOC-1 is attached to the Consolidated Financial Statements of the Company and therefore not repeated in this report for the sake of brevity.

During the year under review, on 12th November 2020, the Company had incorporated a wholly owned subsidiary in the name of 'Sona Comstar eDrive Private Limited' to engage into the business to design, develop, manufacture, assemble, supply, sell, trade and otherwise deal in motors, controllers and other components for electric vehicles.

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

In accordance with Section 136 of the Companies Act, 2013, the audited Financial Statements, including the Consolidated Financial Statements and related information of the Company and audited Financial Statements of each of its subsidiaries, are available on the website of the Company at <https://sonacomstar.com/investor/subsidiary-companies-financial-statements>

Material Subsidiaries

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

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

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

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

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

Directors' Report

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

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

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

11. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors on the Board of the Company have submitted requisite declarations to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

12. CORPORATE GOVERNANCE

The Company is committed to pursue and adhere to the highest standard of Corporate Governance as set out by the Securities and Exchange Board of India (SEBI) and the Companies Act, 2013. The report on the Corporate Governance as stipulated in Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **Annexure-A** and form part to this Report.

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

13. ANNUAL PERFORMANCE EVALUATION

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

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

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

14. FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

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

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

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

15. DIRECTORS RESPONSIBILITY STATEMENT

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

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

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

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

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

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

While formulating policy with respect to remuneration payable to the Directors, Key Managerial Personnel and other employee, the Board has ensured that —

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

Directors' Report

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

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

17. EMPLOYEE STOCK OPTION SCHEME

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

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

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

Applicable disclosures as stipulated under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**SEBI SBEB Regulations**) with regard to the Employee Stock Option Scheme are available on the Company's website at <https://sonacomstar.com/investor/annual-reports-and-returns>

The Company has received a certificate from M/s. Walker Chandio & Co. LLP, Statutory Auditors (Firm Registration No. 001076N/N500013) that the Employee Stock Option Scheme-2020 for grant of stock options has been implemented in accordance with the SEBI SBEB Regulations and the resolution passed by the members in their general meeting held on 30th September, 2020. The certificate is available for inspection in the electronic mode for the members.

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

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

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

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

20. DEPOSITS

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

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

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

22. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

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

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

23. MEETINGS OF THE BOARD

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

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

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

24. COMMITTEES OF THE BOARD

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

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

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

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

25. DOWNSTREAM INVESTMENT

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

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

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

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

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

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

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

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

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

Directors' Report

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

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

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

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

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

28. COST AUDITORS AND COST RECORDS

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

29. INTERNAL CONTROL SYSTEM

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

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

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

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Audit Committee of the Board of Directors are periodically apprised of the internal audit findings

and corrective actions are taken accordingly. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board.

For more details, refer to the 'internal control systems and its adequacy' section in Management's Discussion and Analysis Report, which forms part of this Annual Report.

30. BUSINESS RESPONSIBILITY REPORT

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

31. REPORTING OF FRAUD

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

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

33. RISK MANAGEMENT

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has formulated and adopted a Risk Management policy. The primary objectives of the policy include identification and categorization of potential risks, their assessment and mitigation and to monitor these risks.

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

Your Company is committed to protect the interests of its customers, stakeholders, investors, shareholders, employees and each person or entity with whom it is associated. Towards this goal, your Company will further strengthen the internal processes and evaluate even more innovative ways to blunt the risk impact.

The details of the RMC along with its charter are set out in the Corporate Governance Report, forming part of this Report.

34. VIGIL MECHANISM

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

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

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

Directors' Report

35. ANNUAL RETURN

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

36. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

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

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

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

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

The erstwhile holding company (and now a majority shareholder) of the Company namely Singapore VII Topco III Pte. Ltd. (Singapore VII) has adopted an exit return incentive plan (ERI Plan) pursuant to which Singapore VII will reward certain identified employees of the Company and/or its subsidiaries (including each of Key

Managerial Personnel and Executive Director(s) who are not promoters of the Company) with cash rewards based on certain disposition event(s) in relation to its interest in the Company. These cash awards will be paid to such employees entirely by Singapore VII (without any recourse or liability to the Company). None of the promoters, nominee director or shareholder of the Company, having significant influence, is beneficiary of the ERI Plan.

The Board of Directors of the Company have approved the ERI Plan, in its meeting held on 6th August 2021 in compliance with Regulation 26(6) of the Listing Regulations.

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

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

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure-H1** forming part of this Report.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as **Annexure-H2** forming part of this Report.

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

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

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

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

42. ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

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

43. CAUTIONARY STATEMENT

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

44. ACKNOWLEDGEMENT

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

to all stakeholders, customers, vendors, banks, Central and State Governments, the Company's valued investors and all other business partners, for their continued co-operation and for the excellent support received from them.

The Board also wishes to place on record its appreciation to the Book Running Lead Managers (BRLM's), Legal Counsels, Securities Exchange Board of India (SEBI), Registrar of Companies (ROC), National Stock Exchange of India Limited (NSE), BSE Ltd., Registrar and Transfer Agent (RTA), auditors and all intermediaries for their co-operation and immense support extended to the Company in its process of the Initial Public Offer (IPO).

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

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

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

Sunjay Kapur

(Chairman and

Non Executive Director)

DIN:00145529

Place: Gurgaon

Date: 6th August 2021

CORPORATE GOVERNANCE REPORT

Annexure - A

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

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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

ETHICS/GOVERNANCE POLICIES

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

Code of Conduct for Board and Senior Management

The Code of Conduct encompass Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association.

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

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

Code of Conduct for Prevention of Insider Trading

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

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

BOARD OF DIRECTORS

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

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

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

Annual General Meeting, are given herein below:

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

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

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

§Resigned w.e.f. 2nd May 2020

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

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

®Appointed as an Independent Director w.e.f. 12th February 2021

^Present includes participation by VC

***Excludes Private Limited Companies, Foreign Companies and companies registered under Section 8 of the Companies Act, 2013.

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

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

Corporate Governance Report

INDEPENDENT DIRECTORS

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

The Independent Directors have stated that they are not aware of any circumstance or situation, which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties with an objective, independent judgement and without any external influence.

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

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

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

REMUNERATION PAID TO DIRECTORS

1. Remuneration paid to Executive Directors

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

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

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

*Mr. Vivek Vikram Singh has been granted 6,62,088 options under Sona BLW Precision Forgings Limited - Employee Stock Option Plan 2020 of the Company, the details of which is provided in the Board Report itself.

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

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

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

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

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

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

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

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

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

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

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

®Appointed as an Independent Director w.e.f. 12th February 2021

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

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

1. AUDIT COMMITTEE

During the year under review, the Company did not grant any loans to any of its Directors. Further, except as stated above, there are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the details provided above and the sitting fees and commission drawn by the Non-Executive and Independent Directors. Further, the criteria for making payment to Non-Executive Directors has been disclosed on the website of the Company at <https://sonacomstar.com/policies-and-codes>

Further, no notice period and severance fee is payable to Directors of the Company as on 31st March 2021. The Company has not granted any stock option to its Non-Executive Directors.

The Audit Committee acts as a link between the statutory and the internal auditors and the Board of Directors. The composition of the Committee meets the requirement of Section 177 of the Companies Act, 2013 and Rules made there under and the SEBI Listing Regulations. The members of the Audit Committee have wide exposure and knowledge in areas of finance, accounting and law. The Audit Committee is also governed by its charter to ensure effective compliance. The charter is reviewed from time to time to maintain conformity with the regulatory framework.

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

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

COMMITTEES OF THE BOARD

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

Corporate Governance Report

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

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

* includes participation by VC

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

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

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

The Audit Committee has the following term of reference:

- Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to our Board for the appointment, remuneration and terms of appointment of the auditor of our Company;
- Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgement by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly and half-yearly financial statements before submission to our Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to our Board to take up steps in this matter.
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modifications of transactions of our Company with related parties;
- Scrutinising of inter-corporate loans and investments;

- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluating of internal financial controls and risk management systems;
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;
- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Establishing and reviewing the functioning of the whistle blower mechanism/ vigil mechanism to report genuine concerns or grievances;
- Approving the appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/ or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.
- Reviewing compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

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

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

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

Corporate Governance Report

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

2. NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

*includes participation by VC

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

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

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

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

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to our Board a policy, relating to the remuneration of the directors, Key Managerial Personnel and other employees;
- Identifying persons who qualified to become directors or who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every Director's performance and specify the manner for effective evaluation of performance of our Board, its committees

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

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

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

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

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

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

* includes participation by VC

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

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

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

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

The CSR Committee has the following terms of reference:

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

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

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

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

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

Corporate Governance Report

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

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

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

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

The Stakeholder and Relationship Committee has the following terms of reference

- Consider and resolve grievances of security holders of our Company, including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by our Company in respect of various services being rendered by the Registrar and Share Transfer Agent;

- Review of the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/Annual Reports/statutory notices by the shareholders of our Company;
- To authorise affixation of common seal of our Company, if any;
- Ensure proper and timely attendance and redressal of investor queries and grievances;
- Carrying out any other functions contained in the Companies Act and/or equity listing agreements (if applicable), as and when amended from time to time; and
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s);
- Recommend methods to upgrade the standard of services to the investor.

Details of Shareholders'/Investors' Complaints:

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

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

5. RISK MANAGEMENT COMMITTEE

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

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

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

The Risk Management Committee has the following terms of reference:

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

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

ROLE OF COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision-making in the meetings. The Company Secretary is primarily responsible to assist and advice the Board in conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to Directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

Corporate Governance Report

GENERAL BODY MEETINGS

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

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

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

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

FEES PAID TO STATUTORY AUDITORS

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

S. No.	Name of the Entity	Relationship with the Company	Details of Services	Amount (₹ in million)
1	Sona BLW Precision Forgings Limited	NA	Statutory Audit, certification Fees and IPO related service Fees	24.92
2	Comstar Automotive Technologies Private Limited	Subsidiary	Statutory Audit & certification Fees	5.25
3	Comstar Automotive Technologies Services Private Limited	Subsidiary	Statutory Audit & compliance services Fees	0.21
4	Sona Comstar eDrive Private Limited	Subsidiary		Nil
5	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Subsidiary	Statutory Audit Fees	*1.66
6	Comestel Automotive Technologies Mexicana	Subsidiary	Statutory Audit Fees	1.22
7	Comstar Automotive Hongkong Limited	Subsidiary	Statutory Audit Fees	0.35
8	Comstar Automotive USA LLC	Subsidiary	Audit Fee, Inventory Observation & Income tax returns Fees	0.93
9	Comstar Automotive (Hangzhou) Co. Ltd	Subsidiary	Statutory Audit	3.16
10.	Comstar Hong Kong Mexico No1 LLC	Subsidiary		NIL
11.	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V;	Subsidiary	Statutory Audit	NIL, Combined with *Mexico Audit Fees
	Total			37.70

CEO & CFO CERTIFICATION

The Managing Director & Group CEO and the Group Chief Financial Officer ('CFO') of the Company are required to provide a compliance certificate to the board of directors in terms of Regulation 17(8) of SEBI Listing Regulations, copy of which was placed before the board of directors in their meeting held on 27th April 2021 and is annexed as **Annexure-J** of this Report.

MEANS OF COMMUNICATION

Company Website

Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's website <https://www.sonacomstar.com/> contains a dedicated functional segment 'INVESTOR RELATIONS' where all the information meant for the shareholders is available, including information on directors, financial statements, annual reports, codes and policies, etc.

GENERAL SHAREHODLER'S INFORMATION

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

Corporate Governance Report

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2021

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

CATEGORY OF SHAREHOLDING AS ON 31ST MARCH 2021

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

13. DEMATERIALIZATION OF SHARES AND LIQUIDITY

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

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

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

Not Applicable

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

Your Company operate internationally and a large portion of the business is transacted mainly in

US\$ and consequently we are exposed to foreign exchange risk through our sales and services in the USA, Europe, China and other countries across the world, and purchases from overseas suppliers in various foreign currencies.

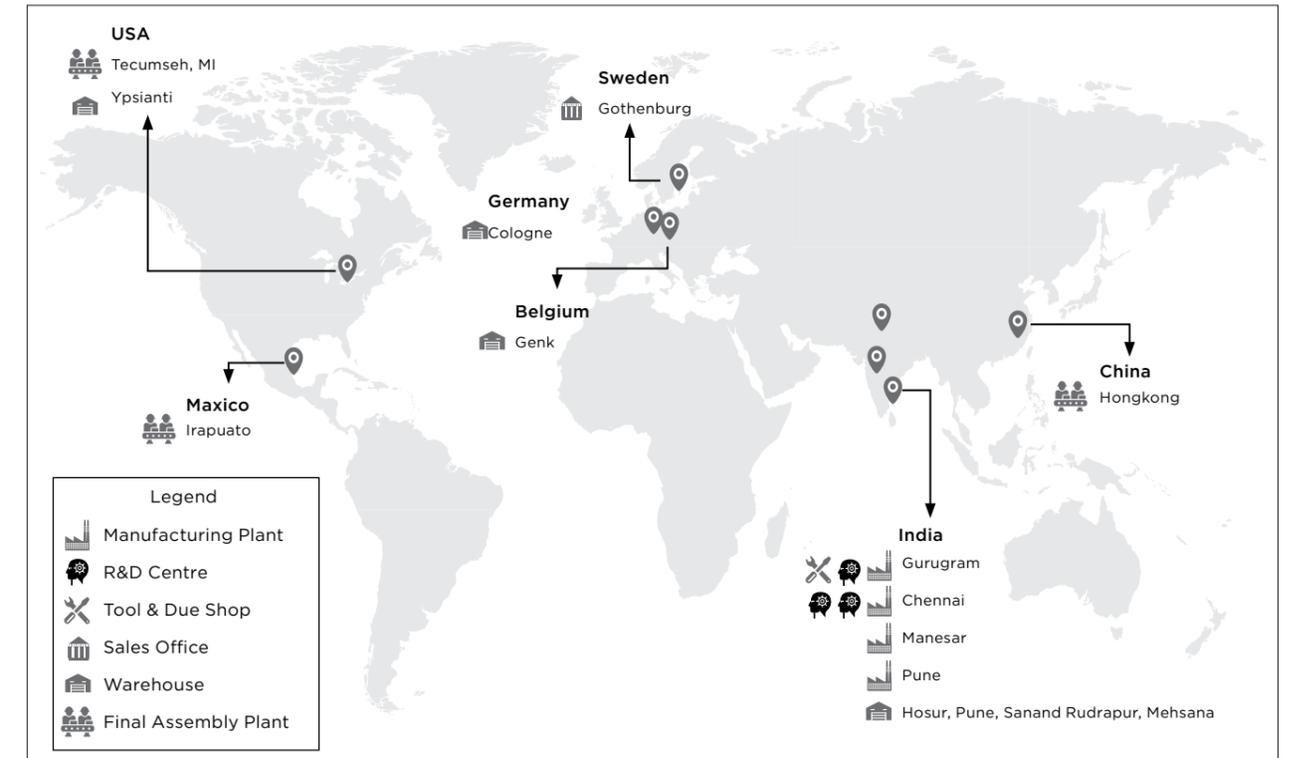
The Company employ financial instruments, primarily forward contracts to hedge certain of our foreign currency exchange risks relating to our business.

16. PLANT LOCATIONS

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

Your Company's manufacturing facilities (manufacturing and assembly plant) are located at Gurugram, Manesar, Pune, Chennai, Hangzhou, Mexico, Tecumseh.

The following map shows the locations of our manufacturing and assembly plants, R&D centres, warehouses, tool and die shop and sales office as at 31st March 2021.



17. ADDRESS FOR CORRESPONDENCE

Shareholders may correspond with the Registrar and Transfer Agents at:

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

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

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

Sona BLW Precision Forgings Limited,
Sona Enclave, Village Begumpur Khatola,
Sector 35, Gurugram, Haryana - 122004, India
Telephone: +91 0124 476 8200;

Contact Person: Ajay Pratap Singh, Vice President (Legal), Company Secretary and Compliance Officer
E-mail: investor@sonacomstar.com

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

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

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

19. UNCLAIMED EQUITY DIVIDEND

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

Corporate Governance Report

OTHER DISCLOSURES

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

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

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

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

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

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

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

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

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

e. Disclosure of policy on material subsidiaries

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

f. Disclosure of policy on related party transactions

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

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

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

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

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

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

j. Acceptance of recommendation of Board Committees

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCLOSURE OF ACCOUNTING TREATMENT

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

Annexure - B

CERTIFICATE ON CORPORATE GOVERNANCE

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

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

- We have examined the compliance of the conditions of Corporate Governance by **Sona BLW Precision Forgings Limited** ("Company"), for the year ended on 31st March 2021, as stipulated under 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the SEBI Listing Regulations.

MANAGEMENT'S RESPONSIBILITY

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

OUR RESPONSIBILITY

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

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

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

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

- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company to the extent possible has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on 31st March 2021.
- The Corporate Governance Certificate shall be read in the context of the fact that the Company was unlisted through the Financial Year 2020-21 and

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

For **PI & Associates**,
Company Secretaries

Nitesh Latwal
Partner

ACS No.: A32109

C P No.: 16276

Date: 30th June 2021

Place: New Delhi

UDIN: A032109C000549351

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

Annexure - A

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

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

- Compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these compliances.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- It is to be noted that due to Covid-19 situation in the Country and in compliance of the Covid-19 norms issued by the Government of India and

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

- 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.
- Our certificate is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **PI & Associates**,
Company Secretaries

Nitesh Latwal
Partner

ACS No.: A32109

C P No.: 16276

Place: New Delhi

Date: 30th June 2021

UDIN: A032109C000549351

FORM NO. AOC-2

Annexure - C

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

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

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

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

There were no material contracts or arrangements or transactions entered into during the financial year ended 31st March 2021.

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

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

Place: Gurgaon
Date: 6th August 2021

Annexure - D

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March 2021

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

To,
The Members,
Sona BLW Precision Forgings Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sona BLW Precision Forgings Limited** (hereinafter called "**the Company**") for the financial year ended 31st March 2021 ["**Period under Review**"]. Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the Period under Review, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

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

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

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

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

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

We further report that:

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

Requisite consent of the directors has been received in all cases where the Board meetings and Committee meetings, agenda and detailed notes on agenda have been sent on shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

ANNEXURE TO SECRETARIAL AUDIT REPORT (NON-QUALIFIED)

1. Approved to carry out Initial Public Offering ('IPO') of the Company

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

2. Adoption of new set of Articles of Association

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

3. Issue of Bonus shares

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

4. Conversion of Compulsorily Convertible Preference Shares into equity shares

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

5. Increase in authorized share capital

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

6. Employee Stock Option Scheme

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

7. Incorporation of Wholly Owned Subsidiary

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

8. Declaration of Interim Dividend

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

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

Pammy Jaiswal

Partner

Membership No.: A48046

CP No.: 18059

UDIN: A048046C000375439

Peer Review Certificate No.: 781/2020

Place: Kolkata

Date: 26th May, 2021

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

To,
The Members,
Sona BLW Precision Forgings Limited

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

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

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

- Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
- Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
- The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/ to be furnished by any other auditor(s)/agencies/ authorities with respect to the Company.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Pammy Jaiswal

Partner

Membership No.: A48046

CP No.: 18059

UDIN: A048046C000375439

Peer Review Certificate No.: 781/2020

Place: Kolkata

Date: 26th May, 2021

Annexure - II

LIST OF DOCUMENTS

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For M Damodaran & Associates LLP

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

ICSI UDIN No.: F005837C000352370

Place: Chennai

Date: 21st May, 2021

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

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

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

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

For M Damodaran & Associates LLP

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

ICSI UDIN No.: F005837C000352370

Place: Chennai

Date: 21st May, 2021

BUSINESS RESPONSIBILITY REPORT

Annexure - E

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

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

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

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

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

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

Sustainability, Technology, Promotion of Healthcare and Disaster Management.

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

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

(b) Details of the BR head

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

List of Nine Principals

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

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

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

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

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

Business Responsibility Report

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

*** The Policies on Quality, Safety, Health and Environment are subject to internal and external audits as part of the certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.

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

Not Applicable

3. Governance related to BR

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

Principle No.	Description	Response																								
2.3	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.	Yes, The Company's supplier selection, assessment and evaluation process includes elements of sustainability. This includes initial supplier survey, continuous risk assessments and audits. 100% inputs are sustainably sourced.																								
2.4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes. The criteria for selection of goods and services is quality, reliability and cost, the Company conducts the supplier Programmes every year for enhancement of performance of the Vendors & Suppliers who meets our Quality, Cost, Delivery and Technological Expectations. The Company also have a manual of performance evaluation of the suppliers.																								
2.5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so	Yes, The Company has recycled 100% of its Hazardous & Non Hazardous waste product through authorized recyclers. The Company also setup 13 water harvesting pits for water conservation as mentioned in point 2.2.																								
Principle 3: Businesses should promote the wellbeing of all employees																										
3.1	Please indicate the Total number of employees.	Total 1,937 employees (including 452 permanent employees)																								
3.2	Please indicate the Total number of employees hired on temporary/contractual /casual basis.	Total 1,485 employees as temporary/contractual /casual basis.																								
3.3	Please indicate the Number of permanent women employees.	12																								
3.4	Please indicate the Number of permanent employees with disabilities	0																								
3.5	Do you have an employee association that is recognized by management? What percentage of your permanent employees is members of this recognized employee association?	Yes 9.7% of permanent employee are members of the recognized association.																								
3.6	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Category</th> <th>No of complaints filed during the financial year</th> <th>No of complaints pending as on end of the financial year</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Child labour/ forced labour/ involuntary labour</td> <td>NIL</td> <td>NIL</td> </tr> <tr> <td>2.</td> <td>Sexual harassment</td> <td>NIL</td> <td>NIL</td> </tr> <tr> <td>3.</td> <td>Discriminatory employment</td> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table>	Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year	1.	Child labour/ forced labour/ involuntary labour	NIL	NIL	2.	Sexual harassment	NIL	NIL	3.	Discriminatory employment	NIL	NIL								
Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year																							
1.	Child labour/ forced labour/ involuntary labour	NIL	NIL																							
2.	Sexual harassment	NIL	NIL																							
3.	Discriminatory employment	NIL	NIL																							
3.7	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	<table border="1"> <thead> <tr> <th colspan="4">PI put % for each category</th> </tr> <tr> <th>Sl. No.</th> <th>Particulars</th> <th>Safety Training</th> <th>Skill Upgradation</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>Permanent Employees</td> <td>100%</td> <td>95.4 %</td> </tr> <tr> <td>(b)</td> <td>Permanent Women Employees</td> <td>100%</td> <td>97.6%</td> </tr> <tr> <td>(c)</td> <td>Casual/Temporary/ Contractual Employees</td> <td>100%</td> <td>94.3%</td> </tr> <tr> <td>(d)</td> <td>Employees with Disabilities</td> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table>	PI put % for each category				Sl. No.	Particulars	Safety Training	Skill Upgradation	(a)	Permanent Employees	100%	95.4 %	(b)	Permanent Women Employees	100%	97.6%	(c)	Casual/Temporary/ Contractual Employees	100%	94.3%	(d)	Employees with Disabilities	NIL	NIL
PI put % for each category																										
Sl. No.	Particulars	Safety Training	Skill Upgradation																							
(a)	Permanent Employees	100%	95.4 %																							
(b)	Permanent Women Employees	100%	97.6%																							
(c)	Casual/Temporary/ Contractual Employees	100%	94.3%																							
(d)	Employees with Disabilities	NIL	NIL																							

Business Responsibility Report

Principle No.	Description	Response
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised		
4.1	Has the company mapped its internal and external stakeholders?	Yes, the Company has mapped and identified external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. These stakeholders include employees, customers, NGOs and communities, dealers, suppliers, investors, media, government, regulators, peers and industry ecosystem.
4.2	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?	Yes, the Company has identifies the local rural community (where some of contractual labour also reside) as disadvantaged, vulnerable and marginalized stakeholders.
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof.	The Company works with the local community to improve the standards of Govt Sr. Sec School by providing clean drinking water facility and create smart class for the underprivileged children. During the pandemic lockdown the company had taken initiative to distribute ration food provisions packets in the community, where marginalised people reside and this initiative was to mitigate the impact of lockdown.
Principle 5: Businesses should respect and promote human rights		
5.1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	Yes, the policy extends to its Vendors, Supplier/ Contractors.
5.2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under review, the Company has not received any complaints from any stakeholders.
Principle 6: Businesses should respect, protect, and make efforts to restore the environment.		
6.1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others.	The Company believes that its vendors and suppliers are key stakeholders in the business cycle. Their good Environment, Health & Safety (EHS) performance plays an important role in our business growth. The policy on environment extends to the suppliers and dealers through "Green Procurement Guideline for Substances of Concern Management".
6.2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.	Yes, The Company believes in sound and sustainable environmental practices. The Company is concerned about environment and its environment management Programme focus on protect the ecosystem. Some of the initiatives undertaken are briefly explained below: 1. In FY-21 6% more water conservations in comparison to FY-20. Followings are the Actions taken by the Company for conservation of waters: a) 100 % treated water used in cooling towers & horticulture purpose. b) R. O. waste water is used in flushing of the toilets. 2. Waste water treatment plants are operational in each plant of the Company. 3. Rain water harvesting pits have been set up in each plant of the Company. 4. CNG based truck have been procured for transportation to reduce the diesel consumption and reduction in fuel emission. The Policy of the Company can be access at https://sonacomstar.com/
6.3	Does the company identify and assess potential environmental risks? Y/N	Yes. We have identified the Environmental Risk i.e. Fire, Waste Water Treatment Plant Operation, Hazardous Waste storage & Disposal, Leakage and Spillage of hazardous chemicals.

Principle No.	Description	Response
6.4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?	Yes, the Company continues to work towards development and implementation of climate changes mitigation project mainly through energy saving projects, water saving, waste reduction, recycling of waste and its re-use in the process under sustainability development. Yes, Compliance report has been duly filed by the Company to HSPCB.
6.5	Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.	Yes, several initiatives on clean technology, energy efficiency, renewable energy and sustainability development have been taken like Generation of electricity through renewable resources and Installation of Solar capacity across plants & facilities. 1. Renewable Footprint Expansion: To meet its energy demand through renewable power, the Company is consistently enhancing its renewable energy through Solar power plants. The cumulative installed Solar capacity across plants & facilities is 701.4 KW with the annual potential of reducing the 82.15 tonnes of CO2 emission. 2. The Company has implemented the Real Time Energy Management System (EMS) in its plants. The EMS system helps in monitoring and controlling energy consumption patterns and abnormal consumption, unwanted consumption patterns and identifying the areas for improvement. By implementing this initiative, the Company has been able to save more than 3 lakh units' energy per annum. 3. The Company across its plant has implemented the Energy Management System (EMS) as per ISO 50001. The implementation of EMS brought out several opportunities for improvement and managing the energy in a structured manner. 4. Variable frequency drive (VFD) installation in the equipment's having potential of optimized parameters to run without affecting output quality. Total 10 Equipment have been installed across plants where saving of power can be achieved through optimization of speed and frequency. 5. Installation of 701.4 KW solar power plant at manufacturing facilities
6.6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, all parameters are within the limits. Environmental monitoring has been conducted on regular intervals as per govt. guidelines.
6.7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	NIL
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner		
7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes, the Company is a member of the following Chamber or Association. 1. Confederation of Indian Industry (CII) 2. Automotive Component Manufacturers Association (ACMA) 3. Association of Indian Forging Industry (AIFI) 4. Gurgaon Chamber of Commerce and Industries (GCCII)
7.2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Company from time to time joined hands with associations for betterment and advancement of society at large. The Company has contributed in the area of education, skill development, sanitation, hygiene and promotion of health and wellbeing. Plantation on HSIIDC road side green area.

Business Responsibility Report

Principle No.	Description	Response																		
Principle 8: Businesses should support inclusive growth and equitable development																				
8.1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes The Company is committed to supporting various social causes and has been involved in Technology and Entrepreneur Development and Education. During the COVID-19 pandemic, the Company has provided critical medical equipment to healthcare providers and distributed food to the needy.																		
8.2	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organization?	The programmes were undertaken through an external NGO and other organizations including the following: 1. Foundation for Innovation and Technology Transfer (FITT) of Indian Institute of Technology, Delhi (IIT-D) 2. Centre of Excellence for Research on Clean Air (CERCA) at Indian Institute of Technology, Delhi (IIT-D) 3. Indian Institute of Management, Ahmedabad (IIM-A), and 4. Kaushalya Foundation The Details of the above programmes have been mentioned in Annexure E of this Annual Report.																		
8.3	Have you done any impact assessment of your initiative?	No, as per Companies Act, 2013 it is not applicable to our Company. The Company has obtained the utilization certificates from the external NGO and the implementing organizations pertaining to the funds spent by them.																		
8.4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	During the financial year under review the Company has spend INR 20.91 million and INR 5 million was transferred to unspent CSR Account for ongoing project. Details of the Project are as under: <table border="1"> <thead> <tr> <th>Project</th> <th>Implementing Agency</th> <th>Amount Spend (in INR millions)</th> </tr> </thead> <tbody> <tr> <td>Collaboration with IIM-A for constructing a floor for technology business incubators</td> <td>Indian Institute of Management, Ahmedabad (IIM-A)</td> <td>10.5</td> </tr> <tr> <td>Partnered with FITT for innovations, which create safe, convenient and eco friendly mobility.</td> <td>Foundation for Innovation and Technology Transfer (FITT)</td> <td>5</td> </tr> <tr> <td>Building of smart class</td> <td>Govt. Sr. Sec. School, Begumpur Katola, Gurugram</td> <td>0.46</td> </tr> <tr> <td>Distribution of cooked meals, dry ration packets, essentials, meals, hygiene kits in various pockets of Localities/Villages/ Districts to the communities affected by Covid-19</td> <td>M/s Kaushalya Foundation</td> <td>4.5</td> </tr> <tr> <td>Installation of RO Systems for providing clean drinking water</td> <td>Govt. Sr. Sec. School, Begumpur Katola, Gurugram</td> <td>0.45</td> </tr> </tbody> </table>	Project	Implementing Agency	Amount Spend (in INR millions)	Collaboration with IIM-A for constructing a floor for technology business incubators	Indian Institute of Management, Ahmedabad (IIM-A)	10.5	Partnered with FITT for innovations, which create safe, convenient and eco friendly mobility.	Foundation for Innovation and Technology Transfer (FITT)	5	Building of smart class	Govt. Sr. Sec. School, Begumpur Katola, Gurugram	0.46	Distribution of cooked meals, dry ration packets, essentials, meals, hygiene kits in various pockets of Localities/Villages/ Districts to the communities affected by Covid-19	M/s Kaushalya Foundation	4.5	Installation of RO Systems for providing clean drinking water	Govt. Sr. Sec. School, Begumpur Katola, Gurugram	0.45
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Principle No.	Description	Response
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner		
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain	The Projects undertaken at IIT-D and IIM-A are meant to encourage innovation and entrepreneurship. The progress of these Projects is periodically monitored and assessed. The Company also provides mentoring support to the teams involved in converting their innovation ideas into businesses. As these start-ups take off, they will create more employment opportunities and overall wealth for the Nation. Successful start-ups from this programme will inspire many more to embrace the route of entrepreneurship. The Company has plans to continue supporting innovation and entrepreneurship in the future as well. The Programmes are also aimed at creating a better future for the next generation through the promotion of environmentally friendly mobility and clean air. These Programmes will have a long-term effects on the wellbeing of the community at large.
9.1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	There are no complaints pending for redressal the Company has a robust system for addressing customer complaints, which are resolved promptly.
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws?	No, the Company display product information as required under applicable laws. [The Company is majorly supplying to OEM customers and the packed commodities rules are not applicable. The Company does make the basic disclosures while supplying to its OEM customers.
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.	No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertisement and/or anti-competitive behavior during the last five years and pending as at the end of the financial year.
9.4	Did your company carry out any consumer survey/consumer satisfaction trends?	Yes, regular feedback is received from the customers and corrective actions are taken. The Company's endeavor is to achieve the highest level of satisfaction and perform their operation accordingly. The Company has received various awards from the customers, which are mentioned in the Annual Report.

Annexure - F

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

1 A BRIEF OUTLINE ON THE CSR POLICY OF THE COMPANY

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

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

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

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

Overview of projects or programmes undertaken

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

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

(I) Sona Comstar – Samridh Bharat Programme

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

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

(II) Sona Comstar – Swasth Bharat Programme

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

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

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

(III) Sona Comstar – Surakshit Bharat Programme

Surakshit Bharat Programme shall focus through measures like:

- measures for the benefit of armed forces veterans, war widows and their dependents;
- support organizations working for families of martyrs, war widows, disabled soldiers and their children and dependents of the armed forces;
- support in setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups

(IV) Sona Comstar – Saksham Bharat Programme

Saksham Bharat programme shall focus on through measures like:

- providing employability and promotion of skill development programmes for the rural youth in numerous modules
- empowering woman through self-help groups and promotion of livelihood and employment opportunities
- promoting education, employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement
- promote gender equality, empowering women, setting up homes and hostels for women and orphans etc.

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

2. COMPOSITION OF CSR COMMITTEE*:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	B V R Subbu*	Chairperson, Independent Director (till 12 th February 2021)	2	1
2.	Prasan Abhaykumar Firodia	Chairperson, Independent Director (w.e.f 12 th February 2021)	2	2
3.	Sunjay Kapur	Member, Non-Executive Nominee Director	2	2
4.	Amit Jain**	Member, Non-Executive Nominee Director (till 1 st January 2021)	2	-
5.	Shradha Suri	Member, Independent Director	2	1
6.	Ganesh Mani	Member, Non-Executive Nominee Director	2	1

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

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

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

Composition of CSR committee	The composition of the CSR committee is available on our website, at https://www.sonacomstar.com/board_committees
CSR Policy	The Committee, with the approval of the Board, has adopted the CSR Policy as required under Section 135 of the Companies Act, 2013. The CSR Policy of the Company is available on our website, at https://www.sonacomstar.com/pdf/corporate_governance/codes_and_policies/CSR-Policy.pdf
CSR projects approved by the Board	The Board, based on the recommendation of the CSR committee, at its meeting held on 6 th August 2021, has approved the annual action plan / projects for fiscal 2022, the details of which are available on our website at https://sonacomstar.com/investor/corporate-social-responsibilities

Annual Report on CSR

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

Not Applicable.

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

Nil

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

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

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

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

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

Nil

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

Nil

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

₹ 25.44 million

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

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amount allocated for the project (in ₹ million)	Amount spent in the current financial year (in ₹ million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						
				Name	Registration number						
1.	Sona-Comstar - IIT-Delhi Innovation in Mobility Programme	(ix)	No	Delhi	South Delhi	2 years	10	5	5	Yes	-
2.	Construction of Floor for innovation-Surinder Kapur Innovation Floor	(ix)	No	Gujarat	Ahmedabad	3 years	25	10.5	-	Yes	-
Total						35	15.5				

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency		
				State	District	No	Name		
						CSR Registration number			
1.	Distribution of dry ration packets, essentials, meals, hygiene kits	(xii)	Pan India	Haryana	Gurgaon/Pune	4.50	Yes	Kaushalya Foundation	CSR00001538
2.	Providing Drinking water facility (installation of RO system at Government Senior Secondary School)	(i)	Yes	Haryana	Gurgaon	0.45	Yes	NA	NA
3.	Building of smart class at Government Senior Secondary School	(ii)	Yes	Haryana	Gurgaon	0.46		NA	NA
Total					5.41				

(D) AMOUNT SPENT IN ADMINISTRATIVE OVERHEADS: NA**(E) AMOUNT SPENT ON IMPACT ASSESSMENT, IF APPLICABLE: NA****(F) TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR (8B+8C+8D+8E)**

₹ 20.91 million

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

Sl. No.	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the company as per section 135(5) (calculated for 3 preceding Financial Years i.e. FY 2017-18, FY 2018-19 and FY 2019-20)	25.44
(ii)	Total amount spent for the Financial Year 2020-2021	20.91
(iii)	Excess amount spent for the financial year 2020-2021 [(i)-(ii)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

Not Applicable

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

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

10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR:No capital asset was created / acquired for financial year ending 31st March 2021 through CSR spend.**11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5).**During Financial year ending 31st March 2021- the Company has spent ₹ 20.91 million on various projects and the unspent balance of ₹ 5 million for ongoing project, was transferred to Unspent CSR Account and will spend in accordance with the Rules.

Prasan Abhaykumar Firodia

Chairman, CSR Committee

Vivek Vikram Singh

Managing Director and Group CEO

Place: Gurgaon

Date: 6th August 2021

Annexure - G

The information pertaining to conservation of energy, technology absorption, Foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

FORM "A"

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

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

CONSERVATION OF ENERGY

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

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

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

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

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

(iii) the capital investment on energy conservation equipments;

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

Business Responsibility Report

FORM "B"

Particulars with respect to Technology Absorption

A. Technology Absorption	
1. Efforts in brief towards Technology Absorption, Adoption and Innovation.	: Company has complete know-how to design and manufacture bevel gears through precision warm forging. Company has developed in-house capabilities in: <ol style="list-style-type: none"> Die Design Die Manufacturing Gear Design Gear Manufacturing Differential Assembly Transaxle
2. Benefits derived as a result of above efforts e.g. Product Improvement, Cost Reduction, Product Development, and Import Substitution etc.	: Cost Reduction and Reduction in "Time to Market". Complete indigenization of tooling. Superior gears & optimise differential assembly compared to competition.
3. In case of imported technology following information may be furnished:	:
a. Technology imported	Bevel Gear tool design and manufacturing
b. Year of Import	1995
c. Has technology been absorbed	Yes
B. Research & Development	
1. Specific areas in which R&D carried out by the Company	: The Company is currently working towards development in two spheres: <ol style="list-style-type: none"> Enhancement of Transmission Component portfolio for E-mobility transmission & gasoline transmission (like e-axle, differential assembly, hypoid gears, helical, Spur gears and differential); and Enhancement of technology with the use of simulation Software & in house testing facility to cater actual need of customer
2. Benefits derived as a result of the above R&D.	: Improve torque carrying capacity of gears & differentials, Light weighting , Improving material yield
3. Further Plan of action	: <ol style="list-style-type: none"> Develop futuristic differential assembly with planter reduction. Increase differential assembly testing capabilities. Transmission gears- Develop mono-block speed gears Hypoid gear Manufacture of near net crown/spiral bevel gears through forging Differential assembly light weighting Transaxle -Design and development of electric transaxle
4. Expenditure on R&D	: Revenue: ₹11.46 Mn Capital: Nil

FORM "C"

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

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

Place: Gurgaon
Date: 6th August 2021

Annexure - H1

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

DETAILS OF EMPLOYEES EMPLOYED FOR FULL YEAR:

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

* As per the contract of employment

Notes:

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

Business Responsibility Report

Annexure - H2

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

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

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

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

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

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

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

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

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

* includes sitting fees and commission

Note:

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

(₹ in million)

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

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

- IV. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

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

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

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

- VI. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

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

Sunjay Kapur

Chairman and Non Executive Director

DIN:00145529

Place: Gurgaon

Date: 6th August 2021

Business Responsibility Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

- We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sona BLW Precision Forgings Limited having CIN: U27300HR1995PLC083037 and having registered office at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon, Haryana-122004 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C, Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

MANAGEMENT'S RESPONSIBILITY

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

OUR RESPONSIBILITY

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

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

- In our opinion and to the best of our information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and the respective Directors, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	DIN	Name of Director	Date of appointment
1.	00145529	Mr. Sunjay Kapur	22/08/2006
2.	07698495	Mr. Vivek Vikram Singh	05/07/2019
3.	00029664	Mr. Prasan Abhaykumar Firodia	05/07/2019
4.	00176902	Mrs. Shradha Suri	05/08/2020
5.	09041143	Mr. Jeffrey Mark Overly	12/02/2021
6.	00289721	Mr. Subbu Venkata Ram Behara	05/07/2019
7.	01798942	Mr. Amit Dixit	05/07/2019
8.	08385423	Mr. Ganesh Mani	05/07/2019

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

For **PI & Associates,**
Company Secretaries

Nitesh Latwal

Partner

ACS No.: A32109

C P No.: 16276

Place: New Delhi

Date: 30th June 2021

UDIN: A032109C000549219