

THE ROAD AHEAD



ANNUAL REPORT 2014-15



SONA KOYO STEERING SYSTEMS LTD.

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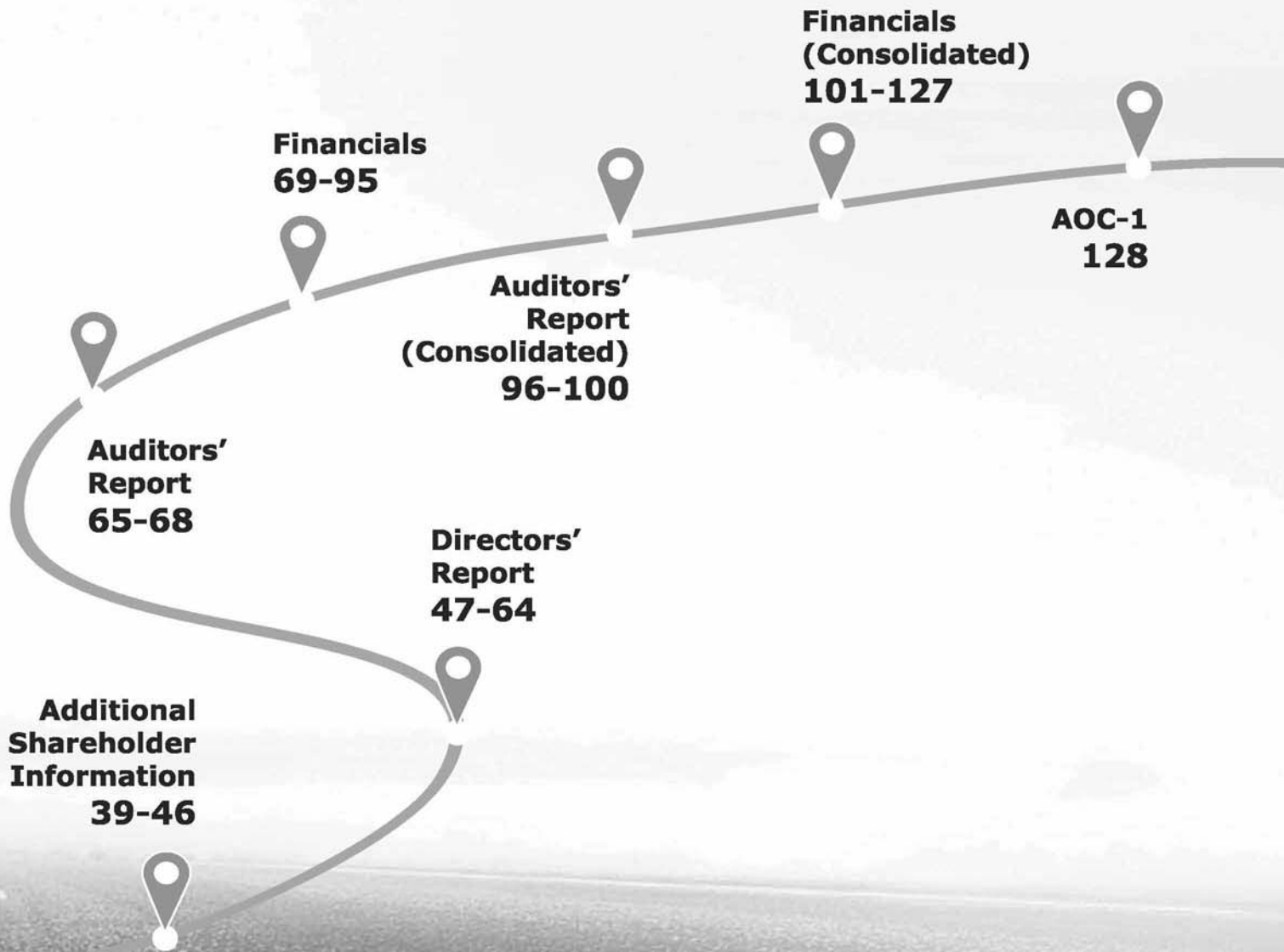
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A TRIBUTE TO OUR FOUNDER CHAIRMAN

In 1985 Dr. Kapur (my father) saw an opportunity that would many years later define his life. He along with his team of four, founded Sona Steering Systems Ltd. He had a BIG dream and just 50 lakh to his name.

In 2008, the Sona Group touched a billion dollars in revenue.

Dr. Surinder Kapur was an entrepreneur and a visionary. He saw an opportunity when Maruti Suzuki set up in India and decided he was going to make the steering system for the Maruti 800. Several trips to Japan later he forged a partnership with Koyo Seiko (now known as JTEKT Corporation) that has been a marriage of close to 30 years.

Dr. Kapur was a founder, a boss, a partner, a friend, and a visionary. At heart though he was a student. He had a thirst for learning and a desire to always impart all the knowledge he gained.

His legacy is larger than himself. He loved his people and he lived by his values. He always told us, "if you take a decision with your values in mind, you can never go wrong". And Dr. Kapur hardly ever went wrong.

He had the energy of a teenager, always ready to go. And he had the ability to listen. He listened to everyone, he heard and he listened. He engaged with people well. As one of his team members said, "he could talk about nothing or everything". He had qualities that were rare to find in one man alone.

When I was 16, he came to The Doon School to talk to my class on how to dream big; every student in that room went away with a memory that they still remember 25 years later. He truly was a charismatic leader. Ambitious and successful; he had a great

sense of humour and a huge zest for life. And wherever he went he touched lives and he touched hearts. Including those of all the people he worked with. He was a guide and mentor to many. He believed in working together; and he believed in respect. He would always give the same attention and focus to a shop floor worker or the CEO. That is why people were drawn to him and that is why their interaction with him was made memorable.

He taught us to follow our passion and to believe in ourselves. I remember a phrase he often used; "Remember the future and imagine the past." According to him it was important to remember the future, "Remember where you want to go. Focus on where you want to be and keep that at the top of your mind. The past is over, so imagine it any way you want to." When I think of that now in this context, I can only say, it was a great learning for me. He left a legacy that is larger than us all. Larger than himself. He shared his dream for the future so that we would remember it too.

Our founder, our guide, our star has left us, and left for us big shoes to fill. We will continue to live his legacy and we will miss him each day. To the man who built this company with his bare hands, we salute you and thank you for giving us this platform to build upon.

As Benjamin Disraeli said and Dr Kapur exemplified through his life, "The legacy of heroes is the memory of a great name and the inheritance of a great example."

It is his example that is our greatest legacy.

Sunjay Kapur
Vice-Chairman & Managing Director



VICE CHAIRMAN & MANAGING DIRECTOR'S LETTER

Dear Shareholders,

At Sona Koyo, we have throughout our growth journey, embraced new technologies and new processes. In fact, it is this focus that has propelled growth for us through systems like Kaizen and the Toyota Production System. The Company has drawn upon the strength of its joint venture partners which include JTEKT Corporation, Maruti Suzuki and Fuji Kiko to upgrade systems, skills and production standards to offer customers contemporary and high quality products. Tom Peters summed it up beautifully when he said, "Excellent firms don't believe in excellence – only in constant improvement and constant change."

The year 2014-15 was the year of revival for the Indian automobile sector; post a challenging year; with the domestic passenger vehicle segment registering around 4% growth in volumes. The year also saw Sona Koyo Steering Systems Limited move ahead on both customer and cost related strategic initiatives embarked upon a couple of years ago. The Company registered a consolidated revenue growth of 4% and consolidated EBITDA growth of 21% demonstrating strong profitable growth as our strategies to diversify customer portfolio and build competitive cost efficiencies started to deliver.

The strong headwinds that ailed the industry for the past two years due to lower economic growth subsided this year under the new Government. The excise cut provided to the sector till December 2014 was instrumental in kick-starting growth and soon we saw consumer sentiments pick up with improving economic outlook, lower fuel prices and reducing interest costs. Leading car makers were quick to play up this demand by launching numerous new models and variants this year and many of them recorded their highest domestic sales volumes in the year. The apprehensions of sustained revival were put to rest in the last quarter when car sales increased 5.0% YoY even after rollback of excise cut.

With strong agenda under its 'Make in India' program of making India a manufacturing hub, the new government has already started taking the right initiatives to achieve the same. As a market leading auto component maker, your Company remains committed to collaborate with Indian and Foreign OEMs for technological development and productivity improvement.

The passenger vehicle segment of the Company delivered growth in line with revival in the domestic passenger car market. In the current year, Sona Koyo started supplying power steerings for the new Maruti Ciaz. In the Non Passenger vehicle segment, the Company also extended its Electric Power Assist Module (EPAM) technology to tractors (TEPAM) and tested in the aftermarket and is now set for implementation with domestic OEMs. Sona Koyo is constantly investing in R&D on EPAM to come with new variants to cater to segments other than farm vehicles.

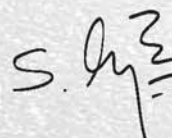
Going forward, EPAM would be a key growth driver in our exports as well as the domestic markets.

Sona Koyo has been focused on improving operational and cost efficiencies for quite some time now. The Company installed a new state of the art model line at Dharuhera II for manual steering gears. This has enabled us to reduce cycle time from 70 seconds to 45 seconds, and thus achieving a high level of manufacturing efficiency which will help to win new business in future. During FY15, the Company completed the Phase IV of EPS localization and brought down the material cost to 67.3% as percentage of sales in FY15 from 69.7% in FY14.

Systems and processes are, of course, not the only winning factor. People have, and always will, come first. The Company's leadership role is to motivate employees and communicate the required values effectively. Sona Koyo has always laid strong emphasis on skill development. It is to further this cause that Sona Skill Development Centre (SSDC) was started in October 2013. The state of the art Centre in the industrial hub of Gurgaon has 2,600+ square meters of total floor area, five classrooms, a well-equipped workshop, a metrology lab and a computer lab. The objective of the Center is to develop people for excellence in manufacturing by upgrading the skill level of employees of the manufacturing industry.

Your Company looks forward to FY16 with optimism expecting strong domestic demand as the economy has already accelerated resulting in a growth in GDP of 7.3% in FY15 as against 6.9% for FY14 as per the Central Statistical Office. We hope to extend our leadership in Passenger Car segment as our key customers have a strong pipeline of new launches lined up. We also expect our exports to pick up as EPAM enters its fourth year of operations.

I take this opportunity to thank our partners: JTEKT, Maruti Suzuki and Fuji Kiko; our customers: Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Hyundai, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, Ezgo and Renault-Nissan India; our bankers: State Bank of India, Corporation Bank, Standard Chartered Bank, Exim Bank, Yes Bank, Kotak Mahindra Bank, Allahabad Bank, Indian Bank, IndusInd Bank and State Bank of Hyderabad; and our employees for their continued support and confidence in the management. Finally, I would like to thank our shareholders for their firm belief in our capabilities and their continued support which has always motivated us to deliver better results year after year.



Sunjay Kapur
Vice-Chairman & Managing Director

BOARD OF DIRECTORS





Mr. Sunjay Kapur



Mr. Kiyozumi Kamiki



Mr. Hidekazu Omura



Mr. Ravi Bhoothalingam



Mr. P. K. Chadha



Lt. Gen. (Retd) SS Mehta

PRESIDENT & COMPANY SECRETARY

Mr. Sudhir Chopra

EXECUTIVE MANAGEMENT

Mr. Sunjay Kapur
Mr. Kiyozumi Kamiki
Mr. Sudhir Chopra
Mr. Sunder Rajan

OPERATING MANAGEMENT

Mr. Sunjay Kapur
Mr. Kiyozumi Kamiki
Mr. Sudhir Chopra
Mr. Sunder Rajan
Mr. A. D. Rao
Mr. Rajiv Chanana
Mr. R. Balaji
Mr. Vikas Marwah
Mr. H. Deiva Subramanian
Mr. G. R. Yadav
Mr. Sudhir Kumar Sharma
Mr. Akhil Kumar Jain
Mr. S. Senthil Kumar
Mr. Balakrishnan Ramasamy
Mr. Jaydeep Kumar

TECHNICAL PARTNERS

JTEKT Corporation, Japan
Fuji Autotech AB, Sweden

AUDITORS

M/s S P Puri & Co.
Chartered Accountants
4/18, Asaf Ali Road
New Delhi 110 002

INTERNAL AUDITORS

Ernst & Young LLP
Golf View Corporate Tower-B, Sector 42,
Sector Road , Gurgaon 122002 (Haryana)

Mr. Kazuhiko Ayabe



Mr. J. M. Kapur



Mr. Ramesh Suri



Mrs. Ramni Nirula



Mr. Prasan A. Firodia

BANKERS

State Bank of India
Standard Chartered Bank
Corporation Bank
State Bank of Hyderabad
EXIM Bank
Allahabad Bank
Indian Bank
Yes Bank
Kotak Mahindra Bank
IndusInd Bank

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Pvt. Ltd.
305, New Delhi House,
27, Barakhamba Road, Connaught Place,
New Delhi 110 001

REGISTERED OFFICE

UGF-6, Indraprakash,
21, Barakhamba Road,
New Delhi 110 001

WORKS

- 1) 38/6, NH-8, Delhi-Jaipur Road,
Gurgaon 122 002 (Haryana)
- 2) Plot No. 32, Industrial Area Ph II
Dharuhera, Distt. Rewari (Haryana)
- 3) Plot No. 19, Industrial Area, Dharuhera,
Distt. Rewari (Haryana)
- 4) Village Malpura, Tehsil Dharuhera,
Distt. Rewari (Haryana)
- 5) Plot No. 731, Sector 37C, Pace City II,
Gurgaon (Haryana)
- 6) P. O. Box 14,
Chennai-Bangalore Highway, Sriperumbudur,
Distt. Chinglepet 602 105
- 7) Plot No. D9, TML Vendor Park,
Survey No. 1, Village Northcotepura,
Sanand, Ahmedabad (Gujarat)

MANAGEMENT DISCUSSION AND ANALYSIS







MANAGEMENT DISCUSSION AND ANALYSIS

Financial Year 2015 saw signs of revival in the Indian automobile sector following a challenging year with the domestic Passenger Vehicles (PV) segment registering ~4% growth. Sona Koyo Steering Systems Ltd (Sona Koyo) witnessed growth in line with industry, with net consolidated revenues increasing 4.1% YoY to ₹ 15,530 mn.

Despite this lackluster growth environment, the Company achieved 21% increase in EBITDA. The progress in profitability is the result of continuous cost-optimization efforts made over the past few years, and which hinged on our localization and backward integration initiatives. Both the Pressure Die Casting (PDC) and Sheet Metal units achieved higher operational efficiencies in the year contributing towards sustainable reduction in raw material costs.

Sona Koyo also continues to move forward in our efforts to diversify our revenues through new products developed by our in-house R&D team in the aftermarket and off-highway segments. The indigenously-developed Electric Power Assist Module (EPAM) is a strong driver for export

growth. The Company also sees strong potential for the product in the domestic market.

According to ICRA Research Services, the domestic PV segment is expected to post a marginally higher growth of 5-7% in FY16 fuelled by renewed consumer sentiment, return of first-time buyers and a robust pipeline of new launches. Following the recent optimization efforts and introduction of new products, the Company is well positioned to make the most of the upcoming industry growth.

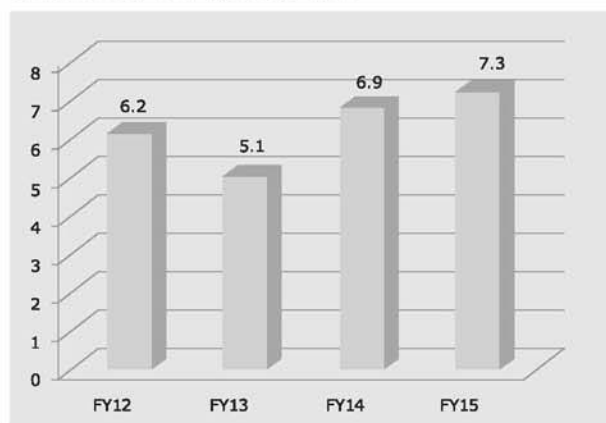
ECONOMIC SCENARIO

Improving outlook for Global and Indian economy

The global economy saw moderate growth of 3.4% in Calendar Year (CY) 2014 and is expected to grow marginally higher at 3.5% and 3.8% in CY15 and CY16, respectively, as per International Monetary Fund (IMF).

The Indian economy is also moving towards gradual recovery with 7.3% GDP growth in FY15, compared to 6.9% growth in FY14, as per government of India estimates. The Index of Industrial Production (IIP) saw a cumulative growth of 2.8% YoY for the period April-March 2015 as reported by the Central Statistics Office. Going forward, the Indian economy is expected to grow at a faster rate in FY16 with a projected GDP growth of 8.1-8.5% as per The Economic Survey for 2014-15. International rating agency Moody's has upgraded India's sovereign ratings outlook to 'Positive' from 'Stable' backed by policy reforms, pick up in investments and a cheaper oil bill.

India's real GDP growth (%)



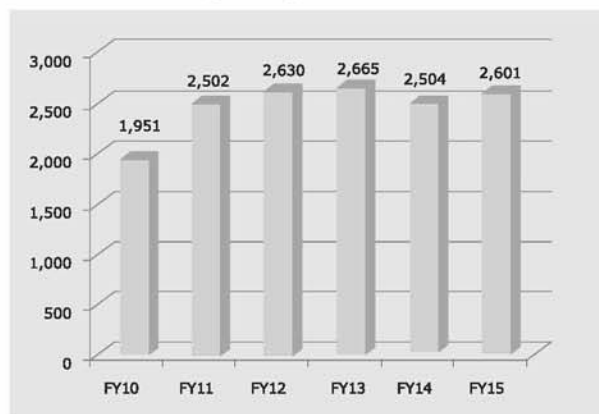
Source: Central Statistical Office
Base year changed to 2011-12 from FY 13

MARKET OVERVIEW

Total domestic automotive sales grew by 7.2% in FY15 to reach volumes of 19.8 mn units, against a growth of 3.5% in FY14, according to Society of Indian Automobile Manufacturers (SIAM). The overall PV segment saw a growth of 3.9% during the period. However, the growth was narrow-based as only six out of 18 Original Equipment Manufacturers (OEMs) witnessed growth in volumes in the year, as per ICRA's report on Indian Passenger Vehicle Industry.

Within PVs, domestic car sales posted positive growth of 5.0% in FY15 after declining for two years in a row. Sales volumes were driven by the extension of excise rollback till December 2014, aggressive discount levels, improving consumer sentiments under the new government, decline in oil prices, softening of interest rates and a slew of new launches and variants in the year. In FY15, the car segment saw an increase in car launches to 90 with 27 new models, 26 refreshed models and 37 variants of new models, compared to a total of 70 and 47 in FY14 and FY13, respectively, as per industry reports.

Indian Passenger Vehicles
Domestic Sales (₹ '000)



The Commercial Vehicles (CV) segment narrowed its de-growth to 2.8% in FY15 compared to a decline of 20.2% in FY14, while the Three

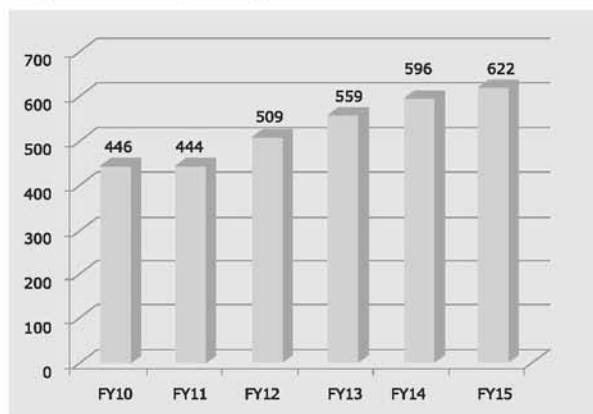
Wheeler segment and Two Wheeler segment registered growth of 10.8% and 8.1%, respectively, in FY15.

The overall automobile exports market fared well, growing at 14.9% in FY15 with 4.4% growth in the PV segment, 11.3% in CV, 15.4% in Three Wheeler and 17.9% in Two Wheeler segments, respectively.

As per SIAM's Automotive Mission Plan 2006-2016, the Indian automobile industry accounted for 7.1% of India's GDP, 27% of India's Industrial GDP and 4.3% of overall exports, second only to textiles and handicrafts in FY14. The industry has provided incremental employment generation in excess of 19 mn since FY06. India, with an annual production of 23.4 mn vehicles in FY15, is the sixth-largest automobile market, behind China, USA, Japan, Brazil and Germany.

The Indian automotive industry was one of the most attractive sectors for Foreign Direct Investment (FDI) during the April-February 2015 period with 89% growth in FDI to reach \$2.42 bn, as per the Department of Industrial Policy and Promotion (DIPP). The share of the automotive sector in total FDI increased to 8.4% in the 11 months ending February 2015 from 6.2% in the corresponding period last year.

Indian Passenger Vehicles
Export Sales (₹ '000)



Source: SIAM

OUTLOOK

Long-term outlook is promising

The new government aims to make India the world's third-largest market for automobiles by 2016, behind only China and the US.

The automotive industry is a 'top priority' area under its 'Make in India' program of making India a manufacturing hub with the PV segment projected to grow at 16% CAGR till 2020 to more than six mn units.

The government has already announced several initiatives such as building of additional 100,000 km of roads and flagship urbanization schemes like the Smart Cities Mission, Housing For All by 2022 and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) of 500 cities. The government's renewed interest in Public-Private Partnership (PPP) projects resulted in ₹ 135 bn worth of projects in the highways sector being awarded or reaching finalization stages in the first quarter of FY16, compared to only ₹ 63 bn of projects awarded in the entire FY15. These initiatives will give a big boost to infrastructure and economic growth and as a result benefit the automotive sector, which is dependent on the country's overall economic growth for sustained recovery.

The long-term growth drivers of the Indian Auto Components industry, which is dependent on domestic automotive sales, remain intact. According to the Automotive Component Manufacturers Association of India (ACMA), the auto components sector is estimated to grow at 18% FY14-21 CAGR to reach \$115 bn by FY21.

Cautious optimism in FY16

As per leading research agency ICRA Research Services, domestic PV volumes will grow marginally higher at 5-7% in FY16 supported by return of first-time buyers, replacement demand due to large base of FY10-11, and a robust pipeline of new launches amidst improving consumer sentiments. Domestic PV sales have already grown positively at 10% in the first two months of the coming year as per SIAM. However, broad-based recovery with all OEMs reporting volume growth along with sustained improvement in economy will be critical to lead the industry into recovery.

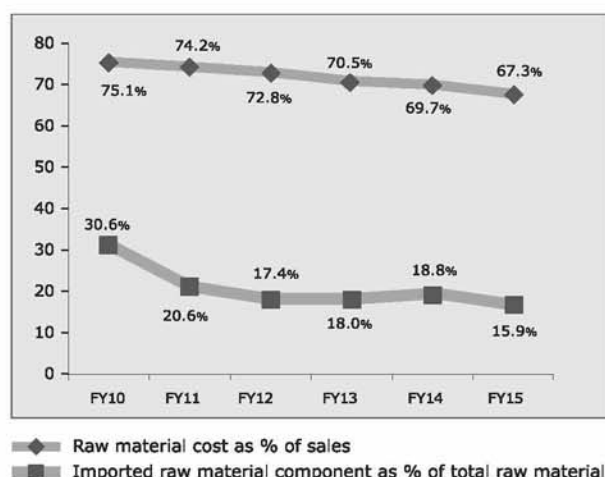
OPERATIONS

With the domestic PV market showing signs of revival, Sona Koyo witnessed a year in which it performed at par with industry growth. Consolidated revenues increased 4.1% YoY to reach ₹ 15,530 mn driven primarily by the domestic market, which grew 6% YoY. However, after recording strong growth in FY14, exports business de-grew in FY15 to ₹ 823 mn from ₹ 1,059 mn in FY14. Exports were impacted due to slowdown in the European market, coupled with appreciation of the Rupee against the Euro making exports less competitive.

Our focus on achieving operational efficiencies has continued to yield benefits in the current financial year. Sona Koyo reported a consolidated EBITDA (excluding other income) of ₹ 2,157 mn in the year, an increase of 21% over the previous year with margin improving from 12.0% in FY14 to 13.9% in FY15. Improvement in operating profit was driven by reduction in material cost due to localization, backward integration, VAVE (value analysis and value engineering) activities and active involvement with suppliers. Raw material cost as a percentage of sales decreased from 69.2% in FY14 to 67% in FY15 on a consolidated basis. On a standalone basis, the raw material cost as a percentage of sales decreased from 69.7% in FY14 to 67.3% in FY15.

With completion of Phase IV of Electric Power Steering (EPS) localization, imported material cost came down to 15.9% of total material cost (on a standalone basis). Localization has many benefits,

chiefly increased profitability, competitive pricing and insulation from foreign currency fluctuations. The chart below shows decrease in raw material costs as a percentage of sales with increasing indigenization of raw materials (i.e. reducing imports as a percentage of total raw materials.)



The Company's strategic move to diversify from being only PV-centric continued in FY15 with new growth avenues emerging in the off-highway & commercial segments as well as the Aluminum Pressure Die Cast (PDC) & Sheet Metal units. Operations at the PDC went off well with 80% capacity utilization. In FY15, the Company made additional capital investment of ₹ 170 mn to increase production capacity in the Die Casting plant. This included import of an additional 850 Ton machine.

During the year, Sona Koyo's financial position strengthened with debt reducing from ₹ 2,757 mn in FY 14 to ₹ 2,566 mn in FY15 and as a result of which finance charges declined by 21.8%. During FY15, the Company revised the estimation of the useful life of its assets with the adoption of Schedule II of Companies Act 2013, which resulted in additional depreciation charge of ₹ 204.67 mn on standalone basis and ₹ 281.34 mn on consolidated basis. Despite this additional charge, the PBT margin improved from 2.20% in FY14 to 2.22% in FY15 on standalone basis and from 5.1% in FY14 to 5.6% in FY15 on consolidated basis.

Company's abridged Profit & Loss Account (in ₹ Mn)

Particulars	Consolidated	
	2014-15	2013-14
Net Sales	15,418	14,832
Other Operating Income	112	91
Total Revenue	15,530	14,923
Raw Material	10,335	10,261
Staff Cost	1,458	1,342
Other Expenditure	1,580	1,535
EBITDA	2,157	1,785
Other Income	49	43
Depreciation & Amortisation	1,037	679
EBIT	1,169	1,148
Finance Charges	311	392
PBT before	857	756
Exceptional Items		
Exceptional Items	-	(354)
Loss/ (Gain)		
PBT	857	1,110
Tax	267	247
PAT	590	863
Minority interest and share of associate	211	185
PAT after minority interest and share of associate	379	678
Capital Expenditure	824	1,061
EPS (In ₹)	1.9	3.4
D/E Ratio	0.6	0.8

The Company's strong fundamentals are reflected in the credit ratings assigned by ICRA. In FY15, ICRA upgraded the long-term credit rating of the Company to ICRA A+ (pronounced ICRA A plus) from ICRA A (pronounced ICRA A). The short-term rating was also reaffirmed at ICRA A1 (pronounced ICRA A one).

Also, in line with the current year's performance, the board has declared a dividend of 65% of the par value of shares.

SUBSIDIARIES AND JOINT VENTURES

The Company has two subsidiaries, JTEKT Sona Automotive India Limited (JSAI) and Sona Fuji Kiko Automotive Limited (SFAL).

JTEKT Sona Automotive India Limited (JSAI):

During the year under review, Sona Koyo's key subsidiary, JSAI, saw its revenue growing at 6.6% to reach ₹ 6,447.9 mn. EBITDA and PAT margins also improved to 12.7% and 5.5% in FY15 from 11.0% and 4.7%, respectively, in FY14. Financial highlights of its operations are as follows:

JSAI (₹ mn)	2014-15	2013-14
Revenue	6,447.9	6,049.2
EBITDA	819.8	664.3
EBITDA Margin	12.7%	11.0%
PAT	356.2	287.3
PAT Margin	5.5%	4.7%

Some key performance highlights of JSAI's operations are as follows:

- **Production:**
 - Accomplished smooth "Start of Production" (launch) of CEPS for Maruti Suzuki's "Ciaz", Honda's "Mobilio" and MS Gear for Toyota "Corolla".
 - Successfully reduced Cycle Time of Ring Assembly Line from 28" to 20" seconds.
- **Safety:** Achieved 1,726 Accident-free days.
- **Customer Satisfaction:** Achieved 100% Delivery rating from all customers and received Excellence & Supplier Delivery Performance Award for EDI (Electronic Data Information) from "Renault Nissan".
- **Environment And Cost:** Successfully implemented 50 KW Solar Power Plant.

- **Skill Development and Cost:** Produced five machines in-house, resulting in cost saving and skill development of employees.
- **Quality:** Attained second position in Quality circle held in Japan.
- **Training & Development:** Won the National Award (3rd Prize) from ISTD (Indian Society for Training & Development) for Innovative Training Practices.
- **Technology:** Successful implementation of in-house developed E-Suggestion Portal resulting in both usage of latest technology and cost saving.

Sona Fuji Kiko Automotive Limited (SFAL):

During the year under review, this subsidiary's revenue increased by 9.4% to reach ₹ 611.4 mn. EBITDA and PAT margins decreased due to drop in export volumes as compared with FY14.

SFAL (₹ mn)	2014-15	2013-14
Revenue	611.4	558.7
EBITDA	122.9	133.1
EBITDA Margin	20.1%	23.8%
PAT	46.6	63.8
PAT Margin	7.6%	11.4%

Some of the key highlights of SFAL's operations are as follows:

- **Production:**
 - Accomplished smooth "Start of Production" (launch) of Jacket Column Assembly for Maruti Suzuki's Ciaz.
 - Achieved start-up of new production line thereby increasing the capacity, keeping in view future requirements.
- **Training & Development:** Imparted training to employees in Production, Product Design, HR&GA, and Manufacturing Engineering to enhance knowledge and skills.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

CSR is engrained in our being and we at Sona Koyo realize the need to give back to the society in which we thrive. Out of all socio-economic interventions, education has always been considered the most powerful tool and Sona Koyo has been actively rendering contributions towards education. It is to further this cause that Sona Skill Development Centre (SSDC) was started in October 2013 with an investment of ₹ 50 mn. The state-of-the-art Centre in the industrial hub of Gurgaon has 2,600+ square meters of total floor area, five classrooms, a well-equipped workshop, a metrology lab and a computer lab. The objective of the Center is to develop people for excellence in manufacturing by upgrading the skill level of employees of the manufacturing industry and to develop suitably skilled people from the bottom of the pyramid.

One of the most satisfying interventions in reciprocating to society has been the program "Praveen" at SSDC, where underprivileged youth undergo vocational training for a period of four months, transforming them into self-reliant, employable youth. This program is registered with Automotive Skills Development Council (ASDC), which is promoted by the automobile industry through Society of Indian Automobile Manufacturers (SIAM), Automotive Component Manufacturers Association (ACMA), and Federation of Automobile Dealers Association (FADA), as well as Government of India represented by Department of Heavy Industry and National Skill Development Corporation (NSDC). After successful completion of the course, the participants undergo test and evaluation by ASDC-approved assessors. Based on this assessment, successful candidates are issued ASDC certificates that enable them to secure jobs in the automotive industry.

We adopt teaching methods that are sensitive to the realities of the industry making the youth well-equipped to perform when he or she enters the workforce. Out of 3,500 training partners for ASDC, Sona Skill Development Centre is ranked among the top 5 – reflecting our commitment to build individual capabilities.

Sona Skill Development Centre



Lecture Classrooms



Simulation of Machining Cell



During FY15, we trained 46 individuals under the first two batches of Project Praveen. 100% of the students successfully qualified for the ASDC certification. All of these youths have bagged employment through campus interviews arranged by SSDC at salaries that are at par with industry standards. We are currently running a third batch of 28 participants while a fourth batch of 35 students has already been formed. We aim to train 150 underprivileged youths under the Project in the coming year.

In addition, SSDC also runs programs such as Skilling Team Leaders (training supervisors from the industry), Supervisors for Small & Medium Enterprises (SMEs), and Training in various tools and techniques for middle and senior managers in manufacturing. In the coming year, SSDC will be introducing a Campus to Career Program targeted at fresh engineering graduates to make them industry-ready from Day One.

Apart from education, we believe in making our environment clean and healthy. The Sona Group continues to map its carbon and water footprints. Sona Koyo has set targets for reduction in energy consumption, cut in carbon emissions and water consumption using in-house innovative methods for reduction and reuse of resources. The Company has also initiated a tree-plantation drive to offset its carbon footprint.

SUPPLY CHAIN MANAGEMENT

Sona Koyo continuously strives towards better operational management and quality enhancement by focusing on Supply Chain Management (SCM) initiatives. During the year, we continued to focus on the "Milk Run" technique, which was started in FY2013. "Milk Run" is a structured method to collect raw materials from suppliers. We extended this technique to Sanand in FY15 and are working to cover the local suppliers in the coming years.

During the year, we started the Supplier Improvement Team (SIT) within the SCM. The initiative aims at using techniques from Visionary Small & Medium Enterprises (VSME) to improve the quality of products from suppliers. We aim to incorporate new Quality improvement methods and processes to improve the product quality of suppliers, which in turn benefit our production process and quality control. In FY15, the Company started a Quality drive focused on 15 suppliers and achieved significant improvements at their end. The initiative is a win-win proposition for both Sona Koyo and its suppliers. Adoption of this practice improved the Company's delivery performance to its customers. It also reduced supplier rejection by 55% and cut down Line complaints by 25% at Sona Koyo due to child parts. In addition, the Company holds monthly meetings with all key suppliers to improve the reliability of supplies. The SIT team aims to work with 40 suppliers in the next year to further improve the Quality and Delivery performance.

The Company has also appointed technology-wise commodity managers for key technologies. These Techno Commercial Managers will work on aligning the supplier capabilities with regard to future requirements of Sona Koyo.

TRAINING & DEVELOPMENT AND HUMAN RESOURCES

We believe that our employees are integral to our success. Hence, we continue to invest in various HR programs and in training employees to enhance employee morale and engagement, and to raise productivity levels. The Company organizes training for shop floor supervisors at the Sona Skill Development Centre (SSDC) that aims to improve the problem-solving capability of junior managers and make them ready for taking on senior roles in the organization.

During the year, the HR department also organized an assessment program for the top 45 employees in the organization resulting in recasting of a few key roles, aimed at driving growth over the next three to five years. The study involved an external consultant identifying key talent in the organization, their strengths and areas of improvement, and more importantly, allocating the right job to the right person. The Company attaches the greatest importance to feedback from employees and continuously works towards being an 'Employer of Choice' for our people.

Based on the feedback, we undertook a study to rationalize the salary structure in the organization, which maximizes both monthly take home and retirement benefits. The inputs of the study will be deployed in FY16.

INFORMATION TECHNOLOGY

We are focused on adopting technology to make Sona Koyo a more agile business, responsive to the changing external environment. During the year, we focused on data security and established a disaster recovery site in Hyderabad. It is a hybrid disaster recovery site implemented with a data leakage prevention solution. To ensure security of organization data, we have taken various initiatives, such as bespoke solutions for maintenance management, in-transit shipment tracking, manufacturing cost analysis software, and business intelligence for data analysis. In the coming year, we will focus on bringing in digitization in business processes as we believe that digitization will be a key business enabler in the future.

RECOGNITIONS

Recognitions by industry and our customers are testimony to our leadership and commitment to quality. During the year, our leading customer Maruti Suzuki India Ltd (MSIL) lauded us at their supplier meet for superior performance in implementation of Value Analysis and Value

Engineering (VAVE) as well as localization of Column Assist Electric Power Steering (CEPS) Phase 4.

Achieving indigenization/localization is the need of the hour and customers ask for 100% localization from Day One of new product development. However, due to technical capability constraints certain child parts have to be imported. The customer provides the opportunity to localize these parts since local manufacturing/technical capabilities develop during the product lifecycle. For the year 2014-15, MSIL had set a target of achieving maximum localization in CEPS and MS Gears. The development and implementation of this goal was achieved through teamwork of Team Sona along with MSIL and our suppliers.

Continuous endeavors are being made to achieve more child parts localization in various products like HPS and IMS to get the same recognition from other customers, such as M&M and TKML.

RESEARCH AND DEVELOPMENT

We believe in investing in R&D to achieve sustainable competitive advantage for the future. After successfully deploying the homegrown EPAM technology on customer vehicles, the R&D department is now in the process of upgrading its existing EPAM according to clients' newer requirements. This upgrade of EPAM will facilitate better communication between the various Engine Control Unit (ECU) and the EPAM unit on a vehicle.

The Company also extended its EPAM technology to the tractor segment by



developing TEPAM (Tractor Electric Power Assist Module), especially for Indian Farm Tractors and sports cars. In FY15, we filed an application under the international Patent Cooperation Treaty (PCT) for TEPAM. During the year, we tested TEPAM in the aftermarket and are now set for implementation with domestic OEMs.

Currently, the Company is also working with an international institute as well as Indian partners viz. Council of Scientific and Industrial Research (CSIR) laboratories on development of Advanced Driver Assistance Systems, including autonomous steering.

RISKS AND CONCERNS

The Company is exposed to external and internal risks associated with the business. The operations are directly dependent on the growth of the Indian automotive industry. General economic conditions impact the automotive industry, and in turn, the operations of Sona Koyo as well. To counter these risks, the Company continues to broaden its product portfolio, raise customer profile and expand its geographic reach.

The Company is exposed to strong competitive pressures, both in the domestic and overseas markets. However, our close customer relationships, ability to provide higher quality of engineering, design support and relentless drive for improvement provide us with a competitive edge. The Company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. The Company additionally faces

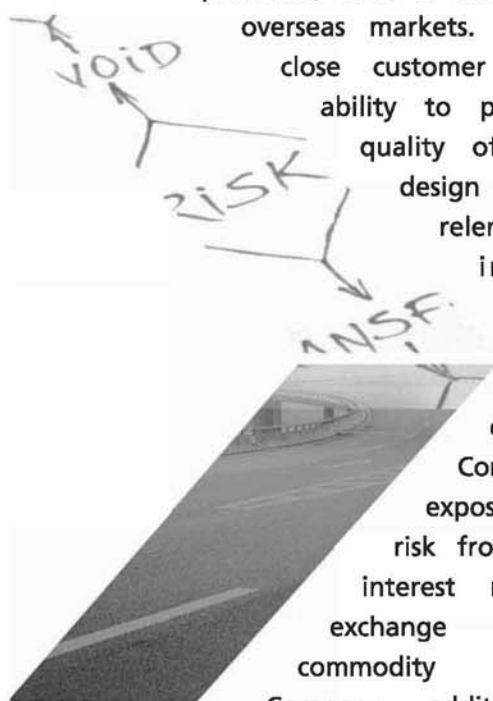
challenges related to fast-changing technology, reducing life cycle of new vehicles, supply constraints from Tier II suppliers, sustaining cost efficiencies brought into the system and planning capacity expansion in the wake of changing demand patterns.

Risk management is reviewed by the Risk Management Committee. The Committee reviews the Company's management activities on a regular basis in addition to monitoring any new risks that could arise due to changes in the external or business environments. The Risk Committee met twice during FY15. While the possibility of negative impact due to one or more such risks cannot be completely ruled out, the Company proactively takes conscious and reasonable steps, making efforts to mitigate the significant risks that may affect it.

INTERNAL CONTROLS AND ADEQUACY

Sona Koyo has in place systems of internal controls which are commensurate with its size and nature of its operations. These have been designed to provide reasonable assurances with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance with corporate policies. Further, internal audit and management reviews are conducted regularly and reports submitted for review to the Audit Committee of the Board of Directors.

Sona Koyo's Audit Committee reviews all audit reports submitted by Ernst & Young (E&Y), the internal auditors; follows up on the implementation of various recommendations; meets the Company's statutory auditors to ascertain their views on the adequacy of internal control systems; and keeps the Company's Board of Directors informed of major observations from time to time. The Audit Committee met six times during FY15.



CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ substantially or materially

from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the automobile sector, significant changes in the political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

CORPORATE GOVERNANCE REPORT







CORPORATE GOVERNANCE

Sona Koyo Steering Systems Limited ('Sona') remains committed to high standards of corporate governance. The Company believes that appropriate disclosure procedures, transparent accounting policies, strong and independent Board practices and highest levels of ethical standards are critical to enhance and retain investor's trust and generate sustainable corporate growth. It is the conviction with that Sona has set in place systems, procedures and standards that are promoting good corporate governance standards within the Company.

The Securities and Exchange Board of India (SEBI) regulates corporate governance practices of companies listed on the Indian Stock Exchanges. These regulations are notified under Clause 49 of the Listing Agreements of all the Stock Exchanges in the country. This Clause specifies the standards that Indian companies have to meet and the disclosures that they have to make, with regard to corporate governance. SEBI has amended the provisions of Clause 49 of the Listing Agreement from time to time, thereby enhancing the scope

of Corporate Governance practices for listed companies.

Your Company has established systems and procedures to comply with the provisions of the 'Code of Corporate Governance' and is complying with the same in its letter and spirit. This section, along with the sections on Additional Shareholder Information and Management Discussion and Analysis, reports Sona's compliance with Clause 49 of the Listing Agreement.

BOARD OF DIRECTORS

a) Composition of the Board

The Board of Directors of your Company is having optimum combination of executive and non-executive directors. As on 31st March, 2015, the Board of Sona consisted of twelve Directors. The Chairman, the Vice Chairman & Managing Director and the Deputy Managing Director are the executive directors of the Company. The remaining nine directors are non-executive directors, of which six are independent directors.

JTEKT Corporation, Japan (JTEKT), the financial and technical collaborator of Sona, has nominated one executive and one non-executive director on the Board of the Company. Maruti Suzuki India Limited (MSIL), which is the co-promoter of Sona as well as its major customer, has also nominated one non-executive director on the Board of the Company.

b) Number of Board Meetings

In the year ended 31st March, 2015, Sona held four Board Meetings on 30th May, 2014, 1st August, 2014, 13th November, 2014 and 11th February, 2015. The maximum time gap between any two Board Meetings during the year was less than four months.

c) Directors' attendance record and directorships held

See Table 1 for details.

Table 1: Details of Board of Directors for the year ended 31st March, 2015

Name of Directors	Position	Board Meetings held during the period of Directorship	Board Meetings attended	Whether attended last AGM	Directorships held in other public limited companies incorporated in India ^①
Dr. Surinder Kapur	Executive Chairman	4	4	Yes	6(1)
Mr. Sunjay Kapur	Vice Chairman & Managing Director (Son of Dr. S. Kapur)	4	4	Yes	5(0)
Mr. Kiyozumi Kamiki	Dy. Managing Director (Nominee of JTEKT)	4	4	Yes	1(-)
Mr. Kazuhiko Ayabe	Non-executive Director (Nominee of MSIL)	4	4	Yes	2(1)
Mr. Hiroyuki Miyazaki ^②	Non-executive Director (Nominee of JTEKT)	1	0	N.A.	N.A.
Mr. Keiichi Sakamoto ^③	Alternate Director to Mr. Hiroyuki Miyazaki (Nominee of JTEKT)	1	0	N.A.	N.A.
Mr. Hidekazu Omura ^④	Non-executive Director (Nominee of JTEKT)	4	4	Yes	1(-)
Mr. J. M. Kapur	Non-executive Director (Brother of Dr. S. Kapur)	4	4	Yes	Nil
Mr. P. K. Chadha	Independent Director	4	4	No	2(1)
Mr. Ravi Bhoothalingam	Independent Director	4	4	Yes	1(1)
Mr. Ramesh Suri	Independent Director	4	4	Yes	11(2)
Mr. B.L. Passi ^⑤	Independent Director	1	0	N.A.	N.A.
Lt.Gen.(Retd.) S.S.Mehta	Independent Director	4	4	Yes	2(-)
Mrs. Ramni Nirula	Independent Director	4	4	Yes	10(6)
Mr. Prasan A. Firodia ^⑥	Independent Director	3	2	Yes	2(1)

Notes:

- ① Figures in () denotes listed Companies.
- ② Ceased to be a director due to withdrawal of nomination by JTEKT Corporation, Japan, on 30th May, 2014.
- ③ Consequent upon the cessation of Mr. Miyazaki, Mr. Sakamoto, who was appointed as an Alternate Director to Mr. Hiroyuki Miyazaki on 12th February, 2014, has ceased to be the Alternate Director of the Company w.e.f. 30th May, 2014.
- ④ In place of Mr. Miyazaki, JTEKT has nominated Mr. Hidekazu Omura, who has been appointed as Director of the Company w.e.f. 30th May, 2014.
- ⑤ Resigned from the directorship of the Company w.e.f. 28th July, 2014.
- ⑥ The Board of Directors of the Company in its meeting held on 1st August, 2014 appointed Mr. Prasan Abhaykumar Firodia as an Independent Director of the Company to fill the casual vacancy caused to the resignation of Mr. B.L. Passi.

None of the Directors is a member of more than 10 Board-level Committees or a Chairman of more than five such Committees, as required under Clause 49 of the Listing Agreement.

d) Information supplied to the Board

Among others, this includes:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results of the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit Committee and other Committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of

wage agreement, implementation of Voluntary Retirement Scheme etc.

13. Sale, of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

e) Directors with significant related party transactions, pecuniary or business relationship with the Company

The Company supplies components to Maruti Suzuki India Limited, the co-promoter of the Company and pays royalty, technical know-how fees and other charges to JTEKT for extending technology for manufacturing various auto components and for providing / availing other services. The Company has business transactions at prevailing market prices and terms with Pune Heat Treat Pvt. Ltd., a Company in which the wife of Sona's Chairman has a majority shareholding. All transactions are conducted at arm's length in ordinary course of business and at prevailing market prices. None of these transactions involve a conflict with the financial interests of Sona. The details of related party transactions are given in Note No. 47 to the

Annual Accounts of the Company. As required under Clause 49, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company (web link: www.sonakoyosteering.com/policies).

f) Familiarization Programme of Independent Directors

The Independent Directors of the Company are eminent personalities having wide experience in the field of business, finance, education, industry and commerce. Their presence on the Board has been advantageous and fruitful in taking business decisions.

Independent Directors are appointed as per the Governance guidelines of the Company, with management expertise and wide range of experience. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations.

Periodic presentations are made at the Board/Committee meetings on business and performance updates of the Company, business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors. For the purpose, the Company has prepared a policy and a familiarization programme which is displayed on the website of the Company (web link: www.sonakoyosteering.com/policies).

g) Remuneration of Directors: Sitting Fees, Salary, Perquisites and Commission

Table 2 gives the details of the remuneration package of Directors and their relationships with each other.

Table 2: Remuneration (in ₹) paid or payable to Directors for the year ended 31st March, 2015

Name of Directors	Relationship with other Director	Sitting Fee ①	Commission on profits	Salary	Perquisites	Provident & Superannuation Fund	Total
Dr. Surinder Kapur	Brother of Mr. J. M. Kapur	N.A.	Nil	1,08,00,000	14,48,403	11,80,000	1,34,28,403
Mr. Sunjay Kapur	Son of Dr. S. Kapur	N.A.	Nil	44,00,000	1,04,50,521	6,28,000	1,54,78,521
Mr. Kiyozumi Kamiki	None	N.A.	Nil	36,90,000	22,83,600	5,32,000	65,05,600
Mr. Kazuhiko Ayabe	None	3,10,000	Nil	N.A.	N.A.	N.A.	3,10,000②
Mr. Hiroyuki Miyazaki ③	None	20,000	Nil	N.A.	N.A.	N.A.	20,000
Mr. Keiichi Sakamoto ④	None	20,000	Nil	N.A.	N.A.	N.A.	20,000
Mr. Hidekazu Omura ⑤	None	3,10,000	Nil	N.A.	N.A.	N.A.	3,10,000
Mr. J. M. Kapur	Brother of Dr. S. Kapur	9,40,000	3,00,000	N.A.	N.A.	N.A.	12,40,000
Mr. P.K. Chadha	None	19,40,000	6,00,000	N.A.	N.A.	N.A.	25,40,000
Mr. Ravi Bhoothalingam	None	13,30,000	5,00,000	N.A.	N.A.	N.A.	18,30,000
Mr. Ramesh Suri	None	3,10,000	2,00,000	N.A.	N.A.	N.A.	5,10,000
Lt.Gen.(Retd.)J.S.Mehta	None	10,20,000	5,00,000	N.A.	N.A.	N.A.	15,20,000
Mrs. Ramni Nirula	None	11,20,000	5,00,000	N.A.	N.A.	N.A.	16,20,000
Mr. Prasan A. Firodia ⑥	None	2,00,000	1,00,000	N.A.	N.A.	N.A.	3,00,000

Notes:

① Sitting Fee includes the fee paid for attending the Committee Meetings.

② Sitting Fee for attending the Board Meetings was paid to the nominating Company MSIL.

③ Ceased to be the Director of the Company w.e.f. 30th May, 2014.

④ Ceased to be the Alternate Director to Mr. Hiroyuki Miyazaki w.e.f. 30th May, 2014.

⑤ In place of Mr. Miyazaki, JTEKT has nominated Mr. Hidekazu Omura, who has been appointed as Director of the Company w.e.f. 30th May, 2014.

⑥ The Board of Directors of the Company in its meeting held on 1st August, 2014 appointed Mr. Prasan Abhaykumar Firodia as an Independent Director of the Company to fill the casual vacancy caused by the resignation of Mr. B.L. Passi.

The Company has not issued any Stock Option Shares. None of the employees are related to any of the Directors.



Service contract of the Chairman, Managing Director and Dy. Managing Director

As approved by the Shareholders of the Company in the Twenty Eighth Annual General Meeting held on 1st August, 2012, an Agreement dated 1st November, 2012 was executed between the Company and Dr. Surinder Kapur, Chairman of the Company for his re-appointment, with remuneration for a period of five years, with effect from 28th September, 2012, upon the terms and conditions as approved by the Shareholders. The severance fee shall be as per the provisions of the Companies Act, 2013.

The Shareholders of the Company in its Thirtieth Annual General Meeting held on 23rd September, 2014 approved the reappointment of Mr. Sunjay Kapur as Managing Director of the Company, with remuneration, for a further period of three years, with effect from 22nd October, 2014. The Company has obtained approval of the Central Government vide their letter no. C36724326/03/2014-CL-VII dated 31st March, 2015 for payment of remuneration to Mr. Sunjay Kapur, in case of inadequacy of profits in any year during the period of his tenure. The severance fee shall be as per the provisions of the Companies Act, 2013.

As approved by the Shareholders of the Company in the Twenty Ninth Annual General Meeting held on 10th August, 2013, an Agreement dated 6th November, 2013 was executed between the Company and Mr. Kiyozumi Kamiki, Dy. Managing Director of the Company for his appointment, with remuneration, for a period of three years, with effect from 15th May, 2013, upon the terms and conditions as approved by the Shareholders. The severance fee shall be as per the provisions of the Companies Act, 2013.

During the financial year 2013-14, due to global economic meltdown, the Company did not have adequate profits and accordingly to pay the remuneration to the Executive Directors of the Company i.e. Dr. Surinder Kapur, Chairman, Mr. Sunjay Kapur, Vice Chairman & Managing Director and Mr. Kiyozumi Kamiki, Dy. Managing Director, the Company has obtained the requisite approval of the Central Government for payment of stated remuneration to the aforesaid Executive Directors.

Basis for compensation payment to the Independent / Non-executive Directors

As permitted under the Companies Act, 2013, the payment of commission up to a sum not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the said Act, the Board of Directors of the Company in its meeting held on 15th May, 2015 have approved the distribution of commission to the independent directors / non-executive directors (except Nominee Directors), by way of commission, out of the net profits for the Financial Year ended 31st March, 2015 of the Company. The details of payment of commission are given in Table 2 above.

h) Details of the shares and convertible instruments and Stock Option Shares held by the non-executive Directors

See Table 3 for details

Table 3: Equity Shares, convertible instruments and Stock Option Shares held by the Non-Executive Directors as on 31st March, 2015

Name of Directors	Number of Equity Shares held	Number of convertible instruments/ ^① Stock Option Shares ^② held
Mr. Kazuhiko Ayabe	Nil	N.A.
Mr. Hiroyuki Miyazaki ^③	Nil	N.A.
Mr. Hidekazu Omura	Nil	N.A.
Mr. J. M. Kapur	34,000	N.A.
Mr. P.K. Chadha	15,000	N.A.
Mr. Ravi Bhoothalingam	Nil	N.A.
Mr. Ramesh Suri	Nil	N.A.
Mr. B. L. Passi ^④	Nil	N.A.
Lt. Gen. (Retd.) S.S.Mehta	Nil	N.A.
Mrs. Ramni Nirula	Nil	N.A.
Mr. Prasan A. Firodia	Nil	N.A.

Notes:

- ① As on date Sona has not issued any Convertible Instruments to its Non-Executive Directors.
- ② Sona has not issued any Stock Option Shares to its Non-Executive Directors.
- ③ Ceased to be the Director of the Company w.e.f. 30th May, 2014.
- ④ Ceased to be the Director of the Company w.e.f. 28th July, 2014.

i) Committees of the Board

i) Audit Committee

As on 31st March, 2015, the Audit Committee comprises of Mr. Ravi Bhoothalingam, Mr. P. K. Chadha, Mr. Sunjay Kapur, Lt. Gen. (Retd.) S. S. Mehta and Mrs. Ramni Nirula. Except Mr. Sunjay Kapur, who is an Executive Director, all the members of the Audit Committee are independent. All members of the Audit Committee are financially literate and Mr. Ravi Bhoothalingam, the Chairman of the Audit

Committee has accounting and related financial management expertise. During the year, the Committee met six times i.e., on 29th May, 2014, 1st August, 2014, 12th November, 2014, 20th January, 2015, 10th February, 2015 and 23rd March, 2015. The time gap between any two Audit Committee meetings during the year was less than four months. Minutes of the Audit Committee meetings were placed before and discussed by the Board. The attendance record of the Audit Committee is given in Table 4.

Table 4: Attendance Record of Audit Committee for the year ended 31st March, 2015

Name of Members	Position	Audit Committee Meetings held during the period of Membership	Audit Committee Meetings attended
Mr. Ravi Bhoothalingam (Independent Director)	Chairman	6	6
Mr. P.K. Chadha (Independent Director)	Member	6	6
Lt. Gen. (Retd.) S.S.Mehta (Independent Director)	Member	6	6
Mrs. Ramni Nirula (Independent Director)	Member	6	6
Mr. Sunjay Kapur (Vice Chairman & Managing Director)	Member	6	5

The purpose of the Audit Committee is to assist the Board with its oversight responsibilities. Section 177 of the Companies Act, 2013 ('Act') states that the Audit Committee of the Company shall act in accordance with the Terms of Reference (TOR) specified, in writing, by the Board. Accordingly, the Board of Directors of the Company, have in their meeting held on 30th May, 2014, delegated the following functions to be carried out by the Audit Committee of Directors in line with the requirements of Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement:

- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

- Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on exercise of judgement by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the 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 documents / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, performance of statutory and internal auditors, adequacy of 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.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To look 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.

- To review the functioning of the Whistle Blower Mechanism.
- Approval of appointment of CFO (i.e. whole time finance director or any other person heading the finance function or discharging that function) 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.

The Audit Committee of Sona reviews the following information:

- Management 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; and
- The appointment, removal and terms of remuneration of Chief Internal Auditor shall be subject to review by the Audit Committee.

The Audit Committee is also empowered with the following powers:

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

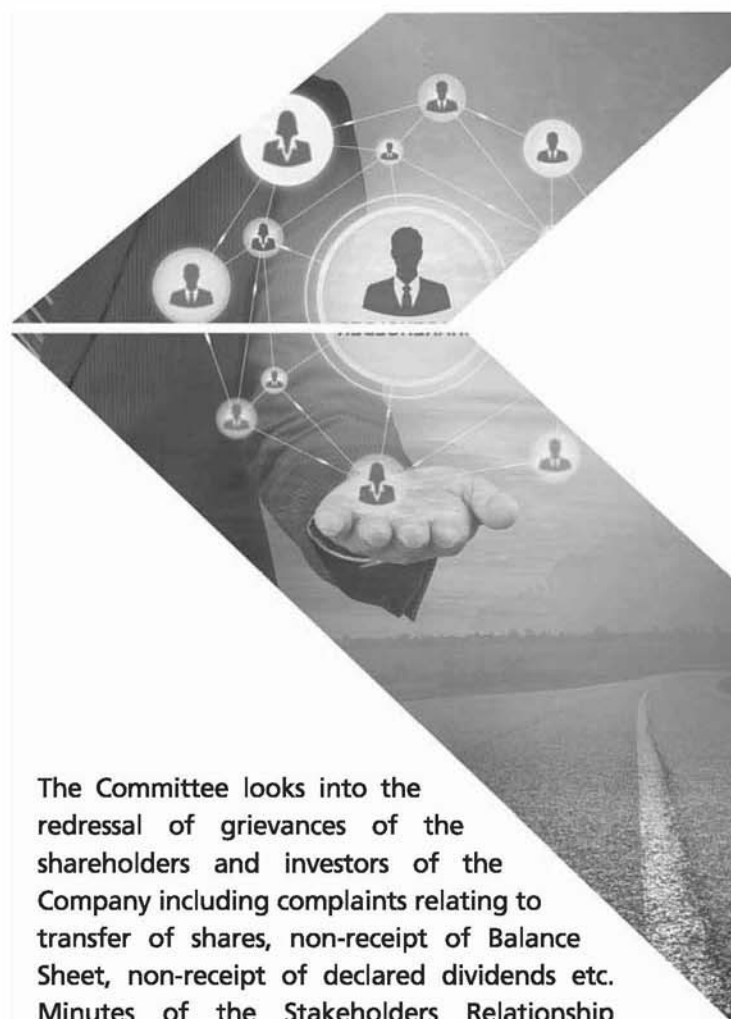
The Audit Committee is also apprised on information with regard to related party transactions, by being presented:

1. A statement in summary form of transactions with related parties in the ordinary course of business;
2. Details of material individual transactions, if any, with related parties which are not in the normal course of business;
3. Details of material individual transactions, if any, with related parties or others, which are not on an arm's length basis together with management's justification for the same.

The Chairman of the Audit Committee was present at the last Annual General Meeting to answer shareholders' queries. The Audit Committee is regularly apprised of the various follow-up actions taken on the direction of the Audit Committee. Mr. Sudhir Chopra, President & Company Secretary of Sona, is the Secretary to the Committee. The Audit Committee regularly invites such executives as it considers appropriate, including the head of the finance function, the head of internal audit and the representative of the Statutory Auditors, to be present at the meetings of the Committee.

ii) Stakeholders Relationship Committee

As on 31st March, 2015, the Stakeholders Relationship Committee comprises of Mr. J. M. Kapur and Dr. Surinder Kapur.



The Committee looks into the redressal of grievances of the shareholders and investors of the Company including complaints relating to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc. Minutes of the Stakeholders Relationship Committee meetings were placed before and discussed by the Board. The Committee met four times during the year i.e., on 21st April, 2014, 11th July, 2014, 14th October, 2014 and 8th January, 2015. The attendance record of the 'Stakeholders Relationship Committee' is presented in Table 5:

Table 5 : Attendance Record of Stakeholders Relationship Committee for the year ended 31st March, 2015

Name of Members	Position	Stakeholders Relationship Committee Meetings held during the period of membership	Stakeholders Relationship Committee Meetings Attended
Mr. J. M. Kapur (Non-Executive Director)	Chairman	4	4
Dr. Surinder Kapur (Chairman)	Member	4	4

iii) Nomination and Remuneration Committee

As on 31st March, 2015, the Nomination and Remuneration Committee comprises of Mr. P.K. Chadha, Mr. Ravi Bhoothalingam, Dr. Surinder Kapur and Mr. J.M. Kapur.

The Nomination and Remuneration Committee performs following functions:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to

become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

- Nominating suitable candidates on the Boards of subsidiary and associate companies in terms of Joint Venture / Shareholder or other Agreements.

During the year, the Committee met seven times on 30th May, 2014, 18th June, 2014, 1st August, 2014, 11th August, 2014, 11th November, 2014, 11th February, 2015 and 20th March, 2015. Minutes of the Nomination and Remuneration Committee were placed before and discussed by the Board. The attendance record of the Nomination and Remuneration Committee is presented in Table 6:

Table 6 : Attendance Record of Nomination and Remuneration Committee for the year ended 31st March, 2015

Name of Members	Position	Nomination and Remuneration Committee Meetings held during the period of Membership	Nomination and Remuneration Committee Meetings Attended
Mr. P.K. Chadha (Independent Director)	Chairman	7	7
Mr. Ravi Bhoothalingam (Independent Director)	Member	7	6
Dr. Surinder Kapur (Chairman)	Member	6	5
Mr. J.M. Kapur (Non-Executive Director)	Member	7	4
Mr. B.L. Passi ① (Independent Director)	Member	2	0

① Ceased to be the Director of the Company w.e.f. 28th July, 2014.

In accordance with the requirements under Section 178 of the Companies Act, 2013 (Act) and Clause 49 of Listing Agreement the Company has formulated a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP). The primary objective of the Policy is to provide a framework and set standards for nomination, remuneration and evaluation of Directors, KMP and SMP. This Policy has been designed to keep pace with the business environment and market linked positioning. The policy is displayed on the website of the Company (web link: www.sonakoyosteering.com/policies).

iv) Risk Management Committee

In view of the enlarged scope of the Audit Committee of Directors as per the new Companies Act, 2013, it was decided to combine the functions of the earlier Audit Committee and Risk Management Committee and to have one Committee of Directors instead of having two separate Committees. Accordingly, the Risk

Management Committee of the Company was dissolved and its functions were merged with the Audit Committee.

As per the amended provisions of Clause 49 of the Listing Agreement, the Board of Directors of the Company in its meetings held on 13th November, 2014, reconstituted the Risk Management Committee and accordingly as on 31st March, 2015, the Risk Management Committee comprises of Lt.Gen.(Retd.) Shamsheer Singh Mehta, Mr. Sunjay Kapur, Mr. P.K. Chadha and Mr. Prasan A. Firodia.

The purpose of the Committee is to monitor and review the Risk Management Plan of the Company and shall look into the various risks identified by the Company and the steps taken to control / mitigate the same.

During the year, the Committee met twice i.e., on 8th January, 2015 and 23rd March, 2015. Minutes of the Risk Management Committee were placed before and discussed by the Board. The attendance record of the Risk Management Committee is presented in Table 7:

Table 7 : Attendance Record of Risk Management Committee for the year ended 31st March, 2015

Name of Members	Position	Risk Management Committee Meeting held during the period of Membership	Risk Management Committee Meetings Attended
Lt.Gen.(Retd.) S.S. Mehta (Independent Director)	Chairman	2	2
Mr. Sunjay Kapur (Vice Chairman & Managing Director)	Member	2	1
Mr. P.K. Chadha (Independent Director)	Member	2	2
Mr. Prasan A. Firodia (Independent Director)	Member	2	0

v) Corporate Social Responsibility Committee

As on 31st March, 2015, the Corporate Social Responsibility (CSR) Committee comprises of Dr. Surinder Kapur, Mrs. Ramni Nirula and Mr. P.K. Chadha as members. The

Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy', observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary.

During the year, the Committee met three times i.e., on 13th November, 2014, 11th February, 2015 and 23rd March, 2015. Minutes of the Corporate Social Responsibility Committee were placed before and discussed by the Board. The attendance record of the Corporate Social Responsibility Committee is given in Table 8:

b) Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion nor do they vote on such matters.

In compliance with SEBI regulations on prevention of insider trading, the Company has implemented a comprehensive policy for its management personnel and relevant business associates. The policy lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Sona and cautioning them on consequences of violations.

c) Code of Conduct

The Board of Directors of the Company in their meeting held on 28th October, 2005 has adopted the 'Code of Conduct' for all Board Members and designated members of Senior Management of the Company. Designated 'Senior Management' comprises personnel of the Company who are members of its core

Table 8 : Attendance Record of Corporate Social Responsibility Committee for the year ended 31st March, 2015

Name of Members	Position	CSR Committee Meetings held during the period of Membership	CSR Committee Meetings Attended
Dr. Surinder Kapur (Chairman)	Chairman	3	2
Mrs. Ramni Nirula (Independent Director)	Member	3	3
Mr. P.K. Chadha (Independent Director)	Member	3	3

MANAGEMENT

a) Management discussion and analysis

This Annual Report has a detailed section on management discussion and analysis.

management team and, inter-alia, comprises all members of management one level below the Executive Directors, including all functional heads. With a view to cover more management personnel of the Company, the said Code of Conduct was amended by the

Board of Directors in their meetings held on 15th May, 2013 and 30th May, 2014. The code of conduct is available on the website of the Company www.sonakoyosteering.com. All Board members and designated management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

d) Whistle Blower Policy

As required under Section 177 (9) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement, the Company has formulated a Whistle Blower Policy. The policy comprehensively provides an opportunity for any employee / Director of the Company to raise any issue concerning breaches of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the employees of the Company. The details of establishment of the Whistle Blower Policy/Vigil mechanism have been disclosed on the website of the Company.

e) Subsidiary Companies

As per provisions of Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the minutes of the Board Meetings of the subsidiary companies (JTEKT SONA Automotive India Limited and Sona Fuji Kiko Automotive Limited) and a statement, wherever applicable, of all significant transactions and arrangements entered by the existing subsidiary companies have been prepared and presented to the Board of Sona. The Audit Committee of Sona has also reviewed the financial statements of the subsidiary companies.

In accordance with the requirement of the Listing Agreement, the Company has formulated a policy for determining 'material' subsidiaries. The same is displayed

on the website of the Company (web link: www.sonakoyosteering.com/policies).

f) Disclosure of accounting treatment in preparation of financial statements

Sona has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

g) CEO/ CFO Certification

The CEO and CFO certification on the financial statements for the year is attached along with this report.

SHAREHOLDERS

a) Disclosures regarding appointment or re-appointment of Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. J.M. Kapur, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

As required, a brief profile and other particulars of Mr. J.M. Kapur is given in the Notice of the 31st Annual General Meeting.

b) Communication to Shareholders

All important information relating to the Company and its performance, including quarterly financial results and shareholding pattern are posted on the web-site: www.sonakoyosteering.com. The web-site also displays all official press releases and presentation to analysts made by the Company.

The quarterly, half-yearly and annual results of the Company's performance are published in newspapers namely 'Business Standard' (English) and 'Business Standard' & 'Veer Arjun' (Hindi).

c) Investor Grievances

As mentioned earlier in this section, the Company has constituted a Stakeholders Relationship Committee for redressing shareholders' and investors' complaints. The status of complaints is reported to the Board of Directors in their meetings. Mr. Sudhir Chopra, President & Company Secretary is the Compliance Officer.

Pursuant to sub clause (f) of Clause 47 of the Listing Agreement, which requires all the Listed Companies to designate an e-mail id of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints by investors, the Company has created an e-mail id i.e. investorgrievance@sonagroup.com.

d) Share Transfer

M/s. Karvy Computershare Pvt. Ltd. (Karvy), the Registrar and Transfer Agent of the Company handles all share transfers and related matters viz. physical transfer of securities, de-materialisation / re-materialisation of securities etc. Karvy is registered with the SEBI as a Category 1 Registrar.

e) Details of non-compliance

The Company has complied with all the requirements of regulatory authorities and no penalties or strictures were imposed on the Company by any stock exchange or SEBI or any statutory authority on any matter related to capital market during the last 3 years.

f) General Body Meeting

Details of the last three Annual General Meetings are given in Table 9.

- Adoption of new set of Articles of Association of the Company.
- Payment of remuneration to Mr. Sunjay Kapur, Managing Director of the Company during part of the financial year 2014-15 i.e., from 1st April, 2014 to 21st October, 2014.
- Related Party Transactions.
- Consent to mortgage and/or charge all or any part of the movable / immovable properties of the Company under Section 180(1)(a) of the Companies Act, 2013.

The details of Special Resolutions passed in the previous three Annual General Meetings of the Company are as under:

30th Annual General Meeting held on 23rd September, 2014

- Re-appointment of Mr. Sunjay Kapur as Managing Director of the Company.
- Payment of minimum remuneration to Mr. Sunjay Kapur, Managing Director of the Company during the financial year 2013-14.
- Borrowing powers of the Board under Section 180(1)(c) of the Companies Act, 2013.
- Consent to mortgage and/or charge all or any part of the movable / immovable properties of the Company under Section 180(1)(a) of the Companies Act, 2013.

29th Annual General Meeting held on 10th August, 2013

- Appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company.
- Remuneration to non-whole time directors.

Table 9 : Date, time and venue of the last three Annual General Meetings

Financial Year (Ended)	Date	Time	Venue
31st March, 2012	1st August, 2012	02.30 P.M	Air Force Auditorium Subroto Park, New Delhi-110 010.
31st March, 2013	10th August, 2013	10.00 A.M.	Air Force Auditorium Subroto Park, New Delhi-110 010.
31st March, 2014	23rd September, 2014	3:00 P.M.	Air Force Auditorium Subroto Park, New Delhi-110 010.

g) Special Resolutions

In the ensuing 31st Annual General Meeting of the Company to be held on 14th September, 2015, the shareholders' consent is being sought by way of Special Resolution for:

28th Annual General Meeting held on 1st August, 2012

- Re-appointment of Dr. Surinder Kapur as Chairman of the Company.

h) Postal Ballots

At the ensuing Annual General Meeting to be held on 14th September, 2015 there is no matter proposed to be passed by the Company, which requires Postal Ballot. Also, there was no matter passed through Postal Ballots at the 30th Annual General Meeting of the Company.

COMPLIANCE

Mandatory requirements

Sona is compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

Auditors' certificate on Corporate Governance

As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given below :

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of SONA KOYO STEERING SYSTEMS LIMITED,

We have examined the compliance of the conditions of Corporate Governance by SONA KOYO STEERING SYSTEMS LIMITED ("the Company") for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based upon the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For S.P. Puri & Co.
Chartered Accountants
Firm Registration No. 001152N

Place : Gurgaon
Dated : 15th May, 2015

(Rajiv Puri - Partner)
Membership No. 084318

Additional Shareholder Information

ANNUAL GENERAL MEETING

Date : 14th September, 2015
 Venue : The Air Force Auditorium
 Subroto Park
 New Delhi 110 010.
 Time : 10.00 AM

FINANCIAL CALENDAR

Financial year : 1st April to 31st March

For the year ended 31st March, 2015, results were announced on:

- 1st August, 2014 : First Quarter
- 13th November, 2014 : Second Quarter
- 11th February, 2015 : Third Quarter
- 15th May, 2015 : Annual

BOOK CLOSURE

The dates of book closure are from 8th September, 2015 to 14th September, 2015 inclusive of both days.

DIVIDEND RATE

The Board of Directors of Sona, in their meeting held on 15th May, 2015, have recommended payment of 65% dividend on Equity Share Capital. The same shall be paid between 21st September, 2015 and 26th September, 2015, if approved by the shareholders at the ensuing Annual General Meeting.

LISTING

The Company's Equity Shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

STOCK CODES

Table 1: Stock Codes

Name of the Stock Exchanges	Stock Code
Bombay Stock Exchange Limited	520057
National Stock Exchange of India Limited	SONASTEER

The ISIN Number of Sona (or demat number) on both NSDL and CDSL is INE643A01035

STOCK DATA

Table 2 gives the monthly high and low prices and volumes of Equity Shares of Sona at Bombay

Stock Exchange Ltd. (BSE) and National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2015.

Table 2: Monthly share price* (In ₹) data and volumes on BSE and NSE

Month and year	BSE			NSE		
	High	Low	Volumes	High	Low	Volumes
April, 2014	25.05	20.50	4567799	25.00	20.60	5858691
May, 2014	32.50	20.85	6221181	32.65	20.90	10460276
June, 2014	40.00	29.10	5320522	39.90	29.05	9186718
July, 2014	39.45	32.65	3055251	39.45	32.55	5687590
August, 2014	46.40	36.55	4262045	46.50	37.00	8377991
September, 2014	65.30	43.45	6637808	65.45	43.00	13638675
October, 2014	58.50	50.40	1425762	58.50	50.25	4003266
November, 2014	62.65	52.35	2433514	62.65	52.25	5426345
December, 2014	61.30	51.15	2800108	61.20	51.05	6115682
January, 2015	63.45	52.35	2303137	62.20	52.30	5445750
February, 2015	59.25	47.50	2108742	59.25	47.35	3973811
March, 2015	53.05	47.00	1537045	53.00	47.10	2477884

Note: High and Low are in rupees per traded share. These are simple, un-weighted average. Volume is the total monthly volume of trade (in number) in Sona's shares on the BSE & NSE.

* Face Value of Sona's Share is ₹ 1/- each.

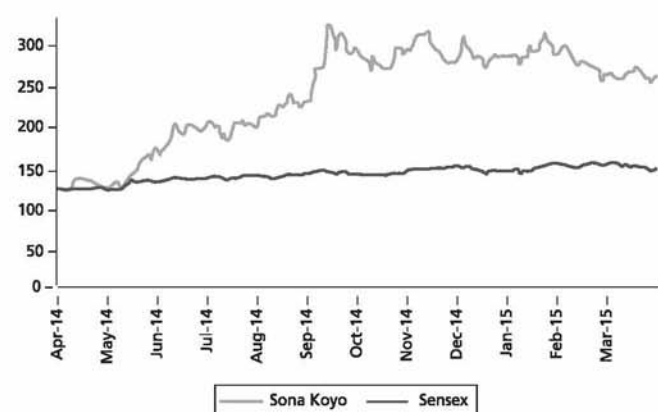


Chart A:

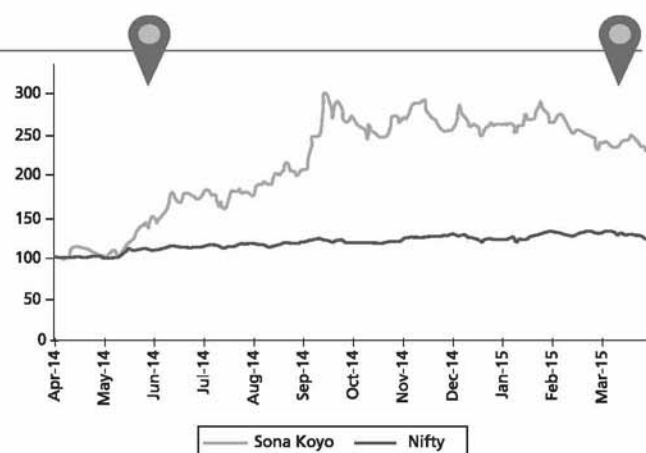
Sona's adjusted closing share price with BSE Sensex for 2014-2015.

Note: Sona Koyo share price at the BSE and the BSE Sensex have been indexed to 100 as on the first working day of 2014-2015.

Chart B:

Chart B: Sona's adjusted closing share price with Nifty for 2014-2015.

Note: Sona Koyo share price at the NSE and the NSE Nifty have been indexed to 100 as on the first working day of 2014-15.



DISTRIBUTION OF SHAREHOLDING

Table 3 and 4 give the distribution pattern of shareholding of Sona as on 31st March, 2015.

Table 3 : Distribution of shareholding by size class as on 31st March, 2015.

Amount	Number of shareholders	Number of shares held	Shareholding %
Upto 5000	51694	20944763	10.54%
5001-10000	841	6322271	3.18%
10001-20000	376	5561667	2.80%
20001-30000	131	3281007	1.65%
30001-40000	41	1488137	0.75%
40001-50000	34	1615447	0.81%
50001-100000	68	4871254	2.45%
100001 & above	81	154657286	77.82%
Total	53266	198741832	100.00%

Table 4: Distribution of shareholding by ownership as on 31st March, 2015

Category Code	Category of Shareholder	Number of Share Holders	Total Number of Shares	Number of shares held in Dematerialized Form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)	As a Percentage of (A+B+C)	Number of Shares	As a Percentage
		(A)	(B)	(C)	(D)	(E)	(F)	(G)
A)	Shareholding of Promoter and Promoter Group							
1.	Indian							
a)	Individuals/Hindu Undivided Family	13	819848	819848	0.41	0.41	0.00	0.00
b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0.00	0.00
c)	Bodies Corporate	3	63748304	63748304	32.08	32.08	0.00	0.00
d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0.00	0.00
e)	Any Other	0	0	0	0.00	0.00	0.00	0.00
	Sub-Total (A)(1)	16	64568152	64568152	32.49	32.49	0.00	0.00
2.	Foreign							
a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0.00	0.00
b)	Bodies Corporate	1	39947108	39947108	20.10	20.10	0.00	0.00
c)	Institutions	0	0	0	0.00	0.00	0.00	0.00
d)	Qualified Foreign Institutions	0	0	0	0.00	0.00	0.00	0.00
e)	Any Other	0	0	0	0.00	0.00	0.00	0.00
	Sub-Total (A)(2)	1	39947108	39947108	20.10	20.10	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A1 + A2)	17	104515260	104515260	52.59	52.59	0.00	0.00

B)	Public Shareholding							
1.	Institutions						NA	NA
a)	Mutual Funds/UTI	7	1099424	1093424	0.55	0.55		
b)	Financial Institutions / Banks	4	154403	154403	0.08	0.08		
c)	Central Government/State Government(s)	0	0	0	0.00	0.00		
d)	Venture Capital Funds	0	0	0	0.00	0.00		
e)	Insurance Companies	1	1200000	1200000	0.60	0.60		
f)	Foreign Institutional Investors	7	512446	512446	0.20	0.20		
g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
h)	Qualified Foreign Institutions	0	0	0	0.00	0.00		
i)	Any Other(Foreign Portfolio Investor)	1	10099	10099	0.01	0.01		
	Sub-Total (B)(1)	20	2976372	2970372	1.44	1.44		
2.	Non-Institutions						NA	NA
a)	Bodies Corporate	571	13119426	12961006	6.60	6.60		
b)	Individuals							
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	51709	37501598	35602706	18.87	18.87		
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	63	33259219	33259219	16.73	16.73		
c)	Qualified Foreign Institutions	0	0	0	0.00	0.00		
d)	Any Other							
	Trust	2	2000	2000	0.00	0.00		
	HUF	828	2440386	2440386	1.23	1.23		
	Clearing Members	55	92328	92328	0.05	0.05		
	Sona Koyo Steering Systems Ltd.- Unclaimed Suspense Account *	1	4835243	4835243	2.43	2.43		
	Sub-Total (B)(2)	53229	91250200	89192888	45.91	45.91		
	Total Public Shareholding (B) = (B1+B2)	53249	94226572	92163260	47.35	47.35	NA	NA
	Total (A)+(B)	53266	198741832	196678520	100.00	100.00		
C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00		
1.	Promoter and Promoter Group	0	0	0	0.00	0.00		
2.	Public	0	0	0	0.00	0.00		
	Grand Total (A) + (B) + (C)	53266	198741832	196678520	100.00	100.00		

*As per SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16th December, 2010, the unclaimed Equity Shares of the Company have been consolidated under this Account.

SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM

As on 31st March, 2015, 98.96 per cent of Sona's shares were held in dematerialized form and the rest in physical form. The promoter, co-promoter and their associates own 52.59 per cent of Sona's shares, which are held in dematerialized form.

EQUITY SHARES IN THE SUSPENSE ACCOUNT

In compliance with the terms of Clause 5A of the Listing Agreement, the Company has transferred all the unclaimed Equity Shares of ₹ 1/- each in the Demat Account, in respect of which no response was received from the shareholders even after sending the three reminders to claim the shares. The said Demat Account titled as 'Sona Koyo Steering Systems Limited – Unclaimed Suspense Account' has been opened with Karvy Stock Broking Limited, Depository Participant. The Equity Shares transferred to said Unclaimed Suspense Account belong to the members who are still holding the old Share Certificates pertaining to the Equity Shares of the Face Value of ₹ 10/- or ₹ 2/- each. The Company is releasing the Equity Shares from the said Demat Account, as and when it receives any valid request from the shareholder.

Table 5 gives the details of Equity Shares held in the Unclaimed Suspense Account.

OUTSTANDING GDRS/ADRS/ WARRANTS / CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

The Company has no outstanding GDRs, ADRs, Warrants or any Convertible Instruments.

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

The Company has not obtained any public funding in the last three years.

SHARE TRANSFER SYSTEM

All share transfers and related operations are conducted by M/s. Karvy Computershare Pvt. Ltd., the Registrar and Transfer Agent of the Company, which is registered with the SEBI as a Category 1 Registrar.

The Company has constituted a Stakeholders Relationship Committee for redressing shareholders' and investors' complaints.

Investor correspondence should be addressed to:

- 1) Karvy Computershare Pvt. Ltd.
(Unit : Sona Koyo Steering Systems Limited)
305, New Delhi House
27, Barakhamba Road, Connaught Place
New Delhi – 110 001.

Table 5 : The details of Equity Shares held in the Unclaimed Suspense Account as on 31st March, 2015

Sl.No.	Particulars	Number of Shareholders	Number of Equity Shares
1.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the time of dematerialization.	3467	55,82,603
2.	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account after dematerialization of unclaimed shares.	246	7,47,360
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account after dematerialization of unclaimed shares.	246	7,47,360
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account as on 31st March, 2015.	3221	48,35,243

2) The Company Secretary

Sona Koyo Steering Systems Ltd.

UGF-6, Indra Prakash , 21, Barakhamba Road

New Delhi – 110 001

The Board of Directors have vide resolution dated 4th September, 2013 delegated the powers with respect to approving & registration of transfers / transmission / transposition of Equity shares to authorized officials of Karvy Computershare Pvt. Ltd., the Registrar and Share Transfer Agents of the Company, based on the duly filled in and executed Share Transfer Deeds, valid Share Certificate and other requisite documents.

UNCLAIMED DIVIDENDS

Under the Companies Act, 2013, dividends that are unclaimed for a period of seven years have to be transferred to the Investor Education and Protection Fund administered by the Central Government. Table 6 gives the date of dividend declaration or payment since 2008 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government. Table 7 gives the unclaimed dividend amount since 2008.

Table 6: Date of transferring unclaimed dividend to the Central Government

Year	Type	Date of declaration	Date due for transfer to Central Government
2008	Final	18th July, 2008	17th August, 2015
2010	Final	27th July, 2010	26th August, 2017
2011	Final	2nd August, 2011	1st September, 2018
2012	Final	1st August, 2012	31st August, 2019
2013	Final	10th August, 2013	9th September, 2020
2014	Final	23rd September, 2014	22nd October, 2021

During the financial year under review, the Company has transferred ₹ 6,36,126/- to Investor Education and Protection Fund towards Unclaimed Dividend pertaining to the year ended 31st March, 2007.

Table 7: Unclaimed dividend as on 31st March, 2015

Year	Type	No. of warrants issued	No. of warrants unclaimed	% unclaimed	Amount of dividend (₹ Lacs)	Dividend unclaimed (₹ Lacs)	% unclaimed
2008	Final	28886	2195	7.60	695.61	6.28	0.90
2010	Final	39648	3097	7.81	596.23	7.99	1.34
2011	Final	49286	4508	9.15	1291.85	17.75	1.37
2012	Final	48779	8270	16.95	1291.87	39.31	3.04
2013	Final	53987	12636	23.40	1291.89	38.71	3.00
2014	Final	53202	13443	25.25	1589.98	46.08	2.90

NUMBER AND NATURE OF COMPLAINTS REGARDING SHARES

Table 8 gives the data on Investors' complaints during the year ended 31st March, 2015.

Table 8: Details of Investor complaints regarding shares for the year 2014-2015.

Nature of complaint	Number of complaints	Number redressed
Non-receipt of dividend / Interest / Redemption	2	2
Non-receipt of Annual Report	9	9
Non-receipt of Share Certificates	7	7
Total	18	18

PLANTS' LOCATION

- 38/6, NH-8, Delhi-Jaipur Road, Gurgaon-122001 (Haryana).
- Plot No. 32, Industrial Area Phase II, Dharuhera, Dist. Rewari (Haryana).
- Plot No. 19, Industrial Area, Dharuhera, Dist. Rewari (Haryana).
- Village Malpura, Tehsil Dharuhera, Dist. Rewari (Haryana).

- Plot No. 731, Sector 37 C, Pace City – II, Gurgaon (Haryana).
- P.O. Box 14, Chennai-Bangalore Highway, Sriperumbudur, Distt. Chinglepet, Tamil Nadu – 602 105.
- Plot No. D-9, TML Vendor Park, Survey No. 1, Village Northcotepura, Sanand, Amhedabad, Gujarat.

REGISTERED OFFICE

UGF-6, Indraprakash, 21 Barakhamba Road,
New Delhi – 110 001.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

As required by Clause 49 of the Listing Agreement, the CEO and CFO declaration is given below:

To the Board of Directors
Sona Koyo Steering Systems Limited

We, Sunjay Kapur, Vice Chairman & Managing Director, Sunder Rajan, Chief Executive Officer, Rajiv Chanana, Chief Financial Officer of Sona Koyo Steering Systems Limited, hereby certify to the Board that:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by Sona Koyo Steering Systems Limited during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting in Sona Koyo Steering Systems Limited and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board members and senior management have affirmed compliance with the code of conduct for the current year.

For Sona Koyo Steering Systems Limited

Place : Gurgaon
Dated : 15th May, 2015

Sunder Rajan
Chief Executive Officer

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

DECLARATION OF THE MANAGING DIRECTOR

This is to certify that the Company had laid down Code of Conduct of the Board Members and the Senior Management Personnel of the Company and the same is uploaded on the website (www.sonakoyosteering.com).

Further certified that the Members of the Board of Directors and Senior Management Personnel have affirmed the compliance with the Code applicable to them during the year 31st March, 2015.

For Sona Koyo Steering Systems Limited

Place : Gurgaon
Date : 15th May, 2015

Sunjay Kapur
Vice Chairman & Managing Director

DIRECTORS' REPORT



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their 31st Annual Report together with audited accounts of the Company for the year ended 31st March, 2015.

1) Financial Results

STANDALONE AND CONSOLIDATED PERFORMANCE OF THE COMPANY				
	(₹ / Lacs)			
	Standalone		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Sales (Net of Excise Duty) and other income	108281.42	108330.80	155784.08	153201.57
Profit before interest & depreciation	12669.30	13929.28	22053.49	21822.11
- Interest	2492.59	3189.43	3114.48	3923.42
- Depreciation & write offs	7799.74	4909.85	10368.33	6794.92
Profit before tax	2376.97	5830.00	8570.68	11103.77
Less : Provision for tax	1251.00	1275.00	3380.79	2986.50
Provision for deferred tax liability / (assets)	(671.75)	(12.23)	(704.40)	85.91
Earlier years excess provision of tax written back	-	11.17	(0.71)	11.17
Minimum alternate tax (MAT) credit entitlement	-	(610.09)	(4.37)	(610.09)
Profit after tax	1797.72	5166.15	5899.37	8630.28
Less : Share of profit transferred to minority	-	-	2044.79	1777.31
Less : Share of loss of an associate	-	-	(64.78)	(77.47)
Consolidated profit for the year	1797.72	5166.15	3789.80	6775.50
Add: Profit brought forward	8394.51	5613.50	12640.96	7523.81
Add: Adjustment on account of amalgamation	-	-	-	739.54
Less:- Adjustment of Depreciation Change as per Schedule II of the Companies Act 2013	(648.33)	-	(760.20)	-
Profit available for appropriations	9543.90	10779.65	15670.56	15038.85
Appropriations				
Proposed Dividend	1291.82	1589.93	1291.82	1589.93
Tax on Dividend	262.98	270.21	262.98	282.96
Transfer to General Reserve	-	525.00	-	525.00
Corporate Social Responsibility Exp.	23.00	-	23.00	-
Balance Carried Forward	7966.10	8394.51	14092.76	12640.96

2) State of Affairs of the Company

Revenue from operations increased by 3.4% to ₹ 10786 million. PBDIT improved by 10% to ₹ 1393 million. The Company changed the basis of providing depreciation in accordance with Schedule II of Companies Act, 2013. The change resulted in increase in Depreciation charge in Profit & Loss Account by ₹ 205 million. The Company reported PAT of ₹ 180 million after providing this additional depreciation.

Improvement in PBDIT numbers shows the success of Company's efforts in reducing the material cost by following aggressive localization program and through backward integration.

The growth in Company's revenues was in line with the growth in the Passenger Vehicle Market segment. FY15 closed on a brighter note for the Indian auto industry with passenger cars growing for the first time in three years and all segments except Commercial Vehicles (CV) registering positive growth. In FY15, Passenger Vehicles (PV) segment grew by 3.9% YoY to reach 2.6 million units. Within PV, Passenger Cars and UV registered a growth of 5.0% YoY and 5.3% YoY respectively, while Vans saw a decline of (-) 10.2% YoY. Passenger cars returned to positive growth territory after two years of decline, (-) 4.7% YoY in FY14 and (-) 7.7% in FY13, driven by slew of new launches and variants in the year amidst improving consumer sentiments under the new Government, fall in fuel prices, softening of interest rates and excise cuts that continued till December, 2014.

The Capital Expenditure for 2014-15 was ₹ 650 million. The capital expenditure was principally on account of ongoing projects aimed at backward integration, achieving manufacturing excellence by reduction of cycle time and changing plant layout and increasing the production capacity for manual gear.

2) Dividend

Your directors are pleased to recommend a dividend of 65% on equity share capital of the Company for the financial year 2014-2015 as against the dividend paid at the rate of 80% on the equity share capital for the previous financial year.

3) Reserves

	(₹ / Lacs)	
	31-Mar-15	31-Mar-14
Balance as per last financial statements	8394.51	5613.50
Add: Profit for the year	1797.72	5166.15
Less: Adjustment of depreciation charge	648.33	-
Less: Appropriations		
Proposed dividend	1291.82	1589.93
Tax on proposed dividend	262.98	270.21
Transfer to general reserve	-	525.00
CSR expenses	23.00	-
Net surplus in the statement of profit & loss	7966.10	8394.51

4) Change of Nature of Business (if any)

There has been no change in the nature of business of the Company during the financial year.

5) Share Capital

The Paid Up Equity Share Capital of the Company as at March 31, 2015 stood at ₹ 1987.42 lacs. During the year under review, the Company has not issued any shares/securities. As on March 31, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

6) Significant and material Orders passed by the Regulators or Courts

There are no significant or material Orders passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

7) Material changes and commitments, if any, affecting the financial position of the company

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statements relate and the date of the report.

8) Details in respect of adequacy of internal controls

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to Ernst & Young LLP (E&Y), a reputed firm of Chartered Accountants. 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 Company has a robust management information system, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the internal audit function reports to the Chairman of the Audit Committee.

9) Details and Performance of Subsidiary Companies / Associate Company

Subsidiary Companies

The Company has the following two Subsidiaries and one Associate Company :

a) JTEKT SONA Automotive India Limited (JSAL)

In JSAL, the Company is holding 49% of the equity capital but it has the right to nominate majority of Directors on the Board of JSAL. This Joint Venture Company has been established with JTEKT Corporation, Japan with a business objective of manufacturing Column Type Electric Power Steering (C-EPS) Systems. The Plants of JSAL are located in Bawal (Haryana), Chennai and Bengaluru. During the year ended 31st March, 2015, JSAL has achieved total income of

₹ 60,643.58 lacs and earned net profit of ₹ 3,613.42 lacs.

b) Sona Fuji Kiko Automotive Limited (SFAL)

In SFAL, the Company is holding 51% of the Equity Capital. This Joint Venture Company has been established with FUJI KIKO Co. Ltd., Japan with a business objective of manufacturing Columns to be used in the manufacturing of C-EPS by JSAL. The Plant of SFAL is located in Bawal (Haryana). During the year ended 31st March, 2015, SFAL has achieved total income of ₹ 6,162.10 lacs and earned net profit of ₹ 466.10 lacs.

Associate Company

a) Sona Skill Development Centre Limited (SSDCL)

SSDCL is a skill development Company which provides skill development and training programs such as TQM, Problem Solving, Flow Manufacturing (Lean), Safety, and Innovation as well as comprehensive training program that includes 5S, safety, QC 7 tools, measurement, maintenance, Toyota Production System, basic conventional machine operation, CNC machine operation, material selection, and soft skills such as team work and conflict management. Sona Koyo Steering Systems Limited has made the investment in the equity share capital of SSDCL which is equivalent to 49.99% of the paid up share capital of SSDCL. Accordingly, SSDCL has been covered in the definition of Associate Company. During the year ended 31st March, 2015, SSDCL has achieved total income of ₹ 138.59 lacs and has incurred a loss of ₹ 129.56 lacs.

No company has become/ceased to be a Subsidiary or Associate during the financial year 2014-15.

10) Subsidiary Companies Accounts

During the year, the Board of Directors reviewed the affairs of the subsidiaries and associate companies. In accordance with Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of the subsidiaries and associate companies in the prescribed Form AOC-1 is attached along with financial statement. The statement also provides the details of performance, financial position of each of the subsidiaries and associate company.

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 accounts of each of its subsidiaries and associate company, are available on Company's website www.sonakoyosteering.com. These documents will also be available for inspection during business hours at Company's registered office. The Company shall provide the copy of financial statements of its subsidiaries and associate company to the shareholder upon their request.

In accordance with the Accounting Standard 'AS-21' on Consolidated Financial Statements read with Accounting Standard 'AS-27' on Financial Reporting of interest in Joint Ventures, the Audited Consolidated Financial Statements are provided in the Annual Report.

11) Extract of Annual Return

The extract of Annual Return as provided under Sub-Section (3) of Section 92 of the Companies Act, 2013 is enclosed as **Annexure – I** in the prescribed form **MGT-9** and forms part of this Report.

12) Corporate Social Responsibility

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure – II**.

13) Number of meetings of the Board of Directors

The Board of Directors met 4 (four) times in the year ended 31st March, 2015. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

14) Nomination & Remuneration Committee and its policy

A Nomination & Remuneration Committee has been constituted to review formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees and such other ancillary functions as may be required.

The Company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination & Remuneration Committee and the Board.

15) Particulars of contracts or arrangements with related parties

The Company has entered into contracts / arrangements with the related parties in the ordinary course of business and on arm's length basis. Thus provisions of Section 188(1) of the Act are not applicable.

However, in terms of Clause 49 of the Listing Agreement, all transactions with related parties, which are of material in nature, are subject to the approval of the Members of the Company. The requisite resolution in order to comply with the aforesaid requirements of Clause 49 of the Listing Agreement, as detailed at Item No. 7 of the Notice and relevant Explanatory Statement is commended for the members' approval.

16) Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Company had appointed Mr. S.S Gupta, Company Secretaries, in Practice, as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2014-15. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2014-15 is annexed to this report as **Annexure – III**. The report does not contain any qualification.

17) Risk Management Policy

A Risk Management Committee was constituted on 13th November, 2014 to oversee the risk management process in the company.

The company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risks. The Risk Management Committee periodically reviews the risks and suggests the steps to be taken to control and mitigate the same through a properly defined framework.

18) Corporate Governance

The Company has been pro-active in following the principles and practices of good corporate governance. The Company has taken adequate steps to ensure that the conditions of

corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are complied in its letter and spirit. The Company has also complied with corporate governance requirements as per the provisions of the Companies Act, 2013.

A separate section on Corporate Governance is produced as a part of the Annual Report along with the Auditors' Certificate on its compliance.

19) Vigil Mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. For details, please refer to the Corporate Governance Report attached to this Report.

20) Listing

The Securities of your Company are listed at National Stock Exchange and Bombay Stock Exchange and the Company has paid the Listing Fee due to them.

21) Deposits

During the year the Company has not invited any deposits covered under Chapter V of the Act.

22) Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements, which are self-explanatory.

23) Directors & Key Managerial Personnel

As on 31st March, 2015, your Company has Twelve (12) Directors consisting of Six (6) Independent Directors, Three (3) Non-executive Directors and Executive Chairman, Managing Director & Dy. Managing Director.

In terms of the definition of 'Independence' of Directors as prescribed under Clause 49 of the Listing Agreement entered with Stock Exchanges and Section 149(6) of the Companies Act, 2013 and based on the confirmation / disclosures received from the Directors, the following Non-Executive Directors are Independent Directors :-

- 1) Mr. Ravi Bhoothalingam
- 2) Mr. Prem Kumar Chadha
- 3) Lt.Gen.(Retd.) Shamsheer Singh Mehta
- 4) Mr. Ramesh Suri
- 5) Mrs. Ramni Nirula
- 6) Mr. Prasan Abhaykumar Firodia

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

During the year under review, our colleague Mr. Hiroyuki Miyazaki, Nominee of JTEKT, has ceased to be a Director of the Company due to withdrawal of his nomination by JTEKT. Consequent upon cessation of Mr. Hiroyuki Miyazaki from the office of Board of Directors of the Company, Mr. Keiichi Sakamoto, being an Alternate Director to Mr. Hiroyuki Miyazaki, has also ceased to be the Alternate Director of the Company. In place of Mr. Miyazaki, JTEKT has nominated Mr. Hidekazu Omura, who has been appointed as Director in the meeting of the Board of Directors held on 30th May, 2014. Our another colleague Mr. B.L. Passi, who has been on the Board of the Company since March 1995, also resigned from the Board with effect from 28th July, 2014. The Board of Directors have in their meeting held on 1st August, 2014 appointed Mr. Prasan Abhaykumar Firodia, as an Independent Director. Your Directors take this opportunity to place on record the appreciation of services rendered by Mr. Hiroyuki Miyazaki, Mr. Keiichi Sakamoto and Mr. B.L. Passi during their association with the Company.

The Executive Chairman, Managing Director and Dy. Managing Director of the Company have not received any remuneration or commission, except Sitting Fee, from any of the subsidiaries of the Company.

Pursuant to the provisions of Section 152(6) and Articles of Association of the Company, Mr. Jug Mohan Kapur (DIN: 00447138) will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Pursuant to the provisions of Section 203 of the Act, the appointment of Mr. Sunjay Kapur, Managing Director, Mr. Sudhir Chopra, President & Company Secretary and Mr. Rajiv Chanana, Chief Financial Officer, were formalized as the whole-time Key Managerial Personnel of the Company.

24) Board Evaluation

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

The performance evaluation of the Board, its Committees and individual directors was conducted and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation. Based on the questionnaire and feedback, the performance of every director was evaluated in the meeting of the Nomination and Remuneration Committee.

A separate meeting of the independent directors was convened, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman. Post the Annual Independent Directors meeting, the collective feedback of each of the Independent Directors was discussed by the Chairman of the Nomination & Remuneration Committee with the Board's Chairman covering performance of the Board as a whole; performance of the non-independent directors and performance of the Board Chairman.

25) Audit Committee

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, the Audit Committee of Directors of the Company consists of the following members:

- 1) Mr. Ravi Bhoothalingam, Chairman
- 2) Mr. P.K. Chadha, Member
- 3) Mr. Sunjay Kapur, Member
- 4) Lt. Gen. (Retd.) Shamsher Singh Mehta, Member
- 5) Mrs. Ramni Nirula, Member

More details on the committee are given in the Corporate Governance Report.

26) Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the directors confirm that:

- a) in the preparation of the annual accounts, for the financial year 2014-15, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them 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 at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- d) the directors have prepared the annual accounts on a going concern basis;
- e) the directors 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
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30) Statutory Auditors and their Report

Pursuant to the provisions of Section 139 of the Companies Act 2013 and the rules framed thereunder, M/s. S.P. Puri & Co., Chartered Accountants (ICAI Registration No. 001152N), were appointed as Statutory Auditors of the Company from the conclusion of the 30th Annual General Meeting of the Company held on 23rd September, 2014 till the conclusion of the 33rd Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

31) Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement containing the necessary information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be given pursuant to provisions of Section 134 of the Companies Act, 2013, read with the rules made thereunder is annexed as **Annexure – IV** and forms part of this report.

32) Employees

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

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ` 60 lacs or more, or employed for part of the year and in receipt of ` 5 lacs or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as **Annexure - V(b)** to this Report.

33) Acknowledgements

Your Directors acknowledge with gratitude the co-operation and support extended by SONA's customers namely Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Hyundai, Fiat India, Toyota Kirloskar, General Motors, Ford, John Deere, Club Car, E-z-go and Renault-Nissan, the Financial Institutions, Banks, various agencies of the Government, SONA's collaborators – JTEKT Corporation, Japan and Fuji Autotech AB, Sweden.

Your Directors also wish to place on record their sincere appreciation of the services rendered by all the employees of the Company and are thankful to the Shareholders for their continued patronage.

For and on behalf of the Board

Place : Gurgaon
Dated : 15th May, 2015

Dr. Surinder Kapur
Chairman

FORM MGT-9

Extract of Annual Return as on the Financial year ended on 31st March, 2015
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- | | |
|--|---|
| i) CIN | - L29113DL1984PLC018415 |
| ii) Registration Date | - 14 th June, 1984 |
| iii) Name of the Company | - Sona Koyo Steering Systems Limited |
| iv) Category / Sub-Category of the Company | - Manufacturing Automotive Components |
| v) Address of the Registered office and contact details | - UGF-6, Indra Prakash, 21, Barakhamba Road,
New Delhi 110001
Tel : 91 11 23311924
Email : investorgrievance@sonagroup.com |
| vi) Whether listed company Yes / No | - Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | - M/s. Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500 032.
Tel: 91 40 67162222, Fax: 91 40 23001153
email: einward.ris@karvy.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and description of main products / services	NIC code of the product/service	% to total turnover of the Company
1.	Steering gear assembly	374.8	75%
2.	Drive line assembly		13%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	JTEKT Sona Automotive India Ltd. UGF-6, Indra Prakash, 21, Barakhamba Road, New Delhi 110 001.	U29268DL2007PLC165741	Subsidiary Company	49%	2(87)
2.	Sona Fuji Kiko Automotive Ltd. UGF-6, Indra Prakash, 21, Barakhamba Road, New Delhi 110 001.	U35122DL2007PLC166496	Subsidiary Company	51%	2(87)
3.	Sona Skill Development Centre Limited A-12/1, Ground Floor Infocity, Sector-34, Gurgaon.	U80302HR2010PLC040946	Associate Company	49.99%	2(6)

IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i) Category-wise shareholding

Sl. No.	Category of Shareholders		No. of Shares held at the beginning of the year (01.04.2014)				No. of Shares held at the end of the year (31.03.2015)				%Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A)	Promoters										
	1. Indian										
	a)	Individual/HUF	948760	0	948760	0.47	819848	0	819848	0.41	(0.06)
	b)	Central Govt	0	0	0	0	0	0	0	0	0
	c)	State Govt (s)	0	0	0	0	0	0	0	0	0
	d)	Bodies Corp.	63748304	0	63748304	32.08	63748304	0	63748304	32.08	0
	e)	Banks / FI	0	0	0	0	0	0	0	0	0
	f)	Any Other	0	0	0	0	0	0	0	0	0
		Sub-total (A) (1):-	64697064	0	64697064	32.55	64568152	0	64568152	32.49	(0.06)
	2. Foreign										
	a)	NRIs-Individuals	0	0	0	0	0	0	0	0	0
	b)	Other-Individuals	0	0	0	0	0	0	0	0	0
	c)	Bodies Corp.	39947108	0	39947108	20.10	39947108	0	39947108	20.10	0
	d)	Banks / FI	0	0	0	0	0	0	0	0	0
	e)	Any Other	0	0	0	0	0	0	0	0	0
		Sub-total (A) (2):-	39947108	0	39947108	20.10	39947108	0	39947108	20.10	0
		Total shareholding of Promoter & Promoter Group (A) = (A)(1)+(A)(2)	104644172	0	104644172	52.65	104515260	0	104515260	52.59	(0.06)
B)	Public Shareholding										
	1. Institutions										
	a)	Mutual Funds / UTI	1002000	6000	1008000	0.51	1093424	6000	1099424	0.55	0.04
	b)	Banks / FI	1300	0	1300	0	154403	0	154403	0.08	0.08
	c)	Central Govt	0	0	0	0	0	0	0	0	0
	d)	State Govt(s)	0	0	0	0	0	0	0	0	0
	e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
	f)	Insurance Companies	1200000	0	1200000	0.60	1200000	0	1200000	0.60	0
	g)	FIs	529296	0	529296	0.27	512446	0	512446	0.26	(0.01)
	h)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
	i)	Others (Foreign Portfolio Investors)	0	0	0	0	10099	0	10099	0.01	0.01
		Sub-total (B)(1):-	2732596	6000	2738596	1.38	2970372	6000	2976372	1.50	0.12
	2. Non-Institutions										
	a)	Bodies Corp.									
		i) Indian	11295512	30666	11326178	5.70	12961006	158420	13119426	6.60	0.90
		ii) Overseas	0	0	0	0	0	0	0	0	0
	b)	Individuals									
		i) holding shares upto ` 1 lakh	42710964	1888055	44599019	22.44	35602706	1898892	37501598	18.87	(3.57)
		ii) holding shares above ` 1 lakh	27257147	0	27257147	13.71	33259219	0	33259219	16.73	3.02
	c)	Others	8176720	0	8176720	4.12	7369957	0	7369957	3.71	(0.41)
		Sub-total (B)(2):-	89440343	1918721	91359064	45.97	89192888	2057312	91250200	45.92	(0.06)
		Total Public Shareholding [(B)=(B)(1)+(B)(2)]	92172939	1924721	94097660	47.35	92163260	2063312	94226572	47.42	0.06
C)	Shares held by Custodian for GDRs & ADRs		0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)		196817111	1924721	198741832	100.00	196678520	2063312	198741832	100.00	0

Note : Percentage in bracket represents negative percentage

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Sona Autocomp Holding Limited	49914664	25.12	0.00	49914664	25.12	0.00	0.00
2.	JTEKT Corporation	39947108	20.10	0.00	39947108	20.10	0.00	0.00
3.	Maruti Suzuki India Limited	13800000	6.94	0.00	13800000	6.94	0.00	0.00
4.	Jug Mohan Kapur-HUF	615460	0.30	0.00	486548	0.24	0.00	(0.06)
5.	Mrs. Esha Chopra	150000	0.08	0.00	150000	0.08	0.00	0.00
6.	Mr. Subhash Chopra	75000	0.04	0.00	75000	0.04	0.00	0.00
7.	Mr. J.M. Kapur	34000	0.02	0.00	34000	0.02	0.00	0.00
8.	Sumish Finance & Investment Co.Pvt.Ltd.	33640	0.02	0.00	33640	0.02	0.00	0.00
9.	Mr. Aman Chopra	21000	0.01	0.00	21000	0.01	0.00	0.00
10.	Ms. Sangeeta Chopra	15000	0.01	0.00	15000	0.01	0.00	0.00
11.	Mr. Sharad Kapur	13000	0.01	0.00	13000	0.01	0.00	0.00
12.	Mrs. Mandira Koirala	8000	0.00	0.00	8000	0.00	0.00	0.00
13.	Dr. Surinder Kapur	6000	0.00	0.00	6000	0.00	0.00	0.00
14.	Mrs. Superna Motwane	6000	0.00	0.00	6000	0.00	0.00	0.00
15.	Mr. Sunjay Kapur	3300	0.00	0.00	3300	0.00	0.00	0.00
16.	Mrs. Sumitra Kapur	2000	0.00	0.00	2000	0.00	0.00	0.00
	Total	104644172	52.65	0.00	104515260	52.59	0.00	(0.06)

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Jug Mohan Kapur (HUF)				
	At the beginning of the year	615460	0.30	615460	0.30
	Disposed off during the year	(128912)	(0.06)	486548	0.24
	At the end of the year	486548	0.24	486548	0.24

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No.	Name of the shareholders	Shareholding at the beginning of the year as on 01.04.2014		Change in shareholding during the year		Shareholding at the end of the year as on 31.03.2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nemish S. Shah	8680000	4.37%	0	0.00%	8680000	4.37%
2.	Prescient Securities Private Limited	1093740	0.55%	2336820	1.18%	3430560	1.73%
3.	Anuj Anantrai Sheth	3100000	1.56%	212091	0.11%	3312091	1.67%
4.	Gagandeep Credit Capital Pvt. Ltd.	1951260	0.98%	1142351	0.57%	3093611	1.55%
5.	Dhruvi Manish Acharya	1350000	0.68%	74000	0.04%	1424000	0.72%
6.	Zafar Ahmadullah	-	0.00%	1206575	0.61%	1206575	0.61%
7.	General Insurance Corporation of India	1200000	0.60%	0	0.00%	1200000	0.60%
8.	Rajiv M. Doshi	-	0.00%	1099999	0.55%	1099999	0.55%
9.	UTI – Childrens Career Balanced Plan	1000000	0.50%	0	0.00%	1000000	0.50%
10.	Anuj A. Sheth	900000	0.45%	0	0.00%	900000	0.45%

Note : The above details are given as on 31 March, 2015. The Company is listed and 98.96% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. The aforesaid holdings by top ten shareholders is due to market operations. Further, Company has not allotted or issued any bonus or sweat equity shares during the year.

v) Shareholding of Directors and Key Managerial Personnel

Sl.No.	Shareholding of Directors and Key Managerial Personnel	Shareholding at the beginning of the year as on 01.04.2014		Change in shareholding during the year		Shareholding at the end of the year as on 31.03.2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Directors						
1.	Dr. Surinder Kapur, Chairman	6000	0.00%	0	0.00%	6000	0.00%
2.	Mr. Jug Mohan Kapur, Director	34000	0.02%	0	0.00%	34000	0.02%
3.	Mr. Sunjay Kapur, Managing Director	3300	0.00%	0	0.00%	3300	0.00%
4.	Mr. P.K. Chadha, Director	35000	0.02%	(20000)	0.01%	15000	0.01%
	KMPs						
1.	Mr. Sunjay Kapur Chief Executive Officer	3300	0.00%	0	0.00%	3300	0.00%
2.	Mr. Sudhir Chopra, President & Company Secretary	1500	0.00%	0	0.00%	1500	0.00%
3.	Mr. Rajiv Chanana Chief Financial Officer	3000	0.00%	0	0.00%	3000	0.00%

V) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(` / Lacs)

Particulars	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	27571.75	-	-	27571.75
ii) Interest due but not paid		-	-	
iii) Interest accrued but not due	131.11	-	-	131.11
Total (i+ii+iii)	27702.86	-	-	27702.86
Change in Indebtedness during the Financial Year				
i) Addition	6810.59	-	-	6810.59
ii) Reduction	8754.75	-	-	8754.75
Net Change	(1944.16)	-	-	(1944.16)
Indebtedness at the end of the Financial Year				
i) Principal Amount	25664.61	-	-	25664.61
ii) Interest due but not paid		-	-	
iii) Interest accrued but not due	94.09	-	-	94.09
Total (i+ii+iii)	25758.70	-	-	25758.70

VI) Remuneration of Directors And Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(` / Lacs)

Sl.No.	Particulars of Remuneration	Name of Chairman, Managing Director & Dy. Managing Director			Total Amount
		Dr. Surinder Kapur	Mr. Sunjay Kapur	Mr. K. Kamiki	
1.	Gross Salary				
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	145.52	71.50	36.90	253.92
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	14.33	11.50	5.93	31.76
c)	Profit in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
•	As % of profit	-	-	-	-
•	Others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	159.85	83.00	42.83	285.68

B. Remuneration to other directors:

(` / Lacs)

Sl.No.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	Mr. R. Bhoothalingam	Mr. P.K. Chadha	Mr. Ramesh Suri	Mr. S.S. Mehta	Mrs. Ramni Nirula	Mr. Prasan Firodia	
	Fee for attending Board / Committee Meetings	13.30	19.40	3.10	10.20	11.20	2.00	59.20
	Commission	5.00	6.00	2.00	5.00	5.00	1.00	24.00
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	18.30	25.40	5.10	15.20	16.20	3.00	83.20
2.	Other Non Executive Directors	Mr. J.M. Kapur	Mr. H. Omura	Mr. Kazuhiko Ayabe				
	Fee for attending Board / Committee Meetings	9.40	3.10	3.10				15.60
	Commission	3.00	-	-				3.00
	Others, please specify	-	-	-				-
	Total (2)	12.40	3.10	3.10				18.60
	Total (B) = (1+2)							101.80
	Total Managerial Remuneration (A+B)							387.48
	Overall Ceiling as per the Act							Refer Note

Note : In terms of the provisions of the Companies Act, 2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the Company. The remuneration paid to the non-executive directors is well within the said limit.

C. Remuneration to key managerial personnel other than Managing Director/Manager/Wholetime Directors

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer (Managing Director)	President & Company Secretary	Chief Financial Officer	Total (` /Lacs)
1.	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	71.50	112.23	58.56	242.29
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	11.50	5.41	3.04	19.95
	c) Products in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as a % of profit	-	-	-	-
	- others (specify)	-	-	-	-
5.	Others, please specify: Retirement Benefits	-	-	-	-
	Total	83.00	117.64	61.60	262.24

VII) Penalties / Punishment / Compounding of Offences : NONE

CSR REPORT

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	<p>CSR Activities of Sona Koyo Steering Systems Limited are carried out through :</p> <p>1) Sona Charitable Trust</p> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website : www.sonakoyosteering.com/policies</p>
2.	The Composition of the CSR Committee	<p>1) Dr. Surinder Kapur, Chairman</p> <p>2) Mr. P.K. Chadha, Independent Director</p> <p>3) Mrs. Ramni Nirula, Independent Director</p>
3.	Average net profit of the Company for last three financial years [` / Lacs]	` 4206.65 lacs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) [` / Lacs]	` 84.13 lacs
5.	<p>Details of CSR spent during the financial year</p> <p>a) Total amount to be spent for the financial year [` / Lacs]</p> <p>b) Amount unspent, if any. [` / Lacs]</p> <p>c) Manner in which the amount spent during the financial year</p>	<p>` 84.13 lacs</p> <p>` 61.13 lacs</p> <p>The manner in which the amount spent is detailed below :</p>

Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs : (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise [` / Lacs]	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads [` / Lacs]	Cumulative Expenditure up to the reporting period [` / Lacs]	Amount Director through implementing agency
	Vocational Skill Development	Skill Development	Delhi, NCR	23.00	23.00	23.00	Implementing Agency
	Total CSR Spent			23.00	23.00	23.00	

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies Rules (Corporate Social Responsibility Policy) Rules 2014, Dr. Surinder Kapur, Chairman [Chairman-CSR Committee] and Mr. Sunjay Kapur, Vice Chairman & Managing Director do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

Place : Gurgaon
Dated : 15th May, 2015

Sunjay Kapur
Vice Chairman & Managing Director
(DIN : 00145529)

Dr. Surinder Kapur
Chairman [Chairman-CSR Committee]
(DIN : 00062481)

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 2015

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

To,

The Members,
Sona Koyo Steering Systems Limited, UGF-6, Indra Prakash,
21, Barakhamba Road, New Delhi 110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sona Koyo Steering Systems 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 **Sona Koyo Steering Systems 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 31st March, 2015 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 **Sona Koyo Steering Systems Limited** for the financial year ended on 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations; 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable, since the Company did not issue any Securities during the financial year under review)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable, since the Company has not granted any option to its employees during the financial year under review)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable, since the Company has not issued any debt securities, during the financial year under review)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable, as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, and **(Not Applicable, as the Company has not delisted its equity shares from any stock exchange during the financial year under review)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable, as the Company has not bought back any of its securities during the financial year under review)**
- (vi) The Competition Act, 2002;
- (vii) The Industries (Development and Regulation) Act, 1951 and rules/regulations framed there under;
- (viii) The Central Excise Act, 1944, rules framed there under and notification issued by the Government of India from time to time;
- (ix) The Service Tax;
- (x) The Water (Prevention and Control of Pollution) Act, 1974 and rules/regulations framed there under;
- (xi) The Contract Labour (Regulation & Abolition) Act, 1970;
- (xii) The Minimum Wages Act, 1948;

- (xiii) The Payment of Gratuity Act, 1972;
- (xiv) The Industrial Employment Standing Orders Act, 1946;
- (xv) The Equal Remuneration Act, 1976;
- (xvi) The Maternity Benefit Act; 1961;
- (xvii) Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;
- (xviii) State (Shop & Establishment) Act,
- (xix) Industrial Dispute Act, 1947;
- (xx) National & Festival Holidays Act, 1963;
- (xxi) The Payment of Bonus Act, 1965;
- (xxii) The Payment of Wages Act, 1936;
- (xxiii) The Employees' Compensation Act, 1923;
- (xxiv) The Employees State Insurance Act, 1948;
- (xxv) The Employees' Provident Fund & Miscellaneous Provisions Act, 1952;
- (xxvi) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- (xxvii) The Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008;
- (xxviii) The State Labour Welfare fund Act;
- (xxix) The Factories Act, 1948;
- (xxx) The Environment Protection Act, 1986 and rules/regulation framed thereunder;
- (xxxi) The local land policies and guidelines of State Industrial and Infrastructure Corporation Limited.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and passed by the Central Government (**Not Applicable since the same will come into effect from 1st July, 2015**)
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;

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

I 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 (appointment or otherwise) 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, (**as per internal practice of Company though Secretarial Standard is not mandatory on the date of this report**) 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 is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 not undertaken any events/actions which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Thanking you,

For S.S. Gupta, Company Secretaries

S.S. GUPTA

[Proprietor]

FCS No. 936

CP No. 4907

Place:- New Delhi

Date:- 14th May, 2015

Form - A : Particulars with respect to Conservation of Energy

Power and Fuel Consumption	2014-2015							2013-2014						
	Gurgaon ¹	Dharuhera(1) ²	Chennai ³	Sanand ⁴	Dharuhera(2) ⁵	Dharuhera(3) ⁶	Stamping Unit ⁷	Gurgaon	Dharuhera-1	Chennai	Sanand	Dharuhera(2)	Dharuhera(3)	Stamping Unit
1. HSEB/TNEB Power/ (Units)	7074064	3857364	2121030	526616	2018220	3235944	327630	7677810	2650536	1940370	220904	1053656	1266592	299154
UGVCL Power Units purchased (KWH)														
Total Amount	54663176	30375690	15894358	3481974	16211455	26330136	2842855	56775762	22024290	13906630	1697228	8992089	10522833	2511505
Rate per unit	7.73	7.87	7.49	6.61	8.03	8.14	8.68	7.39	8.31	7.17	7.68	8.53	8.30	8.40
2. Captive Generation (Units)	540462	397491	521938		63967	157829	19019	186346	852605	840411	-	777441	846966	20692
DG Set (KWH)														
Total Amount	9380507	7152294	10425305		1196251	2760590	309360	3094227	18839197	18303166	-	15954524	15389785	290244
Rate per unit	17.35	17.99	19.97		18.70	17.49	16.26	16.60	22.10	21.78	-	20.52	18.17	14.03
3. Diesel Consumption (Litres)	271355	130833	201464		20873	311192	6043	174832	264827	266644	-	234657	467134	7003
Total Amount	14622232	6977594	11775671		1147442	15797803	320544	9939199	14856563	16109516	-	12938616	24394007	406296
Rate per litre	53.89	53.33	58.45		54.97	50.77	53.04	56.85	56.10	60.42	-	55.14	52.22	58.02
Litre per unit	0.50	0.33	0.31		0.33	0.33	0.32	0.94	0.31	0.32	-	0.30	0.29	0.34

- Total saving achieved at Gurgaon Plant during financial year 2014-15 – ₹ 0.33 million.
Above saving achieved by taking the following initiatives :
 - Installation of 5.5 HP MOTOR instead of 7.5 HP MOTOR in Compressor Cooling Tower, it gives the saving of ₹ 0.25 million
 - Installation of 5.5 HP MOTOR instead of 7.5 HP MOTOR for the ETP/STP Sludge transfer for paint shop which lead to a saving of ₹ 0.03 million
 - Provided auto off/ on timers on fans & light in canteen which led to a savings of ₹ 0.05 million in the year under review.
- Total saving achieved at Dharuhera Plant (1) during financial year 2014-15 - ₹ 0.76 million.
Above saving achieved by taking the following initiatives :
 - Reduce power consumption of Air Compressor by reducing idle running of Air compressor ₹ 0.5 million
 - Installation of LED light 145watt against 290W saving of ₹ 0.2 million.
 - Installation of timers on RQA & Despatch AC, saving ₹ 0.056 million.
- Total saving achieved at Chennai Plant during financial year 2014-15 - ₹ 0.66 million.
Above saving achieved by taking the following initiatives :
 - Major contribution is by utilization of Solar Thermal System which a non conventional energy resource for the paint shop boiler. This system has reduced diesel cost for captive consumption by ₹ 0.59 million.
 - Conventional type lamp design changed and substituted with UV LED type lamp in power steering rack bar crack detection machine, it gives the savings of ₹ 0.04 million.
 - Eliminating 1 row tube lights and shifted one row into centre in MXI column, Ford column, Cylinder tube and power steering rack bar line, it gives the savings of ₹ 0.03 million.
- Total saving achieved at Sanand Plant during financial year 2014-15 - ₹ 0.57 million.
Above saving achieved by taking the following initiatives :
 - A saving of 7866 Units achieved by stopping RO water wastage and canteen water cooler leading to a saving of ₹ 0.052 million.
 - A saving of 40847 units achieved by implementing the practice of manual switch off lights in production halls during lunch & tea time and also to switch off AC in the night shift of standard room and setting AC temperature at 27 degree 'C' resulting into a total saving of ₹ 0.27 million.
 - A saving of 28744 units achieved by reducing power consumption by arresting air leakages throughout the plant, setting of machine panel AC at 30-35 Degree C, interlocking panel lights with machine panel door, sealing panel doors where AC is working resulting into a total saving of ₹ 0.19 million.
 - A saving 9077 units achieved by reducing power consumption by modifying the logic to stop hydraulic motor if cycle is not running more than 3 minutes and modifying logic to stop coolant motor if cycle is not running more than 3 minutes resulting into a total saving of ₹ 0.06 million.
- Total saving achieved at Dharuhera Plant (2) during financial year 2014-15 - ₹ 0.22 million.
Above saving achieved by taking the following initiatives :
 - Provided auto off/ on control through plc on three exhaust fans to savings of ₹ 0.02 million.
 - Installation of 125 KVA DG in place of 320 KVA DG resulting in saving in hiring cost and other charges to saving of ₹ 0.16 million.

- 3) Decreasing the pressure setting from 6 KG to 5.5 KG by implementing pneumatic booster for CMM to savings of ` 0.037 million.
6. Total saving achieved at Dharuhera Plant (3) during financial year 2014-15 – ` 6.55 million.
Above saving achieved by taking the following initiatives :
 - 1) Saving through open access power purchase of ` 0.604 million.
 - 2) Increase Central melting furnace efficiency by furnace modification and installation of monitoring & control system. Saving of ` 5.95 million.
7. Total saving achieved at Stamping Unit during financial year 2014-15 – ` 0.18 million.
Above saving achieved by taking the following initiatives :
 - 1) Start press m/c friction liner plate readiness in-house to saving of ` 0.095 million.
 - 2) Shifting of lights from gang way to machines location, saving of approx ` 0.050 million.
 - 3) Replacement of Sodium Lamp with CFL, saving of ` 0.035 million.

Form - B : Particulars with respect to Technology Absorption

A. Technology Absorption

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Efforts in brief towards technology absorption and innovation | <ol style="list-style-type: none"> a) Development of Low cost, high performance support Yoke for steering gear. b) Design and development of Steering Column with Positive Locking tilt and Telescopic feature. c) Design & development of High performance sliding shaft of CEPS application. d) Design & development of Steering Column with tuned EA characteristic. e) Development of tubular steering shafts for NVH performance improvements. f) Development of localised items for CEPS of Passenger Vehicle being produced. |
| <ol style="list-style-type: none"> 2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc. | <ol style="list-style-type: none"> a) The development of Support Yoke is to reduce field complaints and better Vehicle performance leading to attraction of new business in Passenger Vehicle segment. b) The development would provide predictable and significant improvement in crash behaviour enhancing user safety. c) The development will lead to user comfort by reducing road vibrations from current level. d) The development will provide adjustable EA loads by minimum tooling changes leading to enhanced control and cost effectiveness. e) Development would provide to meet severe requirements on NVH front as well as reduction in weight of components leading to improve Vehicle efficiency. f) The incorporation of localised part helped in reducing outflow of foreign currency and reduction in price of assembly resulting benefit to end customer. |
| <ol style="list-style-type: none"> 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) <ol style="list-style-type: none"> a) The details of technology imported; b) Technology import from c) The year of import; d) Whether the technology been fully absorbed; e) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | <ol style="list-style-type: none"> a) Tilt Telescopic and Collapsible Column <ul style="list-style-type: none"> • Having special features of Tilt and Telescopic, offering superior product meeting global standards. • This includes, technology information in form of Assembly drawings, Evaluation results, Engineering Specification, Purchasing specification and all related Engineering standards. b) JTEKT Corporation, JAPAN c) FY 15 (Year 2014) d) The same is under progress and will be absorbed in due course of time. e) The development is under progress and will be fully absorbed at the time of start of Production in FY 16. |

B. Research and Development

1. Specific areas in which R&D carried out by the Company.
 - a) Research and development activities for manual and power steering for farm tractors have been carried out. One international (PCT) patent application filed.
 - b) Research and Development work for speed sensitive steering assist having CAN Interface for off highway vehicles is in progress. The prototypes are under design validation.
 - c) Prototype development of electric power steering based on brushless motor for off-road vehicles is in progress.
 - d) Extensive study on advanced driver assistance systems and steering systems for automated vehicles have been carried out.
 - e) Research work on investigating factors responsible for degradation of oil in hydraulic power steering is under progress.
 - f) Research work on processing JIS ADC12 Aluminium alloy through Rheo Pressure die casting is in progress.
2. Benefits derived as a result of the above R&D.
 - a) The above R&D initiatives would enable the Company to explore new business opportunities in the field of farm equipments and commercial vehicles for future growth through technological innovations by developing new concepts and futuristic electro-mechanical products with indigenous technology, designs and patents.
 - b) Business interest indicated by major Tractor OEMs of India.
 - c) The Company has developed advanced product technologies having collaborative research work with academic/industrial institutes as well as with potential customers.
3. Expenditure on R&D
 - a) Capital expenditure of ` 19.86 lacs
 - b) Revenue expenditure of ` 219.87 lacs

Form - C : Foreign Exchange Earning and Outgo

During the year the Company's export sales amounted to ` 6025.25 lacs (FOB Basis). Foreign Exchange outflow on account of import of raw material, spares and tools during the year was ` 11440.70 lacs.

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (appointment and remuneration of managerial personnel) Rules, 2014.

1. PARTICULARS OF REMUNERATION

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company, is follows:-

- (a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Directors	Ratio to Median Remuneration
Dr. Surinder Kapur, Chairman	36.70
Mr. Sunjay Kapur, Managing Director	42.30
Mr. Kiyozumi Kamiki, Dy. Managing Director	17.78

- (b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

Name of Person	% Increase in remuneration
Dr. Surinder Kapur, Chairman	0.74%
Mr. Sunjay Kapur, Managing Director & Chief Executive Officer	-
Mr. Kiyozumi Kamiki, Dy. Managing Director	1.62%
Mr. Sudhir Chopra, President & Company Secretary	-
Mr. Rajiv Chanana, Chief Financial Officer	11.36%

- (c) the percentage increase in the median remuneration of employees in the financial year
4.47%

- (d) the number of permanent employees on the rolls of Company
1405

- (e) the explanation on the relationship between average increase in remuneration and Company performance
Employees salary cost increased by 8.64%. The increase in remuneration is in the line with the market trends.

- (f) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	₹/Lacs
Remuneration of Key Managerial Personnel (KMP) during financial year 2014-15 (aggregated)	355.12*
Revenue from operations	107863.51
Remuneration (as % of revenue)	0.33%
Profit before tax (PBT)	2376.97
Remuneration (as % of PBT)	14.94%

*Cost to company/actual payment made during the year is considered for the purpose of computation of remuneration.

- (g) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year

Particulars	Unit	As at 31.03.2015	As at 31.03.2014	Variation (%)
Closing rate of share at BSE	₹	50.40	21.25	137.17%
EPS (Consolidated)	₹	1.91	3.41	(43.98%)
Market Capitalization	₹/Lacs	100165.88	42232.64	137.17%
Price Earnings ratio	Ratio	26.38	6.23	323.43%

Percentage in bracket represents negative percentage.

- (h) 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

The average increase in cost of employees other than managerial personnel in 2014-15 was 9.48%. Percentage increase(+) / decrease (-) in the managerial remuneration for the year was (10.68%).

(i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	Chief Executive Officer (Managing Director)	President & Company Secretary	Chief Financial Officer
Remuneration	154.78*	128.56*	71.78*
Revenue	107863.51	107863.51	107863.51
Remuneration (as % of revenue)	0.14%	0.12%	0.06%
Profits before tax (PBT)	2376.97	2376.97	2376.97
Remuneration (as % of PBT)	6.51%	5.41%	3.02%

*Cost to company/actual payment made during the year is considered for the purpose of computation of remuneration.

(j) the key parameters for any variable component of remuneration availed by the directors;

As permitted under the Companies Act, 2013 the payment of commission upto a sum not exceeding 1% of the net profit of the Company Calculated in accordance with the provisions of Section 198 of the said Act. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive Directors based on attendance at the Board and certain Committee meetings.

(k) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

Not Applicable

(l) affirmation that the remuneration is as per the remuneration policy of the Company;

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate a high performance staff. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the Company.

Annexure - V(b)

Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Companies (appointment and remuneration of managerial personnel) Rules, 2014

Name	Age (Years)	Designation/ Nature of Employment	Remuneration (`)	Qualification(s)	Experience (Years)	Date of Employment	Last Employment (Designation)	% of Shares held in the Co.	Whether related to any director
Mr. Chopra Sudhir	57	President & Company Secretary (Permanent)	12382360/-	B.Com, FCS, LL.B.	37	15.05.1993	Samtel India Limited (Company Secretary)	0.00%	No
Mr. Kiyozumi Kamiki	59	Dy. Managing Director (Whole-time)	6505600/-	Masters Degree in Engineering-Metallurgy	33	07.03.2013	JTEKT Corporation, Japan	Nil	No
Mr. Kapur Sunjay	44	Vice Chairman & Managing Director (Whole-time)	15478521/-	Graduate in Business Admn. from Buckingham University, U.K.	19	22.10.2008	Sona Management Services Ltd. (Managing Director)	0.00%	Related to Dr. S. Kapur & Mr. J.M. Kapur
Dr. Kapur Surinder	71	Chairman (Whole-time)	13428403/-	Ph.D.(Mech.Engg) Michigan State University, U.S.A.	41	01.10.1990	Bharat Gears Ltd. (Vice Chairman & Managing Director)	0.00%	Related to Mr. Sunjay Kapur & Mr. J.M. Kapur
Mr. Rajan Govindrajn Sunder	52	Chief Executive Officer (Permanent)	11949160/-	B.Sc., MBA & Master of Information Management	30	01.12.2008	Sona Autocomp Holding Limited (V.P. - Strategy & Innovations)	Nil	No
Mr. Rajiv Chanana	49	Chief Finanacial Officer (Permanent)	6649460/-	B.Com., FCA	25	25.03.2009	Deutsche Postbank Home Finance Limited - (V.P. Treasury)	0.00%	No
Mr. Singh Bahadur* Ramesh	59	Chief (VSME Programme) (Permanent)	4850392/-	B.E. (Production)	36	01.09.2011	Somic ZF Components Ltd. (Managing Director)	Nil	No

NOTE :

Remuneration received includes salary, allowances, commission, payment in respect of rent / furnished accommodation, Company's contribution to provident fund and superannuation fund, medical reimbursement and LTA.

*Worked part of the financial year 2014-15.

AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
SONA KOYO STEERING SYSTEMS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SONA KOYO STEERING SYSTEMS LIMITED ("the Company") which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the annexures a statement on the matters specified in Paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 31 to the standalone financial statements;
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses if any, as required on long-term contracts including derivative contracts – Refer Note 46 to the standalone financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.P. Puri & Co.,
Chartered Accountants
Firm Registration No. 001152 N

Place : Gurgaon
Dated : May 15, 2015

(Rajiv Puri - Partner)
Membership No. 084318

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2015, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets verification has been conducted by the management during the year. All the fixed assets of the Company have not been physically verified by the management during the year but there is a regular phased programme of physical verification of all fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification.
- ii. (a) Physical verification of inventory, except goods-in-transit has been conducted by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of examination of records of the inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records, which in our opinion were not material, have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Accordingly, the paragraphs 3 (iii)(a) and 3 (iii)(b) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the inventory items purchased are for the Company's specialized requirements and similarly goods sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.
- v. According to the information and explanations provided by the management, we are of the opinion that the Company has not accepted any deposits from public covered under Section 73 to 76 or any other relevant provisions of the Companies Act and rules framed there under. Accordingly, the paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the goods manufactured by the Company.

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax and cess and other material statutory dues were outstanding, as at 31st March, 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, and on the basis of our examination of the books of account, there are no dues of sales tax, wealth-tax, duty of custom, value added tax and cess which have not been deposited on account of any dispute. According to the information and explanations given to us, the following dues of income-tax, service tax and duty of excise have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)*	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Wrong availment of Cenvat Credit & Penalty	4.23	2007-08 & 2008-09	Commissioner of Appeals (Central Excise & Service Tax)
Central Excise Act, 1944	Excise duty & Penalty	83.86	2008-09	CESTAT, Chennai
Central Excise Act, 1944	Wrong availment of Cenvat Credit & Penalty	273.05	2007-08 to 2011-12	CESTAT, New Delhi
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	132.61	2007-08 & 2008-09	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	6.08	2009-10	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	17.00	2009-10 & 2010-11	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	88.86	2005-06 to 2010-11	CESTAT, New Delhi
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	14.73	2008-09 & 2009-10	Commissioner of Appeals (Central Excise & Service Tax)
Income Tax Act, 1961	Income tax demand	170.57	2011-12	Assessing Officer, New Delhi
Income Tax Act, 1961	Income tax demand	7.94	2011-12 to 2013-14	Assessing Officer, Rohtak

* Includes penalty wherever indicated in the order

- (c) According to the information and explanation given to us the amounts which were required to be transferred

to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time by the Company.

- viii. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- ix. Based on our audit procedures and on the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or to any financial institutions. The Company did not have any outstanding debentures during the year.
- x. According to the information and explanations given to us, the Company has not given any guarantee for any loan taken by others from a bank or financial institution.

xi. Based on our audit procedures and on the information and explanations given by the management, the term loans have been applied for the purpose for which they were obtained.

xii. Based on the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.P. Puri & Co.,
Chartered Accountants
Firm Registration No. 001152 N

Place : Gurgaon
Dated : May 15, 2015

(Rajiv Puri - Partner)
Membership No. 084318

BALANCE SHEET

AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1987.42	1987.42
Reserves and surplus	3	24228.01	24656.42
Sub-total		26215.43	26643.84
Non-current liabilities			
Long-term borrowings	4	14536.41	16105.73
Deferred tax liabilities (net)	5	2895.00	3900.58
Other long-term liabilities	6	33.86	50.80
Long-term provisions	7	510.37	452.90
Sub-total		17975.64	20510.01
Current liabilities			
Short-term borrowings	8	3884.34	4823.01
Trade payables	9	14310.06	15288.32
Other current liabilities	10	9461.37	8642.91
Short-term provisions	7	1816.06	2091.09
Sub-total		29471.83	30845.33
Total		73662.90	77999.18
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	38253.68	40250.72
Intangible assets	11	2313.95	1896.41
Capital work-in-progress		4797.30	5532.00
Intangible assets under development		1418.02	1211.16
Non-current investments	12	3548.19	3462.81
Long-term loans and advances	13	651.64	846.35
Other non-current assets	14	16.47	20.69
Sub-total		50999.25	53220.14
Current assets			
Inventories	15	7162.38	7108.44
Trade receivables	16	11664.77	13909.08
Cash and bank balances	17	234.79	206.11
Short-term loans and advances	13	1941.05	2633.49
Other current assets	14	1660.66	921.92
Sub-total		22663.65	24779.04
Total		73662.90	77999.18

Significant accounting policies &
Notes on financial statements

1 to 48

As per our report of even date
For S. P. Puri & Co.
Chartered Accountants
Firm Registration Number 001152N

For and on behalf of the Board

(Rajiv Puri)
Partner
Membership no : 084318

Sudhir Chopra
President & Company Secretary

Sunjay Kapur
Vice Chairman & Managing Director
(DIN - 00145529)

Place : Gurgaon
Dated : 15th May, 2015

Rajiv Chanana
Chief Financial Officer

Ravi Bhoothalingam
Director (DIN: 00194530)

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Year ended 31st March, 2015 (₹ / Lacs)	Year ended 31st March, 2014 (₹ / Lacs)
Income			
Revenue from operations (gross)	18	122881.57	118585.42
Less : Excise duty		<u>15018.06</u>	<u>14285.90</u>
Revenue from operations (net)		107863.51	104299.52
Other income	19	<u>417.91</u>	<u>4031.28</u>
Total revenue (I)		<u>108281.42</u>	<u>108330.80</u>
Expenses			
Cost of materials consumed [refer note 39(a)]		69946.55	71418.83
Purchases of stock-in-trade [refer note 39(d)]		1973.14	1948.51
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(16.86)	(1243.13)
Employee benefits expense	21	11968.72	11048.92
Finance costs	22	2492.59	3189.43
Depreciation and amortization expense	23	7799.74	4909.85
Research & development expenses	24	219.87	294.05
Other expenses	25	11520.70	10934.34
Total expenses (II)		<u>105904.45</u>	<u>102500.80</u>
Profit before tax (I - II)		<u>2376.97</u>	<u>5830.00</u>
Tax expense			
- Current year		1251.00	1275.00
- Earlier year		-	11.17
- Minimum alternate tax (MAT) credit entitlement		-	(610.09)
- Deferred tax		(671.75)	(12.23)
Total tax expenses		<u>579.25</u>	<u>663.85</u>
Profit for the year		<u>1797.72</u>	<u>5166.15</u>
Earnings per equity share (face value of ₹ 1/- each) :			
Basic / Diluted (in ₹)	26	0.90	2.60

Significant accounting policies &
Notes on financial statements

1 to 48

As per our report of even date
For S. P. Puri & Co.
Chartered Accountants
Firm Registration Number 001152N

(Rajiv Puri)
Partner
Membership no : 084318

Place : Gurgaon
Dated : 15th May, 2015

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

For and on behalf of the Board

Sunjay Kapur
Vice Chairman & Managing Director
(DIN - 00145529)

Ravi Bhoothalingam
Director (DIN: 00194530)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year ended 31st March, 2015 (₹ / Lacs)	Year ended 31st March, 2014 (` / Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	2376.97	5830.00
Adjustment for :		
Depreciation & amortization	7799.74	4909.85
CSR Expenses	(23.00)	-
(Profit)/loss on sale of fixed assets (net)	(1.25)	25.25
(Gain)/loss on sale of long term investments	-	(3543.03)
Dividend income	(61.58)	(14.00)
Unrealized foreign exchange (gain)/loss	(387.68)	(127.46)
Provision for doubtful advances no longer required written back	-	(10.00)
Unrecovered advances written off	-	49.22
Provision for slow moving inventory	10.00	75.48
Premium on forward contract amortized	347.03	307.82
Interest expense	2427.43	3130.24
Interest income	(2.67)	(10.20)
	10108.02	4793.17
Operating profit before working capital changes	12484.99	10623.17
(Increase)/decrease in trade receivables	2312.58	1771.37
(Increase)/decrease in inventories	(53.94)	(1582.30)
(Increase)/decrease in long term loans & advances	194.71	39.49
(Increase)/decrease in other current assets	(738.77)	1298.29
(Increase)/decrease in short term loans & advances	(63.20)	339.07
Increase/(decrease) in trade payables	(976.17)	47.74
Increase/(decrease) in other current liabilities	220.00	(1595.67)
Increase/(decrease) in other long term liabilities	(16.93)	6.34
Increase/(decrease) in long term provisions	57.47	15.97
Increase/(decrease) in short term provisions	71.62	(50.93)
	1007.37	289.37
Cash generated from operations	13492.36	10912.54
Income tax paid (net of income tax refund)	(546.67)	(1286.67)
Net cash from operating activities	12945.69	9625.87
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of fixed assets (including CWIP)	(6368.94)	(7862.07)
Proceeds from sale of fixed assets	38.35	30.33
Proceeds from sale of non current investment	-	6475.13
Purchase of non current investment	(85.38)	(155.00)
Bank deposits having original maturity of more than 3 months	4.22	(1.47)
Dividend received from subsidiaries	38.25	-
Dividend received from others	23.33	14.00
Interest received	2.68	10.20
Net cash (used)/raised from investing activities	(6347.49)	(1488.88)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	6810.59	4471.23
Repayment of long term borrowings	(7808.77)	(7457.04)
Proceeds / (Repayment) of short term borrowings	(938.67)	(295.74)
Interest paid	(2807.16)	(3322.78)
Dividend paid	(1589.93)	(1291.82)
Tax on dividend paid	(270.21)	(219.55)
Net cash (used)/raised from financing activities	(6604.15)	(8115.70)
Increase/(decrease) in cash & cash equivalents (A+B+C)	(5.95)	21.29
Cash & cash equivalents at the beginning of the year	84.61	59.13
Cash & cash equivalents acquired on account of amalgamation	-	4.19
Cash & cash equivalents at the end of the year	78.66	84.61

NOTES TO THE CASH FLOW STATEMENT :

1. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash flow statements".

2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

3. Change in short term borrowings reflects change in utilization of bank cash credit limits during the year.

As per our report of even date

For and on behalf of the Board

For S. P. Puri & Co.

Chartered Accountants

Firm Registration Number 001152N

(Rajiv Puri)
Partner
Membership no : 084318

Sudhir Chopra
President & Company Secretary

Sunjay Kapur
Vice Chairman & Managing Director
(DIN - 00145529)

Place : Gurgaon
Dated : 15th May, 2015

Rajiv Chanana
Chief Financial Officer

Ravi Bhoothalingam
Director (DIN: 00194530)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

I. General information

The Company is primarily engaged in the manufacture of steering systems & other auto components for the passenger car and utility vehicle manufacturers. Automobile manufacturers are its primary customers. The Company is a public limited Company listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

II. Accounting convention

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respect with the notified accounting standards under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

III. Basis of accounting

Financial statements have been prepared on accrual basis under the historical cost convention except derivative financial instruments in loss, which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the change in accounting policy explained under clause(V) below.

IV. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

V. Tangible fixed assets and depreciation/amortisation :

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises of the purchase price, incidental expenses, erection/commissioning expenses and financial charges upto the date the fixed asset is ready for its intended use.

Till the year ended 31st March, 2014, Schedule XIV to the Companies Act, 1956 prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to the depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Considering the applicability of Schedule II, the management has re-estimated residual values of all its fixed assets and have taken useful life of its fixed assets as prescribed by Schedule II to the Companies Act, 2013 and / or useful life estimated by the management supported by technical valuer's independent assessment. The management believes that depreciation rates currently used fairly reflect its estimates of the useful lives and residual values of fixed assets.

Till the year ended 31st March, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging depreciation @ 100% on assets costing less than ₹ 5000/- in the year of purchase. Schedule II to the Companies Act, 2013, applicable from the current year, does not recognize such practice. However considering that the materiality of impact is not significant on the financial statement, the Company continues with the existing policy.

Depreciation on tangible fixed assets has been provided on a pro-rata basis from the month the assets are put to use on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the assets and estimated usage of the asset, past history of replacement and anticipated technological changes etc.:

- Dies 4 Years
- Vehicles 5.3 Years

Leasehold improvements are depreciated over a period of 5 years or over the period of lease if less than five years.

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of profit & loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

VI. Intangible assets and amortization thereof

Intangible assets comprise of product development expenses and computer software and are stated at cost less accumulated amortization and impairment losses, if any.

Product development costs incurred including technical fees paid to collaborator for the development of new products for which letters of intent have been received from customers are accumulated and recognised as intangible assets (included under fixed assets) and are amortized over a period of six years. Unamortized products development fee in respect of models discontinued during the year is fully charged off in statement of profit & loss.

Software, which is not an integral part of the related computer hardware is classified as an intangible assets and is being amortized over a period of 72 months, being the estimated useful life.

Amortization expenses is charged on a pro-rata basis for assets purchased during the year. The appropriateness of the amortization period and the amortization method is reviewed at each financial year end.

VII. Leases

- Where the Company is the lessee

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit & loss on a straight-line basis over the lease term.

- Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit & loss on a straight-line basis over the lease term. Cost, including depreciation are recognised as an expenses in the statement of profit & loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit & loss.

VIII. Investments

Non-current Investments are stated at cost. Provision for diminution, other than temporary, is made wherever necessary for each individual non current investments.

IX. Inventory valuation

- a) Inventories are value at the lower of weighted average cost and net realisable value.
- b) All tools (including loose tools) are written off over their useful life and un-issued tools are valued at lower of weighted average cost and net realisable value.
- c) Finished goods and work in progress include all costs of purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.
- d) Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

X. Foreign currency transactions

- Initial recognition:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction.

- Conversion:

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

- Exchange difference:

A) With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- Foreign exchange difference on account of acquisition of depreciable fixed asset, is adjusted in the cost of the depreciable fixed asset, which would be depreciated over the remaining useful life of the asset.
- In other cases, the foreign exchange difference is accumulated in a foreign currency monetary item translation difference account and amortised over the remaining life of the concerned long term monetary item.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the monetary asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of its origination.

B) Other gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit & loss.

- Forward exchange contracts:

In case of forward exchange contracts, the premium or discount arising at the inception of forward exchange contracts entered into, to hedge an existing asset / liability, is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit & loss in the reporting period in which the exchange rate changes.

Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognized in the statement of profit & loss while gains are ignored.

XI. Excise

Excise duty on finished goods manufactured is accounted on the basis of production of goods.

XII. Research & development

- a) Capital expenditure for research & development is capitalised in the year of installation and depreciated accordingly.
- b) Revenue expenses incurred for research & development is charged to statement of profit & loss of the year in which it is incurred.

XIII. Income

- 1) Revenue recognition - Revenue from domestic and export sales are recognised on transfer of all significant risks and rewards or ownership to the buyer as per term of contract.
- 2) Price escalation claims from customers and discounts from suppliers are accounted in the year under audit, only if they are settled with the customers and suppliers respectively up to the date of finalisation of accounts.

- 3) Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.
- 4) Interest income is recognised on a time proportion basis taking into account the amount invested and the rate of interest.
- 5) All export benefits are recognised as income when there is substantial certainty as their realisability e.g.
 - a) Focused Product Scheme are recognized as income on filing the relevant application with the respective authorities.
 - b) Duty draw back is accounted in the year of export.

XIV. Expenses

- a) Discounts to customers and price escalation to suppliers to the extent not settled at the balance sheet date are accounted on the basis of reasonable estimates made after considering negotiations with vendors/customers.
- b) Jigs and fixtures costing less than ₹ 5,000/- each are written off in the year of purchase.
- c) Goods received are accounted as purchases on satisfactory completion of inspection.

XV. Borrowing cost

Borrowing costs on loans relating to qualifying assets are capitalized to the extent incurred prior to these assets are ready for their intended use. Other borrowing costs are written off in the year to which they pertain. Borrowing cost include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

XVI. Employee benefits

- Provident Fund & Employees State Insurance Corporation

Contributions to defined contribution schemes such as Provident Fund & Employees State Insurance Corporation, etc. are charged to the statement of profit & loss as incurred. In respect of certain employees, provident fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust is mandated not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is made good by the Company. The remaining contributions are made to a government administered provident fund towards which the Company has no further obligations beyond its monthly contributions.

- Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an employee gratuity fund managed by LIC. The Company accounts for the liability of gratuity benefits payable in future based on an independent actuarial valuation.

- Leave encashment

The Company provides for the encashment of leave with pay subject to certain rules for certain grade of employees. The eligible employees are entitled to accumulate leave subject to certain limits, for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

- Termination benefits

Termination benefits are recognised as an expense as and when incurred or only when the obligation can be reliably estimated.

XVII. Taxation

Taxes on income for the current year are determined on the basis of provisions of Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax asset are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax asset, in case there are taxable unabsorbed depreciation or losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Minimum alternate tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specified period.

XVIII. Provisions & contingencies

Loss contingencies arising from claims, litigations, assessments, fines, penalties, etc., are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

Warranty cost is provided on the basis of cost of warranty claims received from the customers and a reasonable estimate for future claims is made based on empirical data.

XIX. Earning per share

Annualised basic earning per equity share is arrived at based on net profit/(loss) after taxation to the basic/weighted average number of equity shares.

XX. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statements comprise cash at bank and in hand and short-term highly liquid investment with an original maturity of three month or less.

Particulars	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)
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NOTE 2 - SHARE CAPITAL

Authorised shares (in nos.)

27,10,00,000 (previous year 27,10,00,000) equity shares
of ₹ 1/- each

2710.00

2710.00

Issued, subscribed and paid up shares (in nos.)

19,87,41,832 (previous year 19,87,41,832) equity shares
of ₹ 1/- each fully paid up

1987.42

1987.42

1987.42

1987.42

a) Reconciliation of the equity shares outstanding at the beginning and at the end of reporting year

Reconciliation	As at 31st March, 2015		As at 31st March, 2014	
	(Nos.)	(₹ / Lacs)	(Nos.)	(₹ / Lacs)
Shares outstanding at the beginning of the year	19,87,41,832	1987.42	19,87,41,832	1987.42
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	19,87,41,832	1987.42	19,87,41,832	1987.42

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Detail of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of shares	% of holding	No. of shares	% of holding
Equity share of ₹ 1/- each fully paid				
• Sona Autocomp Holding Ltd.	4,99,14,664	25.12%	4,99,14,664	25.12%
• JTEKT Corporation, Japan	3,99,47,108	20.10%	3,99,47,108	20.10%
• Maruti Suzuki India Ltd.	1,38,00,000	6.94%	1,38,00,000	6.94%

Particulars	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)
NOTE 3 - RESERVES & SURPLUS		
Capital reserve	<u>0.44</u>	<u>0.44</u>
(On account of reissue of forfeited equity shares)		
Capital redemption reserve		
Balance as per the last financial statements	-	120.66
Less : Adjustment pursuant to amalgamation of Sona Stampings Ltd. - Debit balance in statement of profit & loss as on 01-04-2013	-	(120.66)
Capital redemption reserve	<u>-</u>	<u>-</u>
Securities premium account		
Balance as per the last financial statements	8070.76	8921.17
Add: Addition on account of amalgamation of Sona Stampings Ltd.	-	442.21
Less : Adjustment pursuant to amalgamation of Sona Stampings Ltd. - Debit balance in statement of profit & loss as on 01-04-2013	-	(858.24)
Less : Adjustment for excess of book value of investment in the equity share capital of Sona Stampings Ltd. over the face value of such equity share capital	-	(434.38)
General Reserve	<u>8070.76</u>	<u>8070.76</u>
Balance as per the last financial statements	8190.71	7665.71
Add: Amount transferred from surplus balance in the statement of profit & loss	-	525.00
Closing Balance	<u>8190.71</u>	<u>8190.71</u>
Surplus in the statement of profit & loss		
Balance as per last financial statements	8394.51	5613.50
Profit for the year	1797.72	5166.15
Less: Adjustment of depreciation charge (refer note (a) below)	648.33	-
Less: Appropriations		
Proposed dividend (refer note (b) below)	1291.82	1589.93
Tax on proposed dividend	262.98	270.21
Transfer to general reserve	-	525.00
CSR expenses	23.00	-
Net surplus in the statement of profit & loss	<u>7966.10</u>	<u>8394.51</u>
Total reserve and surplus	<u>24228.01</u>	<u>24656.42</u>

a) During the year Company has adjusted estimated useful life of fixed assets as stipulated by Schedule II of the Companies Act, 2013. Accordingly depreciation of ` 648.33 lacs (net of deferred tax of ` 333.84 lacs) on account of assets whose useful life is already exhausted on 1st April, 2014 have been adjusted in surplus in the statement of profit & loss.

b) For the year ended 31st March, 2015, the amount of dividend proposed to be distributed to equity shareholders is ` 0.65 per share (previous year ` 0.80 per share).

Non-current portion		Current maturities	
As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)

NOTE 4 - LONG TERM BORROWINGS

Term loans

From banks

Indian rupee loans from banks (secured)	10635.88	9140.07	4303.60	4043.60
Foreign currency loans from banks (secured)	3900.53	6764.68	2843.04	2375.98

From Financial Institution

Indian rupee loan from financial institution (secured)	-	103.76	-	29.00
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From others

Indian rupee loan from NBFC (secured)	-	97.22	97.22	194.43
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	<u>14536.41</u>	<u>16105.73</u>	<u>7243.86</u>	<u>6643.01</u>
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Amount disclosed under the head "other current liabilities" (refer note 10)	-	-	(7243.86)	(6643.01)
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	<u>14536.41</u>	<u>16105.73</u>	<u>-</u>	<u>-</u>
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1. Indian rupee loans from banks include

- Rupee term loans of ₹ 14871.55 lacs (previous year ₹ 13073.39 lacs) are secured by first pari passu charge over the entire movable and immovable fixed assets of the Company, both present and future, except the assets exclusively charged. Loans to the extent of ₹ 4220.00 lacs (previous year ₹ 1085.00 lacs) are further secured by way of second charge on current assets, on pari passu basis. The rate of interest on aforesaid loans are linked to the specific bank's Base Rate.
- Rupee term loan of ₹ 67.93 lacs (previous year ₹ 110.28 lacs) from Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan. The rate of interest on aforesaid loan is linked to bank's Base Rate.

2. Indian rupee loans from financial institution include

Working capital term loan of ₹ Nil (previous year ₹ 132.76 lacs) from financial institution is secured by way of hypothecation on all movable fixed assets of transferor company acquired under direct credit scheme of SIDBI and whole of the current assets of transferor company both present and future of the company. The term loan is further secured by way of equitable mortgage in favour of SIDBI of all the immovable properties of the transferor company. Further, the transferee company prior to merger has issued letter of comfort to bank for the aforesaid loan. The rate of interest on aforesaid loan is linked to Prime Lending Rate of Financial Institution.

3. Indian rupee loan from NBFC include

Term loan ₹ 97.21 lacs (previous year ₹ 291.65 lacs) is secured by way of second charge on entire assets of the Company situated at Sanand, Gujarat to be purchased or constructed out of said term loan. The rate of interest on aforesaid loan is linked to NBFC's Prime Lending Rate (PLR).

4. Foreign currency loans from banks include

- Foreign currency loan of USD 1.5 million equivalent to ₹ 822.00 lacs (previous year USD 2.5 millions equivalent to ₹ 1370.00 lacs) from Standard Chartered Bank is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks. The loan carries interest @ LIBOR plus 3% and is fully hedged.
- Foreign currency loan of USD 2.5 million equivalent to ₹ 1256.25 lacs (previous year USD 3.75 million equivalent to ₹ 1884.37 lacs) from Standard Chartered Bank is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks. The loan carries interest @ LIBOR plus 3.5% and is fully hedged.
- Foreign currency loan of USD 5.25 million equivalent to ₹ 3148.95 lacs (previous year USD 6 million equivalent to ₹ 3598.80 lacs) from Standard Chartered Bank is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks. The loan carries interest @ LIBOR plus 3.5% and is fully hedged.
- FCNR loan of USD 2.41 million equivalent to ₹ 1516.37 lacs (previous year USD 3.81 million equivalent to ₹ 2287.47 lacs) from State Bank of India is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks & further secured by way of second charge on current assets, on pari passu basis. The loan carries interest @ LIBOR plus 3.25% and is fully hedged.

5. Terms of repayment

The above said loans are repayable as per the repayment schedule below :

(₹ / Lacs)

Sl. No.	Loan amount	No. of instalments due	Each instalment amount	Periodicity	2015-16	2016-17	2017-18	2018-19	2019-20
1.	2251.35	6	375.00	Quarterly	1125.00	1126.35	-	-	-
2.	1228.60	6	229.20	Quarterly	687.60	541.00	-	-	-
3.	620.00	4	155.00	Quarterly	620.00	-	-	-	-
4.	854.96	5	172.00	Quarterly	516.00	338.96	-	-	-
5.	1375.00	11	125.00	Quarterly	500.00	500.00	375.00	-	-
6.	97.22	2	48.61	Quarterly	97.22	-	-	-	-
7.	822.00	6	137.00	Half yearly	548.00	274.00	-	-	-
8.	1256.26	8	157.03	Quarterly	628.13	628.13	-	-	-
9.	1687.50	9	187.50	Quarterly	375.00	750.00	562.50	-	-
10.	1580.51	9	187.50	Quarterly	767.22	750.00	63.29	-	-
11.	3148.95	14	224.93	Quarterly	899.70	899.70	899.70	449.85	-
12.	3190.00	15	Variable (*)	Quarterly	100.00	800.00	800.00	1200.00	290.00
13.	2600.00	12	Variable (#)	Quarterly	0.00	800.00	800.00	1000.00	-
14.	1000.00	12	85.00	Quarterly	332.00	332.00	336.00	-	-
15.	67.93		4.22	Monthly	48.00	19.93	-	-	-
	21780.28				7243.87	7760.07	3836.49	2649.85	290.00

(*) Variable : ₹ 100 lacs to ₹ 300 lacs

(#) Variable : ₹ 200 lacs to ₹ 300 lacs

Particulars	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)
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NOTE 5 - DEFERRED TAX LIABILITIES (NET)

Deferred tax liability

Depreciation*	3100.51	4118.64
Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the statement of profit & loss in the subsequent year.	21.47	30.46
Gross deferred tax liability	3121.98	4149.10
Deferred tax assets		
Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes in subsequent years.	217.10	222.86
Provision for slow moving inventory	9.87	25.65
Gross deferred tax assets	226.97	248.51
Net deferred tax liability	2895.00	3900.58

* Refer note 3 (a) for utilisation of deferred tax of ` 333.84 lacs (previous year nil) on depreciation on account of assets where useful life is already exhausted on 1st April, 2014 has been adjusted against surplus in the statement of profit & loss

NOTE 6 - OTHER LONG TERM LIABILITIES

Security deposit	21.16	20.06
Other payables*	12.70	30.74
	33.86	50.80

* Other payables comprises of dues on account of capital items.

Long-term		Short-term	
As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)

NOTE 7 - PROVISIONS

Provision for employee benefits

Gratuity (refer note 27)	-	-	-	2.83
Leave encashment (refer note 27)	437.87	414.15	43.76	45.56
	437.87	414.15	43.76	48.39

Other provisions

Provision for income tax [net of advance tax and TDS of ` Nil (previous year ` 2351.10 lacs)]	-	-	-	51.31
Proposed dividend	-	-	1291.82	1589.93
Corporate dividend tax	-	-	262.98	270.21
Product warranty (refer note 43)	72.50	38.75	217.50	131.25
	72.50	38.75	1772.30	2042.70
	510.37	452.90	1816.06	2091.09

As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)
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NOTE 8 - SHORT TERM BORROWINGS

Cash credit / other loans repayable on demand from banks (secured)	3884.34	4823.01
	3884.34	4823.01

Cash credit / other loans repayable on demand from banks are secured by hypothecation of inventories, book debts and other receivables both present & future and second pari-passu charge on movable and immovable fixed assets of the Company.

Particulars	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)
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NOTE 9 - TRADE PAYABLES

Trade payables (refer note 41 for details of dues to micro and small enterprises)	14310.06	15288.32
	<u>14310.06</u>	<u>15288.32</u>

NOTE 10 - OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (refer note 4)	7243.86	6643.01
Interest accrued but not due on borrowings	94.09	131.11
Unclaimed dividends *	156.13	121.50
Security deposits	23.59	22.19
Advance from customer	186.67	337.34
Taxes payable **	378.42	245.69
Other payables***	1378.61	1142.07
	<u>9461.37</u>	<u>8642.91</u>

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 / Section 125 of Companies Act, 2013 as at the year end.

** Taxes payable includes withholding tax, excise, sales tax etc.

*** Other payables includes, payment due to employees, dues on account of capital items, contribution to PF, ESI, etc.

NOTE 11 - FIXED ASSETS

(₹ / Lacs)

Sl.	Assets	Gross block (at cost)					Depreciation/Amortization					Net block		
No.		As at 01.04.14	Additions on Amalgamation	Additions	Sales / Disposals	Other Adjustments [#]	As at 31.03.15	As at 01.04.14	Depreciation on Amalgamation	For the year	Written back	Up to 31-03-15	As at 31.03.15	As at 31.03.14
Tangible assets														
1.	Freehold land	2021.87	-	-	-	-	2021.87	-	-	-	-	-	2021.87	2021.87
2.	Leasehold land	221.50	-	-	-	-	221.50*	10.41	-	2.55	-	12.96	208.54	211.09
3.	Buildings	12041.62	-	1011.99	-	31.77	13085.38**	2075.27	-	433.86	-	2509.13	10576.25	9966.35
4.	Lease hold improvements	46.28	-	-	-	-	46.28	23.17	-	8.93	-	32.10	14.18	23.11
5.	Plant & equipments	46513.77	-	4365.60	8.56	181.03	51051.84	22388.77	-	6249.54	4.19	28634.12	22417.72	24125.00
6.	Jigs & fixtures	654.23	-	4.95	-	-	659.18	290.31	-	94.01	-	384.32	274.86	363.92
7.	Electric installations	2744.26	-	128.69	-	-	2872.95	1093.00	-	407.41	-	1500.41	1372.54	1651.26
8.	Furniture & fixtures	647.95	-	51.13	11.09	-	687.99	297.51	-	114.50	11.05	400.96	287.03	350.44
9.	Office equipments	2369.20	-	189.78	98.17	0.74	2461.55	1423.77	-	637.18	98.17	1962.78	498.77	945.43
10.	Vehicles	578.85	-	187.00	68.77	-	697.08	287.46	-	107.10	36.08	358.48	338.60	291.39
11.	R&D-plant & equipments	470.83	-	-	-	-	470.83	178.25	-	51.00	-	229.25	241.58	292.58
12.	R&D-office equipments	103.33	-	-	-	-	103.33	95.05	-	6.56	-	101.61	1.72	8.28
Sub Total		68413.69	-	5939.14	186.59	213.54	74379.78	28162.97	-	8112.64	149.49	36126.12	38253.66	40250.72
Previous year		64074.24	607.26	4057.46	325.27	-	68413.69	23933.50	118.06	4381.11	269.70	28162.97	40250.72	
Intangible Assets														
1.	R&D-computer softwares	62.33	-	19.86	-	-	82.19	55.52	-	5.61	-	61.13	21.06	6.81
2.	Computer softwares	623.08	-	180.68	-	-	803.76	165.99	-	229.56	-	395.55	408.21	457.09
3.	Product development cost	3223.05	-	886.28	-	-	4109.33***	1790.54	-	434.10	-	2224.64	1884.69	1432.51
Sub total		3908.46	-	1086.82	-	-	4995.28	2012.05	-	669.27	-	2681.32	2313.96	1896.41
Previous year		3439.72	1.52	467.22	-	-	3908.46	1482.12	1.19	528.74	-	2012.05	1896.41	
Total		72322.15	-	7025.96	186.59	213.54	79375.06	30175.02	-	8781.91	149.49	38807.44	40567.62	42147.13
Previous year		67513.96	608.78	4524.68	325.27	-	72322.15	25415.62	119.25	4909.85	269.70	30175.02	42147.13	

Capital work in progress

Intangible assets under development ***

4797.30	5532.00
1418.02	1211.16
<u>6215.32</u>	<u>6743.16</u>

During the current year, the Company has adopted useful life as given in Schedule II to the Companies Act, 2013 to depreciate its fixed assets. Accordingly, the Company has calculated and charged off depreciation in the current year which is higher by ₹ 2046.74 lacs. In accordance with the transitional provisions in Schedule II, ₹ 982.16 lacs has been adjusted from the opening balance of Surplus in the statement of profit & loss along with benefits of deferred tax amounting to ₹ 333.83 lacs.

* Leasehold land includes ₹ 221.50 lacs (previous year ₹ 221.50 lacs) in respect of which lease deed is pending for execution.

** Includes factory building at Chennai given on operating lease whose cost, depreciation for the year and WDV at the end of the year is not segregated.

** Building (Gross block) amounting to ₹ 1542.96 lacs (previous year ₹ 1014.08 lacs), net block ₹ 1397.85 lacs (previous year ₹ 916.00 lacs) is constructed on leasehold land.

*** Internally generated intangible assets.

Other adjustments comprises of borrowing cost and foreign currency exchange differences of ₹ 342.71 lacs (previous year ₹ 258.83 lacs).

Particulars	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)
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NOTE 12 - NON CURRENT INVESTMENTS

Long-term investments (at cost)

Trade investments

Unquoted equity instruments, fully paid up

In Subsidiary Companies:

50,99,993 (previous year 50,99,993) equity shares of ` 10/- each, in Sona Fuji Kiko Automotive Ltd.	510.00	510.00
2,77,78,094 (previous year 2,77,78,094) equity shares of ` 10/- each, in JTEKT Sona Automotive India Ltd.	2777.81	2777.81

In Associate Company:

22,57,591 (previous year 14,03,790) equity shares of ` 10/- each, in Sona Skill Development Centre Ltd.	240.38	155.00
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In Others:

4,66,669 (previous year 4,66,669) equity shares of ` 10/- each in Roop Automotive Ltd.	20.00	20.00
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	<u>3548.19</u>	<u>3462.81</u>
Aggregate amount of quoted investment	-	-
Aggregate amount of unquoted investments	<u>3548.19</u>	<u>3462.81</u>

Non-current		Current	
As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)

NOTE 13 - LOANS AND ADVANCES

(Unsecured, considered good)

Capital advances	<u>486.08</u>	532.26	-	-
	<u>486.08</u>	<u>532.26</u>	<u>-</u>	<u>-</u>

Security deposits	<u>120.74</u>	272.14	<u>74.24</u>	94.66
	<u>120.74</u>	<u>272.14</u>	<u>74.24</u>	<u>94.66</u>

Other loans and advances

Advance recoverable in cash or kind	-	-	81.55	101.68
Loans and advances to employees	13.92	14.02	34.10	33.82
Prepaid expenses	22.01	12.81	299.10	206.46
Balance with custom, excise, sales tax and other govt. authorities etc.	0.89	15.12	1172.67	1161.84
Minimum alternate tax (MAT) credit entitlement	-	-	279.39	1035.03
Advance income tax [net of provision for income tax ` 3661.41 lacs (previous year ` Nil)]	8.00	-	-	-
	<u>44.82</u>	<u>41.95</u>	<u>1866.81</u>	<u>2538.83</u>
	<u>651.64</u>	<u>846.35</u>	<u>1941.05</u>	<u>2633.49</u>

Particulars	Non-current		Current	
	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)

NOTE 14 - OTHER ASSETS

(Unsecured, considered good)

Non-current bank balances (refer note 17)*	16.47	20.69	-	-
Unamortized premium on forward contracts	-	-	80.61	157.09
Interest accrued but not due on fixed deposits with banks	-	-	0.07	0.09
Claims receivable	-	-	190.79	196.41
Unbilled revenue	-	-	991.46	247.89
Other receivable	-	-	397.73	320.44
	<u>16.47</u>	<u>20.69</u>	<u>1660.66</u>	<u>921.92</u>

* Held as margin money deposits against bank guarantees

As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (` / Lacs)
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NOTE 15 - INVENTORIES

(At cost or net realisable value, whichever is lower)

Raw materials and components *	2806.51	3040.85
Work-in-progress **	1078.34	829.47
Finished goods ***	1637.82	1894.35
Stock-in-trade	3.58	2.19
Stores and spares	702.69	579.52
Loose tools	933.44	762.06
	<u>7162.38</u>	<u>7108.44</u>

* Includes material in transit ` 98.86 lacs (previous year ` 60.07 lacs).

** Includes material with the vendors sent for job work ` 57.04 lacs (previous year ` 60.85 lacs).

*** Includes goods in transit ` 1219.90 lacs (previous year ` 1203.16 lacs).

NOTE 16 - TRADE RECEIVABLES

(Unsecured, considered good)

Receivables outstanding for a period exceeding six months from the date they are due for payment	67.88	90.39
Other receivables	<u>11596.89</u>	<u>13818.69</u>
	<u>11664.77</u>	<u>13909.08</u>

	Non-current		Current	
	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)

NOTE 17 - CASH AND BANK BALANCES

Cash and cash equivalents

Balances with banks:

Current accounts	-	-	65.56	74.52
Cash on hand	-	-	13.10	10.09
Sub total	<u>-</u>	<u>-</u>	<u>78.66</u>	<u>84.61</u>

Other bank balances

Fixed deposits with original maturity for more than 12 months *	16.47	20.69	-	-
Unpaid dividend accounts	-	-	156.13	121.50
Sub total	<u>16.47</u>	<u>20.69</u>	<u>156.13</u>	<u>121.50</u>
Amount disclosed under non-current assets (refer note 14)	<u>(16.47)</u>	<u>(20.69)</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>234.79</u>	<u>206.11</u>

* Held as margin money deposits against bank guarantees.

Particulars	Year ended 31st March, 2015 (₹ / Lacs)	Year ended 31st March, 2014 (` / Lacs)
NOTE 18 - REVENUE FROM OPERATIONS		
Sale of products [refer note 39(c)]	121849.94	117735.10
Sale of services	3.74	39.66
Other operating revenues :		
Scrap sales	795.53	599.25
Others	232.36	211.41
Revenue from operations (gross)	122881.57	118585.42
Less: Excise duty (refer note 40)	15018.06	14285.90
Revenue from operations (net)	107863.51	104299.52
NOTE 19 - OTHER INCOME		
Interest income	2.67	10.20
Foreign exchange gain (net)	58.55	130.79
Dividend from subsidiary company	38.25	-
Dividend from non-current investments	23.33	14.00
Lease rental income [refer note 28(b)]	40.78	38.84
Gain on sale of fixed assets (net)	1.25	-
Gain on sales of non-current trade investment	-	3543.03
Other non-operating income	253.08	294.42
	417.91	4031.28
NOTE 20 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the beginning of the year		
Work-in-progress	829.47	759.20
Finished goods	1894.35	658.93
Stock-in-trade	2.19	5.08
Work-in-progress acquired on account of amalgamation	-	28.09
Finished goods acquired on account of amalgamation	-	10.43
	2726.01	1461.73
Inventories at the end of the year		
Work-in-progress	1078.34	829.47
Finished goods	1637.82	1894.35
Stock-in-trade	3.58	2.19
	2719.74	2726.01
Changes in inventories	6.27	(1264.28)
Excise duty on increase / (decrease) in finished goods (refer note 40)	(23.13)	21.15
	(16.86)	(1243.13)
NOTE 21 - EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances etc.	9568.54	8895.20
Contribution to provident and other funds	853.59	697.75
Employees welfare expenses	1546.59	1455.97
	11968.72	11048.92
NOTE 22 - FINANCE COSTS		
Interest on loans	2402.63	3084.42
Other borrowing costs	2.70	12.70
Other interest	22.10	33.12
Bank and other finance charges	62.53	57.65
Cash discount	2.63	1.54
	2492.59	3189.43

Particulars	Year ended 31st March, 2015 (₹ / Lacs)	Year ended 31st March, 2014 (` / Lacs)
NOTE 23 - DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation of tangible assets (refer note 46)	7130.47	4381.11
Amortization of intangible assets	669.27	528.74
	<u>7799.74</u>	<u>4909.85</u>
NOTE 24 - RESEARCH & DEVELOPMENT EXPENSES		
Salary & allowances	134.65	240.42
Components, tools & spares	76.78	37.70
Professional charges	-	9.50
Travelling expenses	7.89	6.05
Others expenses	0.55	0.38
	<u>219.87</u>	<u>294.05</u>
NOTE 25 - OTHER EXPENSES		
Stores and spare parts consumed	1459.35	1381.26
Loose tools consumed	1209.45	1205.35
Power and fuel	2153.81	2122.58
Repairs and maintenance - plant & machinery	460.16	470.43
Royalty	390.13	292.41
Rent	269.29	251.31
Rates and taxes	82.50	18.45
Insurance	67.51	81.08
Repair and maintenance - buildings	79.83	49.39
Repair and maintenance - others	570.54	412.75
Travelling, conveyance and vehicle expenses	641.78	626.14
Communication & stationery expenses	181.52	195.17
Legal & professional charges	906.23	935.27
Security charges	183.95	181.18
Business promotion	270.54	112.42
Premium on forward exchange contract amortized	347.03	307.82
Forwarding expenses	1435.10	1400.83
Packing material	497.00	541.79
Commission to non whole time directors	27.00	27.00
Directors' sitting fees	74.80	7.30
Unrecovered advance written off	-	49.22
Loss on sale of fixed assets (net)	-	25.25
Loss on sale of non-current trade investment	-	-
Payments to auditors		
As auditor		
Audit fee	16.70	15.75
Tax audit fee	3.20	3.00
Limited review & consolidation	10.54	9.95
In other capacity		
Taxation matters	-	3.00
Other services (certifications fee)	1.98	3.46
Miscellaneous expenses	180.76	204.78
	<u>11520.70</u>	<u>10934.34</u>
NOTE 26 - EARNINGS PER SHARE		
Profit after tax	1797.72	5166.15
Profit / (loss) attributable to the equity shareholders (A)	1797.72	5166.15
Basic / weighted average number of equity shares outstanding during the year (nos.) (B)	19,87,41,832	19,87,41,832
Nominal value of equity shares (in `)	1.00	1.00
Earnings per equity share (in `)		
Basic (A/B)	0.90	2.60
Diluted (A/B)	0.90	2.60

Particulars	Current year (₹ / Lacs)	Previous year (` / Lacs)
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NOTE 27 - EMPLOYEES BENEFIT

Defined contribution plans:

- i) The Company has recognised, in the statement of profit & loss for the year ended March 31, 2015 an amount of ₹ 635.03 lacs (previous year ₹ 612.60 lacs) as expenses under defined contribution plans. Expenses under defined contribution plans include:

a) Employer's contribution to provident fund	435.92	408.46
b) Employer's contribution to superannuation fund	180.71	180.57
c) Employer's contribution to Employee State Insurance Corporation	15.82	20.00
d) Punjab labour welfare fund (PLWF)	2.58	3.57
	635.03	612.60

The expense is disclosed in the line item - contribution to provident and other funds in note 21.

Define Benefit Plans:

- i) a) The Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Company through the Trust has taken group gratuity policy of Life Insurance Corporation of India Gratuity Scheme.
- b) The Company makes contribution for certain employees to the Sona Koyo Steering Systems Ltd. - Employees Provident Fund Trust ('The Trust') which is a defined benefit plan. The Company contributed ₹ 35.21 lacs (previous year ₹ 27.84 lacs) during the year to the Trust.

The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The guidance note on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as defined benefits plans. The actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at March 31, 2015.

- ii) Detail of the post retirement funded provident fund, gratuity plan and unfunded leaves are as follows :

	Provident fund (funded)		Gratuity (funded)		Leaves (unfunded)	
	Current year (₹ / Lacs)	Previous year (` / Lacs)	Current year (₹ / Lacs)	Previous year (` / Lacs)	Current year (₹ / Lacs)	Previous year (` / Lacs)
1. Reconciliation of opening and closing balances of obligations :						
a) Opening defined benefit obligation	434.65	778.41	1467.19	1386.14	459.71	443.64
b) Current service cost	35.21	27.84	128.16	119.79	68.03	67.24
c) Interest cost	48.58	54.77	118.49	112.28	37.09	35.93
d) Actuarial (gain) / loss	218.39	(182.44)	21.63	(46.70)	(0.53)	(3.89)
e) Benefits paid	(161.99)	(283.79)	(106.18)	(104.31)	(82.66)	(83.21)
f) Employee contribution	44.03	40.78	-	-	-	-
g) Settlements	-	(5.52)	-	-	-	-
h) Change in reserves	-	4.60	-	-	-	-
i) Closing defined benefit obligation	618.86	434.65	1629.30	1467.19	481.64	459.71
2. Change in plan assets (reconciliation of opening and closing balances) :						
a) Opening fair value of plan assets	440.61	786.86	1473.51	1398.97	-	-
b) Prior period adjustment	-	-	-	-	-	-
c) Expected return on plan asset	49.11	41.01	138.51	131.47	-	-
d) Employer contributions	35.21	27.84	178.54	49.47	-	-
e) Benefits paid	(161.99)	(283.79)	(106.18)	(104.31)	-	-
f) Employee contribution	44.03	40.78	-	-	-	-
g) Settlements	-	(5.52)	-	-	-	-
h) Actuarial gain / (loss) on plan assets	256.61	(166.56)	(20.78)	(2.09)	-	-
i) Closing fair value of plan assets	663.58	440.61	1663.61	1473.51	-	-

	Provident fund (funded)		Gratuity (funded)		Leaves (unfunded)	
	Current year (₹ / Lacs)	Previous year (` / Lacs)	Current year (₹ / Lacs)	Previous year (` / Lacs)	Current year (₹ / Lacs)	Previous year (` / Lacs)
3. Reconciliation of fair value of assets and obligations :						
a) Present value of obligation	618.86	434.65	1629.30	1467.19	481.64	459.71
b) Fair value of plan (assets)	(663.58)	(440.61)	(1663.61)	(1473.51)	-	-
c) Unfunded (asset) / liability recognised in the balance sheet	-*	-*	-*	-*	481.64	459.71
d) Experience adjustments on plan liabilities-(loss)/gain	-	-	(26.65)	43.35	0.93	3.86
e) Experience adjustments on plan assets-(loss)/gain	-	-	(20.78)	(2.09)	-	-
*The excess of assets over liabilities in respect of provident fund and gratuity have not been recognised as the same are lying in an income tax approved irrevocable trust funds.						
4. Expense recognised during the year :						
a) Current service cost			128.16	119.79	68.03	67.24
b) Interest cost			118.49	112.28	37.09	35.93
c) Expected return on plan assets			(138.51)	(131.47)	-	-
d) Actuarial (gain) / loss			42.41	(44.61)	(0.53)	(3.89)
e) Expenses recognised during the year			150.55	55.98	104.59	99.28
5. Assumptions :						
a) Discount rate (per annum)	7.77%	8.10%	8.10%	8.10%	8.10%	8.10%
b) Expected rate of return on plan assets (per annum)	-	-	9.00%	9.3%to9.4%	N.A.	N.A.
c) Rate of increase in compensation level (per annum)	-	-	6.50%	6.50%	6.50%	6.50%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the actuarial valuer.

The discount rate is based on the prevailing market yield of govt. bonds as at the date of valuation.

Expected return on asset - The expected return on assets over the accounting period, based on an assumed rate of return.

	Gratuity (` / Lacs)	Leaves (` / Lacs)
Estimate of contribution next year	147.66	115.82
Provident fund		
	Current year	Previous year

iii) Investment details of plan assets :

Major category of investments as a percentage in case of provident fund trust :

- Central government securities	11.47%	7.55%
- State government securities	19.28%	20.71%
- Securities of public financial institutions	57.32%	58.97%
- Private sector bonds / securities	11.93%	12.77%

The gratuity trust has taken up a group policy with Life Insurance Corporation of India (L.I.C). The detail of investments maintained by Life Insurance Corporation are not made available to the Company and have therefore not been disclosed.

	(` / Lacs)					
	31st March 2013		31st March 2012		31st March 2011	
	Gratuity	Leaves	Gratuity	Leaves	Gratuity	Leaves
iv) Reconciliation of fair value of assets and obligations for the past years						
a) Present value of obligation	1380.07	442.06	1131.02	366.43	904.10	363.15
b) Fair value of plan (assets)	(1387.51)	-	(1150.71)	-	(933.82)	-
c) Unfunded (asset)/liability recognised in the balance sheet	-*	442.06	-*	366.43	-*	363.15
d) Experience adjustments on plan liabilities- (loss) / gain	(28.44)	(20.11)	(69.75)	28.76	(96.22)	(58.48)
e) Experience adjustments on plan assets-(loss) / gain	5.87	-	-	-	-	-

*The excess of assets over liabilities in respect of gratuity has not been recognised as the same is lying in an income tax approved irrevocable trust fund.

Note:

Disclosures included are limited to the extent of information provided by the actuary.

NOTE 28 - LEASES

(a) Operating lease : Company as lessee

- (i) The Company has taken various residential premises under operating lease on lease and license agreements. These are cancellable; have a term of 11 to 36 months. The lease arrangements are generally renewable on the expiry of lease period

subject to mutual agreement. The company has taken vehicles for its employees under operating lease agreement have a term of 48 months. Lease payments are recognised in the statement of profit & loss in the year incurred.

An amount of ` 220.03 lacs (previous year ` 219.14 lacs) is recognized in the statement of profit & loss for the year ended March 31, 2015. The future minimum lease for vehicle payments are as follows:

	Current year (` / Lacs)	Previous year (` / Lacs)
Within one year	22.68	17.06
After one year but not more than five years	18.89	26.17
	<u>41.57</u>	<u>43.23</u>

- (ii) The Company has taken office premises under non cancellable have a term of five years operating lease agreement. An amount of ` 81.47 lacs (previous year ` 65.58 lacs) is recognized in the statement of profit & loss for the year ended March 31, 2015. The future minimum lease payments are as follows:

Within one year	23.06	22.14
After one year but not more than five years	58.86	81.92
	<u>81.92</u>	<u>104.06</u>

b) Operating lease : Company as lessor*

The Company has given part of its factory building at Chennai under operating lease on lease and license agreement for the period of four years. The lease arrangement is renewable on the expiry of lease period subject to mutual agreement. Lease receipts of ` 40.78 lacs (previous year ` 38.84 lacs) are recognised in the statement of profit & loss as per terms of agreement. The future lease receipts are as follows:

Within one year	42.82	40.78
After one year but not more than five years	75.92	118.74
	<u>118.74</u>	<u>159.52</u>

* Above reported lease rentals are net of service tax.

NOTE 29 - FIXED ASSETS / CAPITAL WORK IN PROGRESS INCURRED DURING THE YEAR INCLUDES :

a) Professional charges	48.27	58.49
b) Technical support charges	72.67	464.73
c) Components, tools & spares	1204.95	414.69
d) Travelling expenses	57.66	49.09
e) Interest to bank	342.71	258.84
f) Others	121.77	63.01
g) Salary	281.13	326.26
	<u>2129.16</u>	<u>1635.11</u>

NOTE 30 - SEGMENT REPORTING

The Company is primarily engaged in the business of auto components of four wheelers, which are governed by the same set of risk and returns, and hence there is only one primary segment. The Company operates mainly to the needs of domestic market and export turnover, export profit and export assets are less than ten percent of the total turnover, total profits and total assets and hence there are no reportable secondary geographical segments.

Period covered	Current year* (` / Lacs)	Previous year (` / Lacs)
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NOTE 31 - CONTINGENT LIABILITIES

- I) Claims against the Company not acknowledged as debt on account of :

a) Excise duty			
i) Show cause notices received and pending with adjudication authority	2000-01 to 2006-07	1546.40	1608.58
ii) Cases pending before appellate authorities in respect of which the company has filed appeals	2007-08 to 2011-12	371.86	84.52
	Total	<u>1918.26</u>	<u>1693.10</u>
b) Service Tax			
i) Show cause notices received and pending with adjudication authority	2004-05 to 2013-14	53.15	114.09
ii) Cases pending before appellate authorities in respect of which the Company has filed appeals/ show cause notices	2005-06 to 2014-15	290.76	228.81
	Total	<u>343.90</u>	<u>342.90</u>
c) VAT Haryana			
i) Local area development tax (LADT) levied by Assessing Authority Gurgaon. Writ petition civil pending with Supreme Court.	2007-08 to 2014-15	963.09	809.86

	Period covered	Current year* (₹ / Lacs)	Previous year (` / Lacs)
d) Customs Duty			
i) Show cause notice received from adjudication authority (DGFT) for advance license	2012-13	6.74	6.25
ii) Case of valuation of goods imported from related party with special valuation branch under Custom Act	2013-14 to 2014-15	160.24	77.20
*Includes penalty wherever indicated in the order and interest calculated up to 31-03-2015			
e) Income Tax			
i) Cases pending before appellate authorities in respect of which the Company has filed appeal	2011-12 to 2013-14	7.94	-
f) Property Tax			
Municipal Corporation Gurgaon Property Tax	Arrears before 2010-11	19.00	-

The Company has been advised that the above demands are likely to be either deleted or substantially reduced and accordingly no provision is consider necessary.

II) Customer bills discounted	2430.69	300.00
III) Letter of credit opened by banks for purchase of inventory / capital goods	213.30	397.57
IV) The Government of West Bengal is in appeal in Hon'ble Supreme Court for validity of the Singur Land Rehabilitation And Development Act, 2011. Pending finalization of the case, the Company has not made any provision for the impairment of its value of land at Singur.		

NOTE 32 - FORWARD CONTRACTS OUTSTANDING AND UN-HEDGED FOREIGN CURRENCIES EXPOSURES ARE AS GIVEN BELOW

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. These foreign exchange contracts are not used for trading or speculation purposes.

The Company has a risk of foreign currency exposure on the following derivative Instruments that are outstanding at the year end:

		Current year		Previous year	
Nature of contracts	Buy / Sell	Contracts (nos.)	Amount (in Lacs)	Contracts (nos.)	Amount (in Lacs)
Forward contracts (JPY)	Buy	85	2724.90	96	4660.79
Rupee equivalent value	Buy	85	1470.59	96	2897.69
Forward contracts (USD)	Buy	11	26.18	14	42.00
Rupee equivalent value	Buy	11	1722.38	14	2812.91
Currency cum interest rates swaps (ECB) (USD)	Buy	3	92.50	3	122.50
Rupee equivalent value (ECB)	Buy	3	5227.20	3	6853.18
Forward contracts (CHF)	Buy	3	0.68	-	-
Rupee equivalent value	Buy	3	44.78	-	-

Un-hedged foreign currency exposure :

(In Lacs)

	Current year					
	CHF	EURO	USD	YEN	GBP	SGD
Trade payables	0.24	1.11	4.35	1053.54	-	0.13
Rupee equivalent value	15.81	75.95	273.58	555.11	-	5.84
Trade receivables and loans & advances	-	1.42	37.39	27.26	-	-
Rupee equivalent value	-	94.49	2326.86	14.02	-	-

(In Lacs)

	Previous year					
	CHF	EURO	USD	YEN	GBP	SGD
Trade payables	-	0.78	6.64	408.55	-	0.11
Rupee equivalent value	-	64.63	400.04	242.76	-	5.48
Trade receivables and loans & advances	-	5.60	27.62	0.13	-	-
Rupee equivalent value	-	457.75	1649.65	0.08	0.30	-

NOTE 33 - DEFERRAL / CAPITALIZATION OF EXCHANGE DIFFERENCES

MCA vide its circular dated 29th December, 2011 and 9th August, 2012 amended AS11, The Effects of changes in foreign exchange rates, to allow companies deferral / capitalization of exchange differences arising on long term foreign currency monetary items.

The net amount of exchange loss capitalized to depreciable assets and remaining to be amortized as on March 31, 2015 is ` 283.82 lacs (previous year ` 308.17 lacs).

Current year (₹ / Lacs)	Previous year (` / Lacs)
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NOTE 34 - CAPITAL AND OTHER COMMITMENTS

I) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	1586.68	2698.80
II) Other commitments		
The Company has given a letter of comfort to banks to lend support to its subsidiary against the sanctioned limit :		
a) Sona Fuji Kiko Automotive Ltd.	-	2144.00

The Company is required to incur an amount of ` 84.13 lacs towards CSR expenditure pursuant to provisions of Section 135 of the Companies Act, 2013. The Company has formed a CSR Committee and has identified areas for CSR activities which are specified in schedule VII of the Companies Act, 2013. An amount of ` 23.00 lacs was spent on the identified areas. No additional funds have been earmarked as CSR reserve for current financial year.

NOTE 35 - VALUE OF IMPORTS CALCULATED ON CIF BASIS

Capital goods	858.32	2405.22
Raw material	252.15	318.11
Components, spares & tools	11188.56	13260.58
	<u>12299.03</u>	<u>15983.91</u>

NOTE 36 - EXPENDITURE IN FOREIGN CURRENCY

Books and periodicals	1.30	-
Royalty	390.13	385.85
Technical services	72.67	355.26
Foreign travels	145.50	42.99
Legal and professional charges	166.19	67.28
Warehouse charges	38.44	32.79
Interest	303.32	233.38
Others	7.02	-
	<u>1124.57</u>	<u>1117.55</u>

NOTE 37 - REMITTANCE IN FOREIGN CURRENCY

Dividend	340.42	272.62
No. of non resident shareholders	291	338
No. of shares held by non resident shareholders	4,25,52,328	4,19,41,377
Year to which the dividend relates	2013-14	2012-13

NOTE 38 - EARNINGS IN FOREIGN EXCHANGE

FOB value of export of goods	6025.25	8902.62
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NOTE 39 (a) - PARTICULARS OF MATERIALS CONSUMED *

Raw material : steel bars	3612.88	2178.38
Components	66332.65	69240.45
Total	<u>69945.54</u>	<u>71418.83</u>

* Cost of material consumed includes components

b) VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS, TOOLS, STORES & SPARES AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION.

Particulars	Current year (` / Lacs)	%	Previous year (` / Lacs)	%
Raw material & components				
Imported	11382.75	16.27%	13548.15	18.97%
Indigenous	58562.79	83.73%	57870.68	81.03%
	<u>69945.54</u>	<u>100.00%</u>	<u>71418.83</u>	<u>100.00%</u>
Stores & spares				
Imported	86.57	5.93%	23.76	1.72%
Indigenous	1372.78	94.07%	1357.50	98.28%
	<u>1459.35</u>	<u>100.00%</u>	<u>1381.26</u>	<u>100.00%</u>
Tools (includes loose tools)				
Imported	284.20	23.50%	216.84	17.99%
Indigenous	925.25	76.50%	988.51	82.01%
	<u>1209.45</u>	<u>100.00%</u>	<u>1205.35</u>	<u>100.00%</u>
	Current year (` / Lacs)		Previous year (` / Lacs)	

c) DETAILS OF PRODUCTS SOLD

Steering gear assembly	91372.04	92230.43
Axle assembly including components	15882.87	11707.35
Others include sale of stock-in-trade and bought out components	14595.03	13797.32
	<u>121849.94</u>	<u>117735.10</u>

d) STOCK-IN-TRADE (CURRENT YEAR)

Description of Goods	Opening Stock (` /Lacs)	Purchase (` /Lacs)	Sales (` /Lacs)	Closing Stock (` /Lacs)
Reservoir	2.19	1614.43	1883.30	3.58
Others	-	358.70	478.20	-

STOCK-IN-TRADE (PREVIOUS YEAR)

Description of Goods	Opening Stock (` /Lacs)	Purchase (` /Lacs)	Sales (` /Lacs)	Closing Stock (` /Lacs)
Reservoir	5.08	1477.45	1613.13	2.19
Others	-	471.06	665.77	-

NOTE 40 - The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except excise duty related to difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Changes in inventories of finished goods, work-in-progress and stock-in-trade excise duty on Increase/ (decrease) in finished goods" under note 20 annexed and forming part of statement of profit & loss.

NOTE 41 - INFORMATION IN TERMS OF SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	31st March, 2015 (` / Lacs)	31st March, 2014 (` / Lacs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Principal - 0.00 Interest - 0.00	Principal - 0.00 Interest - 0.00
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	0.00	0.00
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	0.00	0.00
The amount of interest accrued and remaining unpaid at the end of each accounting year, and the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprises Development Act, 2006.	0.00	0.00

NOTE 42 - Raw material and components consumed are net of ` 1479.03 lacs (previous year ` 2184.06 lacs) being the value of dispatches made to vendors for job work.

NOTE 43 (a) - A provision is recognized for expected warranty claims on products sold during the last two to three years, based on past experience of the level of returns. It is expected that significant portion of these cost will be incurred in the next financial year and all will have been incurred within three years after reporting date. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the three year warranty period for products sold. The table below gives information about movement in warranty provisions.

Provision for product warranty details as required by AS - 29 (refer note 7)

Description	Current year (₹/Lacs)	Previous year (` /Lacs)
Opening balance	170.00	140.00
Add: addition during the year	699.60	684.51
Less: charged off to the statement of profit & loss	579.60	654.51
Closing balance	290.00	170.00

The warranty expenses of ` 579.60 lacs (previous year ` 654.51 lacs) are charged off to profit & loss account included under the head forwarding expenses.

NOTE 43 (b) - Other provisions

Provision for slow moving inventory

Description	Current year (₹/Lacs)	Previous year (` /Lacs)
Opening Balance	75.48	-
Add: Addition During The Year	10.00	75.48
Less: Charged off to the statement of profit & loss	56.95	-
Closing Balance	28.52	75.48

NOTE 44 - AMALGAMATION OF WHOLLY OWNED SUBSIDIARY COMPANY

The Hon'ble High Court of Delhi and Punjab & Haryana sanctioned the scheme of amalgamation of Sona Stampings Limited with the Company with an effective date of April 1, 2013. Sona Stampings Ltd. was a wholly owned subsidiary of the Company and was engaged in manufacture and sale of sheet metal stampings, welded assemblies and moulds for automotive industry. The merger of Sona Stampings Ltd. into the Company has been accounted for under "pooling of interest" method referred to in Accounting Standard 14, Accounting for Amalgamation (AS-14).

All the assets and liabilities of Sona Stampings Ltd. on and after the appointed date and prior to the effective date have been transferred to the Company on a going concern basis. As Sona Stampings Ltd. was a wholly owned subsidiary of the Company, no shares have been allotted to the shareholders upon the scheme becoming effective.

NOTE 45 - REMUNERATION TO MANAGERIAL PERSONNEL

Remuneration paid to Vice Chairman & Managing Director during part of the financial year 2014-2015, in excess of the limit prescribed under Section 197 of the Companies Act, 2013 of ` 18.16 lacs, due to inadequacy of profits, was recovered from him.

After obtaining approval from its Board of Directors and Shareholders, the Company proposes to apply to Central Government as per applicable provisions of Companies Act, 2013 for payment of the aforesaid remuneration as "Minimum Remuneration" for the year 2014-2015. This remuneration will be paid and accounted in the year of the approval, if any, is granted.

NOTE 46 - The Company has a process whereby periodically all long term contracts including derivative contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts including derivative contracts has been made in the books of accounts.

NOTE 47 (a) RELATED PARTY DISCLOSURES (TRANSACTION WITH RELATED PARTIES)

(` / Lacs)

PARTICULARS	SIGNIFICANT CONTROL	SUBSTANTIAL INTEREST	OTHERS (SIGNIFICANT INFLUENCE)	SUBSIDIARIES	KEY MANAGEMENT PERSONNEL	RELATIVE OF KEY MANAGEMENT PERSONNEL	ASSOCIATES	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADVANCE PAID	-	-	2.54	180.63	-	-	-	183.16
Advance paid (previous year)	-	-	-	-	-	-	(19.21)	(19.21)
ADVANCE RECEIVED	-	-	-	-	-	-	-	-
Advance received (previous year)	-	-	-	(7.10)	-	-	-	(7.10)
CASH DISCOUNT PAID	-	-	1.90	-	-	-	-	1.90
Cash discount paid (previous year)	-	-	(1.54)	-	-	-	-	(1.54)
REMUNERATION *	134.28	-	-	-	401.42	4.25	-	539.96
Remuneration (previous year)	(99.51)	-	-	-	(508.54)	-	-	(608.06)
DIVIDEND RECEIVED	-	-	-	38.25	-	-	-	38.25
Dividend received (previous year)	-	-	-	-	-	-	-	-
DIVIDEND PAID	0.05	718.89	110.40	-	0.04	-	-	829.38
Dividend paid (previous year)	(0.04)	(584.10)	(89.70)	-	(0.02)	-	-	(673.86)
INTEREST INCOME	-	-	-	-	-	-	-	-
Interest income (previous year)	-	-	-	-	-	-	-	-
INVESTMENT	-	-	-	-	-	-	85.38	85.38
Investment (previous year)	-	-	-	-	-	-	(150.00)	(150.00)
LEASING OF PREMISES PAID	-	-	28.84	-	-	-	-	28.84
Leasing of premises paid (previous year)	-	-	(23.42)	-	-	-	-	(23.42)
LEASING OF PREMISES RECEIVED	-	-	-	45.82	-	-	-	45.82
Leasing of premises received (previous year)	-	-	-	(43.64)	-	-	-	(43.64)
OTHER INCOME	-	-	-	-	-	-	-	-
Other income (previous year)	-	-	-	-	-	-	-	-
PURCHASE OF CAPITAL GOODS	-	-	-	-	-	-	-	-
Purchase of capital goods (previous year)	-	(298.47)	-	-	-	-	-	(298.47)
PURCHASE OF GOODS	-	5004.90	1391.03	3818.69	-	-	-	10214.63
Purchase of goods (previous year)	-	(6627.21)	(1266.72)	(3826.72)	-	-	-	(11720.64)
RECEIVING OF SERVICES	-	-	-	-	-	-	19.66	19.66
Receiving of services (previous year)	-	(757.60)	(0.89)	-	-	-	(21.59)	(780.08)
REIMBURSEMENT OF EXPENSES RECOVERED	-	15.88	47.73	117.61	-	-	-	181.22
Reimbursement of expenses recovered (previous year)	-	(16.87)	(60.90)	(2.68)	-	-	-	(80.44)
REIMBURSEMENT OF EXPENSES PAID	-	1.92	11.63	20.18	-	-	-	33.72
Reimbursement of expenses paid (previous year)	-	(14.70)	(9.95)	(0.57)	-	-	-	(25.23)
RENDERING OF SERVICES	-	-	96.35	77.35	-	-	-	173.70
Rendering of services (previous year)	-	-	(124.67)	(96.85)	-	-	-	(221.52)
ROYALTY	-	390.13	-	-	-	-	-	390.13
Royalty (previous year)	-	(301.20)	-	-	-	-	-	(301.20)
SALE OF CAPITAL GOODS	-	-	5.64	-	-	-	10.68	16.32
Sale of capital goods (previous year)	-	-	-	-	-	-	(41.03)	(41.03)
SALE OF GOODS	-	14.45	68474.75	15173.58	-	-	-	83662.78
Sale of goods (previous year)	-	(0.48)	(62705.15)	(15954.80)	-	-	(0.73)	(78661.15)
SECURITY DEPOSIT PAID	-	-	-	-	-	-	-	-
Security deposit paid (previous year)	-	-	(11.07)	-	-	-	-	(11.07)

(₹ / Lacs)

PARTICULARS	SIGNIFICANT CONTROL	SUBSTANTIAL INTEREST	OTHERS (SIGNIFICANT INFLUENCE)	SUBSIDIARIES	KEY MANAGEMENT PERSONNEL	RELATIVE OF KEY MANAGEMENT PERSONNEL	ASSOCIATES	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SECURITY DEPOSIT RECEIVED	-	-	-	-	-	-	-	-
Security deposit received (previous year)	-	-	-	(3.56)	-	-	-	(3.56)
SECURITY DEPOSIT RECEIVED BACK	-	-	200.00	-	-	-	-	200.00
Security deposit received (previous year)	-	-	-	-	-	-	-	-
DIRECTOR SITTING FEE	-	-	-	-	-	9.41	-	9.41
Director sitting fee (previous year)	-	-	-	-	-	(1.03)	-	(1.03)
TECHNICAL SUPPORT FEE	-	75.80	-	2.02	-	-	-	77.82
Technical support fee (previous year)	-	(362.45)	-	-	-	-	-	(362.45)
TECHNICIANS EXPENSES	-	1.75	-	-	-	-	-	1.75
Technicians expenses (previous year)	-	(93.95)	-	-	-	-	-	(93.95)
CSR	-	-	23.00	-	-	-	-	23.00
CSR (previous year)	-	-	-	-	-	-	-	-
DONATION	-	-	18.00	-	-	-	-	18.00
Donation (previous year)	-	-	(30.00)	-	-	-	-	(30.00)
CONTRIBUTION TO PF TRUST	-	-	31.29	-	-	-	-	31.29
Contribution to PF trust (previous year)	-	-	(28.27)	-	-	-	-	(28.27)
OUTSTANDING BALANCE AS ON 31.03.2015 (DEBIT)	-	-	(7877.93)	(853.83)	-	-	-	(8731.76)
Outstanding balance as on 31.03.2014 (Debit)	-	-	(6602.88)	(550.67)	-	-	(29.23)	(7182.78)
OUTSTANDING BALANCE AS ON 31.03.2015 (CREDIT)	-	1558.44	176.61	-	-	-	2.51	1737.55
Outstanding balance as on 31.03.2014 (Credit)	-	(2843.58)	(148.45)	-	-	-	-	(2992.03)

- Figures in bracket are in respect of the previous year
- * Remuneration includes director commission, contribution to superannuation and provident fund

Name of related party & description of relationship is as below:

- | | |
|--|--|
| 1. The individual/entity exercise control over the Company | 1. Dr. Surinder Kapur |
| 2. The entity having substantial interest in the Company | 1. JTEKT Corporation
2. Sona Autocomp Holding Ltd. |
| 3. Others (Significant Influence) | 1. Sona BLW Precision Forgings Ltd.
2. Mahindra Sona Ltd.
3. Maruti Suzuki India Ltd.
4. Sona e-design & Technologies Ltd.
5. Pune Heat Treat Pvt Ltd.
6. Kapur Properties & Investment
7. Mandira Marketing Ltd.
8. Koyo Bearings India Pvt. Ltd.
9. Sona BLW Prazisionsschmiede GmbH
10. Sona BLW Precision Forge Inc.
11. Sona Koyo Steering Systems Ltd EPF Trust
12. Sona Charitable Trust |
| 4. Subsidiaries | 1. Sona Fuji Kiko Automotive Ltd.
2. JTEKT Sona Automotive India Ltd. |
| 5. Key Management Personnel | 1. Dr. Surinder Kapur - (Transactions Disclosed Under Category (1) Above)
2. Mr. Sunjay Kapur
3. Mr. Kiyozumi Kamiki
4. Mr. Sudhir Chopra
5. Mr. Rajiv Chanana (w.e.f. 30.05.2014) |
| 6. Relative to Key Management Personnel | 1. Mr. J.M. Kapur |
| 7. Associates | 1. Sona Skill Development Centre Ltd. |

NOTE 47 (b) - TRANSACTION IN EXCESS OF 10% OF THE TOTAL RELATED PARTY TRANSACTIONS

(` /Lacs)

Relationship	Name of Party	Description of the nature of transaction	For the Year Ended 31-Mar-15	For the Year Ended 31-Mar-14
Associates	Sona Skill Development Centre Ltd.	Advance paid	-	19.21
Subsidiaries	Sona Fuji Kiko Automotive Ltd.	Advance paid	55.63	-
Subsidiaries	JTEKT Sona Automotive India Ltd.	Advance paid	125.00	-
Subsidiaries	Sona Fuji Kiko Automotive Ltd.	Advance received	-	3.10
Subsidiaries	JTEKT Sona Automotive India Ltd.	Advance received	-	4.00
Other significant influence	Maruti Suzuki India Ltd.	Cash discount paid	1.90	1.54
Relative to key management personnel	Mr. J.M. Kapur	Commission	4.25	-
Significant Control	Dr. Surinder Kapur	Remuneration & commission	134.28	99.51
Key management personnel	Mr. Sunjay Kapur	Remuneration & commission	154.79	160.37
Key management personnel	Mr. Kiyozumi Kamiki	Remuneration	65.06	64.02
Key management personnel	Mr. Sudhir Chopra	Remuneration	123.82	134.19
Key management personnel	Mr. Rajiv Chanana	Remuneration	57.76	-
Subsidiaries	Sona Fuji Kiko Automotive Ltd.	Dividend received	38.25	-
Other significant influence	Maruti Suzuki India Ltd.	Dividend paid	110.40	89.70
Substantial interest	Sona Autocomp Holding Ltd.	Dividend paid	399.32	324.45
Substantial interest	JTEKT Corporation	Dividend paid	319.58	259.66
Associates	Sona Skill Development Centre Ltd.	Investment	85.38	150.00
Other significant influence	Sona BLW Precision Forgings Ltd.	Leasing of premises paid	24.88	10.37
Other significant influence	Pune Heat Treat Pvt. Ltd.	Leasing of premises paid	-	9.24
Other significant influence	Kapur Properties & Investment	Leasing of premises paid	3.96	3.81
Subsidiaries	JTEKT Sona Automotive India Ltd.	Leasing of premises received	45.82	43.64
Substantial interest	JTEKT Corporation	Purchase of fixed assets	-	298.47
Subsidiaries	JTEKT Sona Automotive India Ltd.	Purchase of goods	3816.48	3826.72
Substantial interest	JTEKT Corporation	Purchase of goods	5004.90	6627.21
Associates	Sona Skill Development Centre Ltd.	Receiving of services	19.66	-
Other significant influence	Sona BLW Precision Forgings Ltd.	Reimbursement of expenses recovered	45.32	45.71
Subsidiaries	JTEKT Sona Automotive India Ltd.	Reimbursement of expenses recovered	117.61	-
Substantial interest	JTEKT Corporation	Reimbursement of expenses recovered	-	16.87
Other significant influence	Sona BLW Precision Forgings Ltd.	Reimbursement of expenses paid	7.46	6.22
Other significant influence	Mandira Marketing Ltd.	Reimbursement of expenses paid	-	3.02
Subsidiaries	JTEKT Sona Automotive India Ltd.	Reimbursement of expenses paid	19.93	-
Substantial interest	JTEKT Corporation	Reimbursement of expenses paid	-	14.70
Other significant influence	Sona Fuji Kiko Automotive Ltd.	Rendering of services	23.66	25.07
Other significant influence	Sona BLW Precision Forgings Ltd.	Rendering of services	96.35	124.67
Subsidiaries	JTEKT Sona Automotive India Ltd.	Rendering of services	53.69	71.78
Substantial interest	JTEKT Corporation	Royalty	390.13	301.20
Associates	Sona Skill Development Centre Ltd.	Sale of fixed assets	10.68	41.03
Other significant influence	Sona BLW Precision Forgings Ltd.	Sale of fixed assets	5.64	-
Other significant influence	Maruti Suzuki India Ltd.	Sales	66547.30	60984.91
Subsidiaries	JTEKT Sona Automotive India Ltd.	Sales	14983.82	14996.72
Other significant influence	Sona BLW Precision Forgings Ltd.	Security deposit paid	-	11.07
Subsidiaries	JTEKT Sona Automotive India Ltd.	Security deposit received	-	3.56
Substantial interest	Pune Heat Treat Pvt Ltd.	Security deposit received back	200.00	-
Relative to key management personnel	Mr. J.M. Kapur	Director sitting fee	9.41	1.03
Substantial interest	JTEKT Corporation	Technical support fee	75.80	362.45
Substantial interest	JTEKT Corporation	Technician expenses	1.75	93.95
Other significant influence	Sona Charitable Trust	CSR	23.00	-
Other significant influence	Sona Charitable Trust	Donation	18.00	30.00
Other significant influence	Sona Koyo Steering Systems Ltd EPF Trust	Contribution to PF trust	31.29	28.27
Subsidiaries	JTEKT Sona Automotive India Ltd.	Balances (Debit)	707.62	466.55
Other significant influence	Mandira Marketing Ltd.	Balances (Debit)	1086.35	-
Other significant influence	Maruti Suzuki India Ltd.	Balances (Debit)	6771.31	5970.78
Substantial interest	JTEKT Corporation	Balances (Credit)	1558.44	2843.58

NOTE 48 - Previous year's figures have been regrouped/reclassified, wherever necessary.

<p>As per our report of even date For S. P. Puri & Co. Chartered Accountants Firm Registration Number 001152N</p>	<p>Signature to Note 1 to 48</p>	<p>For and on behalf of the Board</p>
<p>(Rajiv Puri) Partner Membership no : 084318</p>	<p>Sudhir Chopra President & Company Secretary</p>	<p>Sunjay Kapur Vice Chairman & Managing Director (DIN - 00145529)</p>
<p>Place : Gurgaon Dated : 15th May, 2015</p>	<p>Rajiv Chanana Chief Financial Officer</p>	<p>Ravi Bhoothalingam Director (DIN: 00194530)</p>

AUDITORS' REPORT

(CONSOLIDATED)



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
SONA KOYO STEERING SYSTEMS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SONA KOYO STEERING SYSTEMS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Associate Company, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected

depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of his report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on other financial information of a subsidiary, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate company as at 31st March, 2015, and their consolidated profits and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements/financial information of one subsidiary whose financial statements/financial information reflect total assets of ₹ 28949.35 lakhs as at 31st March, 2015, total revenues of ₹ 64478.62 lakhs and net cash inflows amounting to ₹ 1487.13 lakhs for the year ended on that date, as considered in the consolidated financial statements.

These financial statements/financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, Subsidiary companies and Associate company incorporated in India, we give in the Annexure a statement

on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of other auditor on separate financial statements and on other financial information of a subsidiary as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the relevant assertion contained in the audit reports on standalone financial statements of each subsidiary company and associate company which are incorporated in India, none of the directors of the such company is disqualified as on 31st March, 2015 from being appointed as a director of that company in terms of Section 164 (2) of the Act.

- f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate financial statements and on other financial information of a subsidiary as noted in the 'Other Matter' paragraph:
 - I. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate company – Refer Note 31 to the consolidated financial statements.
 - II. The Group has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses if any, as required on long-term contracts including derivative contracts – Refer Note 38 to the consolidated financial statements and its associate company did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by its subsidiary companies and associate company incorporated in India.

For S.P. Puri & Co.,
Chartered Accountants
Firm Registration No. 001152 N

Place : Gurgaon
Dated : May 15, 2015

(Rajiv Puri - Partner)
Membership No. 084318

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Holding Company on the consolidated financial statements for the year ended 31st March, 2015, based on comments in the Auditors' Report of standalone financial statements of the Holding Company, subsidiary companies and an associate company incorporated in India we report that :

- i. (a) The Holding Company, its subsidiary companies and associate company incorporated in India have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

Fixed assets verification has been conducted by the respective management of Holding Company, its subsidiary companies and associate company incorporated in India during the year. All the fixed assets of the Group and associate company incorporated in India have not been physically verified by the management of respective company during the year but there is a regular phased programme of physical verification of all fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Group and associate company incorporated in India and nature of its fixed assets. No material discrepancies were noticed on such verification.

- ii. (a) Physical verification of inventory, except goods-in-transit has been conducted by the respective management of the Holding Company, its subsidiary companies incorporated in India during the year. In our opinion, the frequency of such verification is reasonable. There was no inventory with associate company being a service company.
- (b) The procedures for the physical verification of inventories followed by the management of Holding Company, its subsidiary companies incorporated in India were found reasonable and adequate in relation to the size of the respective company and the nature of its business.
- (c) The Holding Company, its subsidiary companies incorporated in India are maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records, which in the opinion of respective statutory auditors of the Holding Company, its subsidiary companies incorporated in India were not material, have been properly dealt with in the books of account. There are no inventories with associate company being a service company.
- iii. The Holding Company, its subsidiary companies and associate company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act.
- iv. In our opinion and according to the information and explanations obtained by the statutory auditors of the Holding Company, its subsidiary companies incorporated in India, that some of the inventory items purchased are for the Holding Company and its subsidiary companies

incorporated in India specialized requirements and similarly goods sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Holding Company, its subsidiary companies and associate company incorporated in India and the nature of their respective business for the purchase of inventory, fixed assets and for sale of goods and services. During the course of the audit of Holding Company, its subsidiary companies and associate company incorporated in India by the their respective statutory auditors, they have not observed any major weaknesses in the internal control system.

- v. The Holding Company, its subsidiary companies and associate company incorporated in India have not accepted any deposits from public covered under Section 73 to 76 or any other relevant provisions of the Companies Act and rules framed there under.
- vi. The Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the goods manufactured by the Holding Company and its subsidiary companies incorporated in India and is also not applicable to services of the associate company incorporated in India.
- vii. (a) According to the information and explanations given to us and on the basis of examination of the books of account of the Holding Company, its subsidiary companies and associate company incorporated in India by their respective statutory auditors, each of these companies have been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it.

According to the information and explanations given to the statutory auditors of the holding company, its subsidiary companies and associate company incorporated in India, no undisputed amounts payable by each of these companies in respect of provident fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax and cess were outstanding, as at 31st March, 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to the statutory auditors of the holding company, its subsidiary companies and associate company incorporated in India and on the basis of examination of the books of account of the Holding Company, its subsidiary companies and associate company incorporated in India by their respective statutory auditors, there are no dues of sales tax, duty of custom, wealth-tax, value added tax and cess which have not been deposited on account of any dispute by each of these companies except the following dues of income-tax, service tax and duty of excise have not been deposited by the Holding Company and a subsidiary company incorporated in India:

i) Sona Koyo Steering Systems Limited - Holding Company

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)*	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Wrong availment of Cenvat Credit & Penalty	4.23	2007-08 & 2008-09	Commissioner of Appeals (Central Excise & Service Tax)
Central Excise Act, 1944	Excise duty & Penalty	83.86	2008-09	CESTAT, Chennai
Central Excise Act, 1944	Wrong availment of Cenvat Credit & Penalty	273.05	2007-08 to 2011-12	CESTAT, New Delhi
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	132.61	2007-08 & 2008-09	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	6.08	2009-10	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	17.00	2009-10 & 2010-11	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	88.86	2005-06 to 2010-11	CESTAT, New Delhi
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	14.73	2008-09 & 2009-10	Commissioner of Appeals (Central Excise & Service Tax)
Income Tax Act, 1961	Income tax	170.57	2011-12	Assessing Officer, New Delhi
Income Tax Act, 1961	Income tax TDS	7.94	2011-12 to 2013-14	Assessing Officer, Rohtak
Haryana Municipal Corporation Act, 1994	Property Tax	19.00	Arrears before 2010-11	Commissioner, Municipal Corporation, Gurgaon

* Includes penalty wherever indicated in the order

ii) JTEKT SONA Automotive India Limited – Subsidiary Company

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)*	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	6.84	2010-11	CESTAT

* Includes penalty wherever indicated in the order

(c) According to the information and explanation given to us the amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the

Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time by the Holding Company. There were no amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder by subsidiary companies and associate company incorporated in India.

- viii. The Holding Company and subsidiary companies incorporated in India does not have any accumulated losses at the end of the financial year and have not incurred cash losses in the current financial year and in the immediately preceding financial year. However the associate company on a standalone basis has accumulated losses at the end of the financial year more than fifty percent of its net worth and has incurred cash losses in the current financial year and in the immediately preceding financial year. On a consolidated basis, the Holding Company, its subsidiary companies and associate company incorporated in India do not have any accumulated losses at the end of the financial year and have not incurred cash losses in the current financial year and in the immediately preceding financial year.
- ix. In their opinion and according to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies incorporated in India none of the companies have defaulted in repayment of dues to banks or to any financial institutions. The Holding Company and subsidiary companies did not have any outstanding debentures during the year. The Associate Company incorporated in India did not have any outstanding dues to any banks, financial institutions nor has any outstanding debentures during the year.
- x. In their opinion and according to the information and explanations given to the respective statutory auditors of the Holding Company, its subsidiary companies and associate company incorporated in India none of these such companies have given any guarantee for any loan taken by others from a bank or financial institution.
- xi. In their opinion and according to the information and explanations given to the respective statutory auditors of the Holding Company, its subsidiary companies and associate company incorporated in India, the term loans taken by the Holding Company, its subsidiary companies incorporated in India have been applied for the purpose for which they were obtained. The associate company incorporated in India has no outstanding term loans during the year.
- xii. According to the information and explanations given to the respective statutory auditors of the Holding Company, its subsidiary companies and associate company incorporated in India, no instances of material fraud on or by each company have been noticed or reported during the year by the statutory auditors of the Holding Company, its subsidiary companies and associate company incorporated in India.

For S.P. Puri & Co.,
Chartered Accountants
Firm Registration No. 001152 N

Place : Gurgaon
Dated : May 15, 2015

(Rajiv Puri - Partner)
Membership No. 084318

FINANCIALS

(CONSOLIDATED)

CONSOLIDATED BALANCE SHEET

As AT 31ST MARCH, 2015

Particulars	Note No.	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1987.42	1987.42
Reserves and surplus	3	30354.67	28902.87
Sub-Total		32342.09	30890.29
Minority interest		9859.86	7851.81
Non-current liabilities			
Long-term borrowings	4	16747.15	16957.10
Deferred tax liabilities (net)	5	4164.07	5259.73
Other long term liabilities	6	13.81	30.74
Long-term provisions	7	677.85	605.09
Sub-total		21602.88	22852.66
Current liabilities			
Short-term borrowings	8	4235.74	6537.96
Trade payables	9	19255.24	19508.63
Other current liabilities	10	12022.90	13982.24
Short-term provisions	7	1990.39	2277.94
Sub-total		37504.27	42306.77
Total		101309.10	103901.53
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	54690.48	57149.79
Intangible assets	11	3724.88	3029.24
Capital work-in-progress		4901.02	6318.37
Intangible assets under development		1417.98	1217.81
Non-current investments	12	118.13	97.53
Long-term loans and advances	13	718.59	1034.34
Other non-current assets	14	39.61	43.83
Sub-total		65610.69	68890.91
Current assets			
Inventories	15	10039.86	9358.45
Trade receivables	16	18919.13	20817.75
Cash and bank balances	17	1798.34	281.94
Short-term loans and advances	13	3224.44	3608.52
Other current assets	14	1716.64	943.96
Sub-total		35698.41	35010.62
Total		101309.10	103901.53

Significant accounting policies &
Notes on financial statements

1 to 40

As per our report of even date
For S. P. Puri & Co.
Chartered Accountants
Firm Registration Number 001152N

(Rajiv Puri)
Partner
Membership no : 084318

Place : Gurgaon
Dated : 15th May, 2015

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

For and on behalf of the Board

Sunjay Kapur
Vice Chairman & Managing Director
(DIN - 00145529)

Ravi Bhoothalingam
Director - (DIN - 00194530)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Year ended 31st March, 2015 (` / Lacs)	Year ended 31st March, 2014 (` / Lacs)
Income			
Revenue from operations (gross)	18	175207.94	167632.92
Less : Excise duty		19911.38	18401.54
Revenue from operations (net)		155296.56	149231.38
Other income	19	487.52	3970.19
Total Revenue (I)		155784.08	153201.57
Expenses			
Cost of materials consumed		101592.67	100541.27
Purchases of stock-in-trade		1973.14	3002.14
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(216.01)	(936.30)
Employee benefits expense	21	14577.47	13418.84
Finance costs	22	3114.48	3923.42
Depreciation and amortization expenses	23	10368.33	6794.92
Research & development expenses		219.87	294.05
Other expenses	24	15583.45	15059.46
Total expenses (II)		147213.40	142097.80
Consolidated profit before tax (I - II)		8570.68	11103.77
Tax expense			
- Current year		3380.79	2986.50
- Earlier years excess provision of tax written back		(0.71)	11.17
- Minimum alternate tax (MAT) credit entitlement		(4.37)	(610.09)
- Deferred tax		(704.40)	85.91
Total tax expenses		2671.31	2473.49
Consolidated profit after tax [before adjustment for Minority interest and share of profit / (loss) of associate]		5899.37	8630.28
Add : Share of profit / (loss) of associate		(64.78)	(77.47)
Less : Share of profit transferred to minority		2044.79	1777.31
Consolidated profit for the year [after adjustment for Minority interest and share of profit / (loss) of associate]		3789.80	6775.50
Earnings per equity share (face value of ` 1/- each):			
Basic / Diluted (In `)	25	1.91	3.41

Significant accounting policies &
Notes on financial statements

1 to 40

As per our report of even date
For S. P. Puri & Co.
Chartered Accountants
Firm Registration Number 001152N

For and on behalf of the Board

(Rajiv Puri)
Partner
Membership no : 084318

Sudhir Chopra
President & Company Secretary

Sunjay Kapur
Vice Chairman & Managing Director
(DIN - 00145529)

Place : Gurgaon
Dated : 15th May, 2015

Rajiv Chanana
Chief Financial Officer

Ravi Bhoothalingam
Director - (DIN - 00194530)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year ended 31st March, 2015 (` / Lacs)	Year ended 31st March, 2014 (` / Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax and minority interest & share of profit/loss of associate	8570.68	11103.77
Adjustment for :		
Depreciation & amortization	10368.33	6794.92
CSR expenses	(23.00)	-
(Profit)/loss on sale of fixed assets (net)	(0.05)	36.43
(Gain)/loss on sale of long term investments	-	(3543.03)
Dividend income	(23.33)	(14.00)
Unrecovered advances written off	-	53.56
Provision for doubtful advances no longer required written back	-	(10.00)
Provision for slow moving inventory	10.00	75.48
Unrealized foreign exchange (gain)/loss	(387.68)	(102.23)
Premium on forward contract amortized	347.03	313.56
Interest expense	3047.14	3858.64
Interest income	(161.82)	(41.57)
Operating profit before working capital changes	13176.62	7421.76
(Increase)/decrease in trade receivables	21747.30	18525.53
(Increase)/decrease in inventories	2247.75	1814.36
(Increase)/decrease in long term loans & advances	(681.42)	(1221.35)
(Increase)/decrease in other current assets	291.07	50.49
(Increase)/decrease in short term loans & advances	(769.66)	1273.23
Increase/(decrease) in trade payables	(407.81)	(255.30)
Increase/(decrease) in other current liabilities	(532.16)	(25.15)
Increase/(decrease) in other long term liabilities	450.96	(1253.71)
Increase/(decrease) in long term provisions	(16.93)	1.37
Increase/(decrease) in short term provisions	72.76	59.02
Cash generated from operations	70.17	10.49
Income tax paid (net of income tax refunds)	724.73	453.45
Net cash from operating activities	22472.03	18978.98
	(2608.77)	(2637.93)
	19863.26	16341.05
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Dividend paid to minority shareholders	(36.75)	-
Purchase of fixed assets (including CWIP)	(8237.82)	(10567.09)
Proceeds from sale of fixed assets	41.67	35.54
Proceeds from sale of non-current investments	-	6475.13
Purchase of non-current investments	(85.38)	(155.00)
Bank deposit having original maturity of more than 3 months	4.22	(4.60)
Dividend received	23.33	14.00
Interest received	158.80	43.26
Net cash (used) / raised from investing activities	(8131.93)	(4158.76)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	9151.56	4991.74
Repayment of long term borrowings	(11817.70)	(11228.98)
Repayment of short term borrowings	(2302.22)	(365.97)
Interest paid	(3408.31)	(4073.02)
Dividend paid	(1589.93)	(1291.82)
Tax on dividend paid	(282.96)	(219.55)
Net cash (used) / raised from financing activities	(10249.56)	(12187.60)
Increase/(decrease) in cash & cash equivalents (A+B+C)	1481.77	(5.31)
Cash & cash equivalents at the beginning of the year	160.44	165.75
Cash & cash equivalents at the end of the year	1642.21	160.44

NOTES TO THE CASH FLOW STATEMENT :

- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statement".
- Figures in brackets indicate cash outflow and without brackets indicate cash inflow.
- Change in short term borrowings reflects change in utilization of bank cash credit limits during the year.

As per our report of even date

For S. P. Puri & Co.

Chartered Accountants

Firm Registration Number 001152N

For and on behalf of the Board

(Rajiv Puri)

Partner

Membership no : 084318

Sudhir Chopra

President & Company Secretary

Sunjay Kapur

Vice Chairman & Managing Director
(DIN - 00145529)

Place : Gurgaon

Dated : 15th May, 2015

Rajiv Chanana

Chief Financial Officer

Ravi Bhoothalingam

Director - (DIN - 00194530)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

I. General information

The Group is primarily engaged in the manufacture of steering systems & other auto components for the passenger car and utility vehicle manufacturers. Automobile manufacturers are its primary customers.

II. Group companies

Sona Koyo Steering Systems Limited has consolidated the financial statements of two Subsidiaries and one Associate as given in Table below :

Sl. No.	Name of Company	Relationship	Country of Incorporation	% of ownership interest as on 31st March, 2015
1.	Sona Fuji Kiko Automotive Ltd.	Subsidiary	India	51
2.	JTEKT Sona Automotive India Ltd.	Subsidiary	India	49*
3.	Sona Skill Development Centre Ltd.	Associate	India	49.99

* Subsidiary due to control of the composition of the Board of Directors.

Notes:

- Each of the above companies is incorporated in India & financial statements are drawn up to the same reporting date as that of the parent Company i.e March 31, 2015.
- Sona Stampings Limited was amalgamated with the Company with effect from April 01, 2013.
- The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
- The consolidated financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together of like items of asset, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits/losses.
- Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and equity of the Company's shareholders.
Minority Interest in the net assets of consolidated subsidiaries consist of:
 - The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
 - The minority share of movements in equity since the date parent subsidiary relationship came in existence.
- Minority interest's share of net profit/(loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Group.
- Investment in associates where the Company holds more than 20% of equity, are accounted for using equity method as per Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated financial Statements" notified by Companies (Accounting Standards) Rules, 2006 (as amended).

III. Accounting convention

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these consolidated financial statements to comply in all material respect with the notified accounting standards under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

IV. Basis for preparation and principal of consolidation

The consolidated financial statements of the Group have been prepared and presented under the historical cost convention on accrual basis. The financial statements of the parent company and the subsidiaries have been combined on a line to line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra-group balances transactions in full as per Accounting Standard-21 on "Consolidated Financial Statements" notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. Appropriate disclosures are made for significant deviations from the company's accounting policies, which have not been adjusted.

V. Other significant accounting policies

Significant accounting policies followed by Sona Koyo Steering Systems Ltd. are annexed to the independent standalone financial statements. The accounting policies of the subsidiaries are not in major variance.

- Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

- Fixed assets and depreciation/amortisation

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises of the purchase price, incidental expenses, erection/commissioning expenses and financial charges upto the date the fixed asset is ready for its intended use.

Till the year ended 31st March, 2014, Schedule XIV to the Companies Act, 1956 prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to the depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Considering the applicability of Schedule II, the management has re-estimated residual values of all its fixed assets and have taken useful life of its fixed assets as prescribed by Schedule II to the Companies Act, 2013 and / or useful life estimated by the management supported by technical valuer's independent assessment. The management believes that depreciation rates currently used fairly reflect its estimates of the useful lives and residual values of fixed assets.

Till the year ended 31 March, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging depreciation @ 100% on assets costing less than ₹ 5000/- in the year of purchase. However, Schedule II to the Companies Act, 2013, applicable from the current year, does not recognize such practice. However considering that the materiality of impact is not significant on financial statement, the Group continues with the existing policy.

Depreciation on tangible fixed assets has been provided on a pro-rata basis from the month the assets are put to use on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the assets and estimated usage of the asset, past history of replacement and anticipated technological changes etc. :

- Dies 4 years
- Vehicles 5.3 years

Leasehold improvements are depreciated over a period of 5 years or over the period of lease if less than five years.

Depreciation has been provided on straight line method at the life different from the parent company (impact of which is not material), for a subsidiary company as follows :

- Vehicles 6 years
- Dies & Moulds 10 years
- Tools 1 to 3 years
- Furnishing with employees 3 years

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of profit & loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

- Intangible assets and amortization thereof

Intangible assets comprise of product development expenses and computer software and are stated at cost less accumulated amortization and impairment losses, if any.

Product development costs incurred including technical fees paid to collaborator for the development of new products for which letters of intent have been received from customers are accumulated and recognised as intangible assets (included under fixed assets), and are amortized over a period of six years. Unamortized products development fee in respect of models discontinued during the year is fully charged off in statement of profit & loss.

Software, which is not an integral part of the related computer hardware is classified as an intangible asset and is being amortized over a period of 72 months, being the estimated useful life.

Amortization expenses is charged on a pro-rata basis for assets purchased during the year. The appropriateness of the amortization period and the amortization method is reviewed at each financial year end.

- Leases

Where the Group is the lessee

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit & loss on a straight-line basis over the lease term.

Where the Group is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit & loss on a straight-line basis over the lease term. Cost, including depreciation is recognised as an expense in the statement of profit & loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit & loss.

- **Investments**

Non current Investments are stated at cost. Provision for diminution, other than temporary, is made wherever necessary for each individual non current investment.

- **Inventory valuation**

- a) Inventories are valued at the lower of weighted average cost and net realisable value.
- b) All tools (including loose tools) are written off over their useful life and un-issued tools are valued at lower of weighted average cost and net realisable value.
- c) Finished goods and work in progress include all cost of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.
- d) Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

- **Foreign currency transactions**

- Initial recognition:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction.

- Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

- Exchange difference

A) With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Group has adopted the following policy:

- Foreign exchange difference on account of acquisition of depreciable fixed asset, is adjusted in the cost of the depreciable fixed asset, which would be depreciated over the remaining useful life of the asset.
- In other cases, the foreign exchange difference is accumulated in a foreign currency monetary item translation difference account and amortized over the remaining life of the concerned long term monetary item.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the monetary asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of its origination.

B) Other gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit & loss.

- Forward exchange contracts:

In case of forward exchange contracts, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit & loss in the reporting period in which the exchange rate change.

Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognized in the statement of profit & loss while gains are ignored.

- **Excise**

Excise duty on finished goods manufactured is accounted on the basis of production of goods.

- **Research & development**

- a) Capital expenditure for research & development is capitalised in the year of installation and depreciated accordingly.
- b) Revenue expenses incurred for research & development is charged to statement of profit & loss of the year in which it is incurred.

- **Income**

Revenue recognition - Revenue from domestic and export sales are recognised on transfer of all significant risks and rewards or ownership to the buyer as per term of contract.

Price escalation claims from customers and discounts from suppliers are accounted in the year under audit, only if they are settled with the customers and suppliers respectively up to the date of finalization of accounts.

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

Interest income is recognised on a time proportion basis taking into account the amount invested and the rate of interest.

All export benefits are recognised as income when there is substantial certainty as to their realisability e.g.

- a) Focused product scheme are recognized as income on filing the relevant application with the respective authorities.
- b) Duty drawback is accounted in the year of export.

- **Expenses**

- a) Discounts to customers and price escalation to suppliers to the extent not settled at the balance sheet date are accounted on the basis of reasonable estimates made after considering negotiations with vendors/customers.
- b) Jigs and fixtures costing less than ₹ 5,000/- each are written off in the year of purchase.
- c) Goods received are accounted as purchases on satisfactory completion of inspection.

- **Borrowing cost**

Borrowing costs on loans relating to qualifying assets are capitalized to the extent incurred prior to these assets are ready for their intended use. Other borrowing costs are written off in the year to which they pertain. Borrowing cost include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

- **Employee Benefits**

- Provident Fund & Employees State Insurance Corporation

Contributions to defined contribution schemes such as Provident Fund & Employees State Insurance Corporation, etc. are charged to the statement of profit & loss as incurred. In respect of certain employees, provident fund contributions are made to a Trust administered by the Group. The interest rate payable to the members of the Trust is mandated not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is made good by the Group. The remaining contributions are made to a government administered provident fund towards which the Group has no further obligations beyond its monthly contributions.

- Gratuity

The obligation towards gratuity is a defined benefit retirement plan covering eligible employees. The employee gratuity fund is managed by insurance institutions. The liability of gratuity benefits payable in future is accounted or provided based on an independent actuarial valuation.

- Leave encashment

The encashment of leave with pay is provided subject to certain rules for certain grade of employees. The eligible employees are entitled to accumulate leave subject to certain limits, for future encashment/availing. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

- Termination benefits

Termination benefits are recognised as an expense as and when incurred or only when the obligation can be reliably estimated.

- **Taxation**

Taxes on income for the current year are determined on the basis of provisions of Income Tax Act.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax asset, in case there are taxable unabsorbed depreciation or losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Minimum alternate tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the respective entities will pay normal tax during the specified period.

- **Provisions & contingencies**

Loss contingencies arising from claims, litigations, assessments, fines, penalties, etc., are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

Warranty cost is provided on the basis of cost of warranty claims received from the customers and a reasonable estimate for future claims is made based on empirical data.

- **Earnings per share**

Annualised basic earning per equity share is arrived at based on net profit/(loss) after taxation to the basic/weighted average number of equity shares.

- **Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statements comprise cash at bank and in hand and short-term highly liquid investment with an original maturity of three months or less.

Particulars	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)
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NOTE 2 - SHARE CAPITAL

Authorised shares (in nos.)

27,10,00,000 (previous year 27,10,00,000) equity shares of ` 1/- each

2710.00

2710.00

Issued, subscribed and paid up shares (in nos.)

19,87,41,832 (previous year 19,87,41,832) equity shares of ` 1/- each fully paid up

1987.42

1987.42

1987.42

1987.42

a) Reconciliation of the equity shares outstanding at the beginning and at the end of reporting year

Reconciliation	As at 31st March, 2015		As at 31st March, 2014	
	(Nos.)	(` / Lacs)	(Nos.)	(` / Lacs)
Shares outstanding at the beginning of the year	19,87,41,832	1987.42	19,87,41,832	1987.42
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	19,87,41,832	1987.42	19,87,41,832	1987.42

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ` 1/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Detail of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity share of ` 1/- each fully paid				
- Sona Autocomp Holding Ltd.	4,99,14,664	25.12%	4,99,14,664	25.12%
- JTEKT Corporation, Japan	3,99,47,108	20.10%	3,99,47,108	20.10%
- Maruti Suzuki India Ltd.	1,38,00,000	6.94%	1,38,00,000	6.94%

Particulars	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)
NOTE 3 - RESERVES & SURPLUS		
Capital reserve	0.44	0.44
(On account of re-issue of forfeited equity shares)		
Capital redemption reserve		
Balance as per the last financial statements	-	120.66
Less: Adjustment on account of scheme of arrangement on amalgamation of Sona Stampings Ltd. (refer note 36)	-	(120.66)
	-	-
Securities premium account		
Balance as per the last financial statements	8070.76	8921.17
Less: Adjustment on account of scheme of arrangement on amalgamation of Sona Stampings Ltd. (refer note 36)	-	(416.03)
Less: Adjustment for difference of book value of equity shares over the face value of equity share capital of Sona Stampings Ltd. pursuant to scheme of arrangement on amalgamation of Sona Stampings Ltd. (refer note 36)	-	(434.38)
Closing balance	8070.76	8070.76
General reserve		
Balance as per the last financial statements	8190.71	7665.71
Add: amount transferred from surplus balance in the statement of profit & loss	-	525.00
Closing balance	8190.71	8190.71
Surplus in the statement of profit & loss		
Balance as per last financial statements	12640.96	7523.81
Add: Adjustment on account of scheme of arrangement on amalgamation of Sona Stampings Ltd. (refer note 36)	-	978.90
Less: Other adjustments including goodwill pursuant to amalgamation of Sona Stampings Ltd.	-	(239.36)
	12640.96	8263.35
Add : Profit for the year	3789.80	6775.50
Add : Prior period adjustment	-	-
Less: Adjustment of depreciation charge [refer note (a) below]	760.20	-
Less: Appropriations		
Proposed dividend (refer note (b) below)	1291.82	1589.93
Tax on proposed dividend	262.98	282.96
Transfer to general reserve	-	525.00
CSR Expenses	23.00	-
Net surplus in the statement of profit & loss	14092.76	12640.96
Total reserve and surplus	30354.67	28902.87

- (a) During the year company has adjusted estimated useful life of fixed assets as stipulated by Schedule II of the Companies Act, 2013. Accordingly depreciation of ` 760.20 lacs (net off deferred tax of ` 391.26 lacs) on account of assets whose useful life is already exhausted on 1st April, 2014 have been adjusted in surplus in the statement of profit & loss.
- (b) For the year ended 31st March, 2015, the amount of dividend proposed to be distributed to equity shareholders is ` 0.65 per share (previous year ` 0.80 per share).

	Non-current portion		Current maturities	
	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)
NOTE 4 - LONG TERM BORROWINGS				
Term loans				
From banks				
Indian rupee loans from banks (secured)	11234.04	9554.15	4961.74	4626.73
Foreign currency loans from banks (secured)	3900.53	6764.68	2843.04	2375.98
Indian rupee loans from banks (unsecured)	-	-	-	428.00
Foreign currency loans from banks (unsecured)	1612.58	437.29	322.52	2996.85
From financial institution				
Indian rupee loan from financial institution (secured)	-	103.76	-	29.00
From others				
Indian rupee loan from NBFC (secured)	-	97.22	97.22	194.43
	16747.15	16957.10	8224.52	10650.99
Amount disclosed under the head "other current liabilities" (refer note 10)	-	-	(8224.52)	(10650.99)
	16747.15	16957.10	-	-

1. Indian rupee loans from banks include:

- (a) Rupee term loans of ₹ 14871.55 lacs (previous year ₹ 13073.38 lacs) are secured by first pari passu charge over the entire movable and immovable fixed assets of the Company, both present and future, except the assets exclusively charged. Loans to the extent of ₹ 4220.00 lacs (previous year ₹ 1085.00 lacs) are further secured by way of second charge on current assets, on pari passu basis. The rate of interest on aforesaid loans are linked to the specific bank's 'Base Rate'.
- (b) Rupees term loan of ₹ 67.93 lacs (previous year ₹ 110.29 lacs) from Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan. The rate of interest on aforesaid loan is linked to bank's Base Rate.
- (c) Rupee term loan (unsecured) of ₹ Nil (previous year of ₹ 428.00 lacs) against corporate guarantee given by JTEKT Corporation, Japan. The loan carries fixed interest rate of 9.75% p.a.
- (d) Rupee term loans of ₹ 1248.00 lacs (previous year ₹ 997.21 lacs) are secured by first pari passu charge over the entire movable and immovable fixed assets of the Company and second charge on the current assets of the Company. The rate of interest on aforesaid loans are linked to the specific bank's 'Base Rate'. The holding company had issued "Letter of Comfort" to the concerned bank for outstanding loan of ₹ 663.09 lacs till 23rd May, 2014 (previous year ₹ 785.00 lacs).
- (e) Rupee term loans of ₹ 8.30 lacs (previous year ₹ Nil) are secured by specific assets of the Company. The rate of interest on aforesaid loans are linked to the specific bank's 'Base Rate'.

2. Indian rupee loan from financial institution :

Working capital term loan of ₹ Nil (previous year ₹ 132.76 lacs) from financial institution is secured by way of hypothecation on all movable fixed assets of transferor company acquired under direct credit scheme of SIDBI and whole of the current assets of transferor company both present and future of the company. The term loan is further secured by way of equitable mortgage in favour of SIDBI of all the immovable properties of the transferor company. Further, the transferee company prior to merger has issued letter of comfort to bank for the aforesaid loan. The rate of interest on aforesaid loan is linked to Prime Lending Rate of financial institution.

3. Indian rupee loan from NBFC includes :

Term loan ₹ 97.22 lacs (previous year ₹ 291.65 lacs) is secured by way of second charge on entire assets of the Company situated at Sanand, Gujarat to be purchased or constructed out of said term loan. The rate of interest on aforesaid loan is linked to NBFC's Prime Lending Rate (PLR).

4. Foreign currency loans from banks include :

- (a) Foreign currency loan of USD 1.5 million equivalent to ₹ 822.00 lacs (previous year USD 2.5 million equivalent to ₹ 1370.00 lacs) from Standard Chartered Bank is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks. The loan carries interest @ LIBOR plus 3% and is fully hedged.
- (b) Foreign currency loan of USD 2.5 million equivalent to ₹ 1256.25 lacs (previous year USD 3.75 million equivalent to ₹ 1884.38 lacs) from Standard Chartered Bank is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks. The loan carries interest @ LIBOR plus 3.5% and is fully hedged.

- (c) Foreign currency loan of USD 5.25 million equivalent to ` 3148.95 lacs (previous year USD 6 million equivalent to ` 3598.80 lacs) from Standard Chartered Bank is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks. The loan carries interest @ LIBOR plus 3.5% and is fully hedged.
- (d) FCNR loan of USD 2.41 million equivalent to ` 1516.37 lacs (previous year USD 3.81 million equivalent to ` 2287.48 lacs) from State Bank of India is secured by first pari passu charge on movable and immovable fixed assets except assets exclusively charged to other banks & further secured by way of second charge on current assets, on pari passu basis. The loan carries interest @ LIBOR plus 3.25% and is fully hedged.
- (e) Foreign currency loans (unsecured) of USD 3.2 million equivalent to ` 1935.10 lacs (previous year of ` 3434.14 lacs) against corporate guarantee given by JTEKT Corporation, Japan. The loan carries interest @ USD LIBOR + 0.65% and fully hedged during the year.

5. Terms of repayment:

The above said loans are repayable as per the repayment schedule below :

(` / Lacs)

Sl.No.	Loan amount	No. of instalments due	Each instalment amount	Periodicity	2015-16	2016-17	2017-18	2018-19	2019-20
1.	2251.35	6	375.00	Quarterly	1125.00	1126.35	-	-	-
2.	1228.60	6	229.20	Quarterly	687.60	541.00	-	-	-
3.	620.00	4	155.00	Quarterly	620.00	-	-	-	-
4.	854.96	5	172.00	Quarterly	516.00	338.96	-	-	-
5.	1375.00	11	125.00	Quarterly	500.00	500.00	375.00	-	-
6.	97.22	2	48.61	Quarterly	97.22	-	-	-	-
7.	822.00	6	137.00	Half Yearly	548.00	274.00	-	-	-
8.	1256.25	8	157.03	Quarterly	628.12	628.13	-	-	-
9.	1687.50	9	187.50	Quarterly	375.00	750.00	562.50	-	-
10.	1580.51	9	187.50	Quarterly	767.22	750.00	63.29	-	-
11.	3148.95	14	224.93	Quarterly	899.70	899.70	899.70	449.85	-
12.	3190.00	15	Variable (*)	Quarterly	100.00	800.00	800.00	1200.00	290.00
13.	2600.00	12	Variable(#)	Quarterly	-	800.00	800.00	1000.00	-
14.	1000.00	12	85.00	Quarterly	332.00	332.00	336.00	-	-
15.	67.93	0	4.22	Monthly	48.00	19.93	-	-	-
16.	213.56	2	106.78	Quarterly	213.56	-	-	-	-
17.	83.81	6	15.13	Quarterly	60.52	23.29	-	-	-
18.	950.63	10	95.50	Quarterly	382.00	382.00	186.63	-	-
19.	8.30	42	0.19	Monthly	2.06	2.30	2.55	1.39	-
20.	1935.10	24	322.52	Half Yearly	322.52	645.03	645.03	322.52	-
	24971.67				8224.52	8812.69	4670.70	2973.76	290.00

(*) Variable : ` 100 lacs to ` 300 lacs

(#) Variable : ` 200 lacs to ` 300 lacs

Particulars	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)
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NOTE 5 - DEFERRED TAX LIABILITIES (NET)

Deferred tax liability

Depreciation	4433.25	5635.91
Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the statement of profit & loss in the subsequent year	21.47	30.46
Others	22.80	-
Gross deferred tax liability	4477.52	5666.37

Deferred tax assets

Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes in subsequent years.	303.58	322.23
Provision for slow moving inventory	9.87	-
Others	-	84.41
Gross deferred tax assets	313.45	406.64
Net deferred tax liability	4164.07	5259.73

* Refer note 3(a) for utilisation of deferred tax of ` 391.26 lacs (previous year nil) on depreciation on account of assets where useful life is already exhausted on 1st April, 2014 has been adjusted against surplus in the statement of profit & loss.

NOTE 6 - OTHER LONG TERM LIABILITIES

Others		
Security deposit	1.11	-
Other payables*	12.70	30.74
	13.81	30.74

* Comprises of dues on account of capital items.

Long-term		Short-term	
As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)

NOTE 7 - PROVISIONS

Provision for employee benefits

Gratuity (refer note 26)	-	-	40.18	32.36
Leave encashment (refer note 26)	601.73	557.66	67.43	68.30
	601.73	557.66	107.61	100.66

Other provisions

Income tax [net of advance tax and TDS of ` 147.00 lacs (previous year ` 2541.10 lacs)]	-	-	3.14	52.77
Proposed dividend	-	-	1291.82	1589.93
Corporate dividend tax	-	-	262.98	282.96
Product warranty (refer note 35)	76.12	47.43	324.84	251.62
	76.12	47.43	1882.78	2177.28
	677.85	605.09	1990.39	2277.94

Particulars	As At	
	31st March, 2015	31st March, 2014
	(` / Lacs)	(` / Lacs)

NOTE 8 - SHORT TERM BORROWINGS

Cash credit/other repayable on demand from banks (secured)	4235.74	5119.44
Loans repayable on demand from banks (unsecured)	-	1418.52
	4235.74	6537.96

Cash credit/other loans repayable on demand from banks are secured by hypothecation of inventories, book debts and other receivables both present & future and second pari passu charge on movable and immovable fixed assets of the Company.

Loans repayable on demand from banks (unsecured) are against corporate guarantee given by JTEKT Corporation, Japan.

NOTE 9 - TRADE PAYABLES

Trade payables	19255.24	19508.63
	19255.24	19508.63

NOTE 10 - OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (refer note 4)	8224.52	10650.99
Interest accrued but not due on borrowings	124.86	143.32
Unclaimed dividends *	156.13	121.50
Security deposits	23.59	22.19
Taxes payable **	743.05	490.02
Interest free advances from customers	179.17	337.34
Other payables ***	2571.58	2216.88
	12022.90	13982.24

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 / Section 125 of the Companies Act, 2013 as at the year end.

** Taxes payable includes withholding tax, excise, sales tax etc.

*** Other payables includes, payment due to employees, dues on account of capital items, contribution to PF, ESI, etc.

NOTE 11 - FIXED ASSETS

(` / Lacs)

Sl. No.	Assets	Gross block (at cost)				Depreciation/Amortization				Net block		
		As at 01.04.14	Additions	Sales/ disposal	Other adjustments [#]	As at 31.03.15	As at 01.04.14	For the year	Written back	Up to 31.03.15	As at 31.03.15	As at 31.03.14
Tangible assets :												
1.	Freehold land	3218.56	-	-	-	3218.56	-	-	-	-	3218.56	3218.56
2.	Leasehold land	221.50	-	-	-	221.50*	10.41	2.55	-	12.96	208.54	211.09
3.	Buildings	16164.54	1408.96	-	31.77	17605.27**	2703.63	611.70	-	3315.33	14289.94	13460.91
4.	Lease hold improvements	46.28	-	-	-	46.28	23.16	8.93	-	32.09	14.19	23.12
5.	Plant & equipments	61407.75	5650.11	9.03	181.03	67229.86	26125.92	8084.47	4.58	34205.81	33024.05	35281.83
6.	Jigs & fixtures	801.75	4.95	-	-	806.70	332.56	111.96	-	444.52	362.18	469.19
7.	Electric installations	3481.04	254.25	4.32	-	3730.97	1299.49	501.67	1.57	1799.59	1931.38	2181.55
8.	Furniture & fixtures	787.00	68.40	19.72	-	835.68	350.04	131.73	18.29	463.48	372.20	436.96
9.	Office equipments	2882.74	272.85	113.53	0.74	3042.80	1627.57	876.56	113.23	2390.90	651.90	1255.17
10.	Vehicles	605.09	208.80	68.77	-	745.12	294.54	112.42	36.08	370.88	374.24	310.55
11.	R&D-Plant & equipments	470.83	-	-	-	470.83	178.26	51.00	-	229.26	241.57	292.57
12.	R&D-Office equipments	103.33	-	-	-	103.33	95.04	6.56	-	101.60	1.73	8.29
Sub total		90190.41	7868.32	215.37	213.54	98056.90	33040.62	10499.55	173.75	43366.42	54690.48	57149.79
Previous year sub total		85310.25	5389.23	346.27	(162.80)	90190.41	27477.66	5837.26	274.30	33040.62	57149.79	

Sl. No.	Assets	Gross block (at cost)				Depreciation/Amortization				Net block		
		As at 01.04.14	Additions	Sales/ disposal	Other adjustments [#]	As at 31.03.15	As at 01.04.14	For the year	Written back	Up to 31.03.15	As at 31.03.15	As at 31.03.14
Intangible assets :												
1.	R&D-Computer softwares	62.33	19.86	-	-	82.19	55.52	5.61	-	61.13	21.06	6.81
2.	Computer softwares	823.87	353.54	-	-	1177.41	274.97	279.97	-	554.94	622.47	548.90
3.	Technical know-how	1700.75	456.20	-	-	2156.95	659.71	300.56	-	960.27	1196.68	1041.04
4.	Product development cost	3223.05	886.28	-	-	4109.33***	1790.56	434.10	-	2224.66	1884.67	1432.49
Sub total		5810.00	1715.88	-	-	7525.88	2780.76	1020.24	-	3801.00	3724.88	3029.24
Previous year sub total		4691.13	1118.87	-	-	5810.00	1823.10	957.66	-	2780.76	3029.24	
Total		96000.41	9584.20	215.37	213.54	105582.78	35821.38	11519.79	173.75	47167.42	58415.36	60179.03
Previous year total		90001.38	6508.10	346.27	(162.80)	96000.41	29300.76	6794.92	274.30	35821.38	60179.03	
Capital work in progress											4901.02	6318.37
Intangible assets under development***											1417.98	1217.81
											6319.00	7536.18

During the current year, the Company has adopted useful life given in Schedule II to the Companies Act, 2013 to depreciate its fixed assets. Accordingly, the Company has calculated and charge off depreciation in the current year which is higher by ₹ 2813.37 lacs. In accordance with the transitional provision in Schedule II, ₹ 1151.46 lacs has been adjusted from the opening balance of "Surplus in statement of profit and loss" alongwith benefits of deferred tax amounting to ₹ 391.26 lacs.

* Leasehold land includes ₹ 221.50 lacs (previous year ₹ 221.50 lacs) in respect of which lease deed is pending for execution.

** Building (gross block) amounting to ₹ 1542.96 lacs (previous year ₹ 1014.08 lacs), net block ₹ 1397.86 lacs (previous year ₹ 916.00 lacs) is constructed on leasehold land.

*** Internally generated intangible assets.

Other adjustments comprises of borrowing cost and foreign currency exchange differences of ₹ 357.66 lacs (previous year ₹ 270.84 lacs).

Particulars	As At 31st March, 2015 (₹ / Lacs)	As At 31st March, 2014 (₹ / Lacs)
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NOTE 12 - NON CURRENT INVESTMENTS

Long-term investments (at cost)

Trade investments

Unquoted equity instruments, fully paid up

In Associate Company:

22,57,591 (previous year 14,03,790) equity shares of ₹ 10/- each in Sona Skill Development Centre Ltd.	162.91	155.00
Add : Share in profit / (loss) of associate	(64.78)	98.13
		(77.47)
		77.53

In Others :

4,66,669 (previous year 4,66,669) equity shares of ₹ 10/- each in Roop Automotive Ltd.	20.00	20.00
	118.13	97.53

Aggregate amount of quoted investment

Aggregate amount of unquoted investment

Non Current		Current	
As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2015 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)

NOTE 13 - LOANS AND ADVANCES

(Unsecured, considered good)

Capital advances	487.45	631.76	-	-
	487.45	631.76	-	-
Security deposits	174.64	317.37	74.24	95.21
	174.64	317.37	74.24	95.21
Other loans and advances				
Advance recoverable in cash or kind	-	-	228.73	172.90
Loans and advances to employees	13.92	14.02	56.94	81.00
Prepaid expenses	23.10	12.81	366.40	270.36
Balance with custom, excise sales tax and other government authorities	0.89	15.12	2218.74	1917.77
Minimum alternate tax (MAT) credit entitlement	-	-	279.39	1071.28
Advance income tax [net of provision for income tax ₹ 7534.36 lacs (previous year ₹ 1941.34 lacs)]	18.59	43.26	-	-
	56.50	85.21	3150.20	3513.31
	718.59	1034.34	3224.44	3608.52

Particulars	Non Current		Current	
	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)
NOTE 14 - OTHER ASSETS				
(Unsecured, considered good)				
Non-current bank balances (refer note 17)*	39.61	43.83	-	-
Unamortized premium on forward contracts	-	-	80.61	157.09
Interest receivable	-	-	0.45	0.32
Claims receivable	-	-	190.79	196.41
Interest accrued but not due on fixed deposits with banks	-	-	4.64	1.75
Unbilled revenue	-	-	1042.42	267.95
Other receivable	-	-	397.73	320.44
	<u>39.61</u>	<u>43.83</u>	<u>1716.64</u>	<u>943.96</u>

* Held as margin money deposits against bank guarantees and letter of credit.

	As At 31st March, 2015 (` / Lacs)	As At 31st March, 2014 (` / Lacs)
NOTE 15 - INVENTORIES		
(At cost or net realisable value, whichever is lower)		
Raw materials and components *	4231.52	4059.70
Work-in-progress **	1519.53	1228.06
Finished goods ***	1998.34	2083.34
Stock-in-trade ****	12.28	5.00
Stores and spares	1315.75	1163.72
Loose tools	962.44	818.63
	<u>10039.86</u>	<u>9358.45</u>

* Includes material in transit ` 230.10 lacs (previous year ` 171.80 lacs)

** Includes goods in transit ` 62.40 lacs (previous year ` 79.11 lacs)

** Includes material with the vendors sent for job work ` 57.04 lacs (previous year ` 60.85 lacs)

*** Includes goods in transit ` 1221.11 lacs (previous year ` 1203.16 lacs)

**** Includes goods in transit ` Nil (previous year ` Nil)

NOTE 16 - TRADE RECEIVABLES

(Unsecured, considered good)

Receivables outstanding for a period exceeding six months from the date they are due for payment	67.88	95.76
Other receivables	18851.25	20721.99
	<u>18919.13</u>	<u>20817.75</u>

Non-current		Current	
As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)	As at 31st March, 2015 (` / Lacs)	As at 31st March, 2014 (` / Lacs)

NOTE 17 - CASH AND BANK BALANCES

(Unsecured, considered good)

Cash and cash equivalents

Balances with banks:

Current accounts	-	-	728.50	149.22
Cash on hand	-	-	13.71	11.22
Sub Total	<u>-</u>	<u>-</u>	<u>742.21</u>	<u>160.44</u>

Other bank balances

Fixed deposits with original maturity for more than 3 months and less than 12 months	-	-	900.00	-
Fixed deposits with original maturity for more than 12 months*	39.61	43.83	-	-
Unpaid dividend accounts	-	-	156.13	121.50
Sub Total	<u>39.61</u>	<u>43.83</u>	<u>1056.13</u>	<u>121.50</u>
Amount disclosed under non-current assets (refer note 14)	<u>(39.61)</u>	<u>(43.83)</u>		
Total	<u>-</u>	<u>-</u>	<u>1798.34</u>	<u>281.94</u>

Particulars	Year ended 31st March, 2015 (` / Lacs)	Year ended 31st March, 2014 (` / Lacs)
NOTE 18 - REVENUE FROM OPERATIONS		
Sale of products	174087.22	166679.98
Sale of services	0.37	39.66
Other operating revenues		
Scrap sales	858.99	648.78
Others	261.36	264.50
Revenue from operations (gross)	175207.94	167632.92
Less : Excise duty (refer note 34)	19911.38	18401.54
Revenue from operations (net)	155296.56	149231.38
NOTE 19 - OTHER INCOME		
Interest income	161.82	41.57
Foreign exchange gain (net)	80.49	130.79
Dividend from non-current investments	23.33	14.00
Gain on sale of fixed assets	1.25	-
Profit on sales of non-current trade investment	-	3543.03
Other non-operating income	220.63	240.80
	487.52	3970.19
NOTE 20 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the begining of the year		
Work-in-progress	1228.06	1338.85
Finished goods	2083.34	1027.44
Stock-in-trade	5.00	13.53
	3316.40	2379.82
Inventories at the end of the year		
Work-in-progress	1519.53	1228.06
Finished goods	1998.34	2083.34
Stock-in-trade	12.28	5.00
	3530.15	3316.40
Changes in inventories	(213.75)	(936.58)
Excise duty on increase / (decrease) in finished goods (refer note 34)	(2.26)	0.28
	(216.01)	(936.30)
NOTE 21 - EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances etc.	11627.01	10781.84
Contribution to provident and other funds	988.15	809.67
Gratuity expenses	13.94	11.42
Employees welfare expenses	1948.37	1815.91
	14577.47	13418.84
NOTE 22 - FINANCE COSTS		
Interest on loans	2998.90	3776.64
Other borrowing costs	19.28	36.38
Other interest	28.96	45.62
Bank and other finance charges	64.71	63.24
Cash discount	2.63	1.54
	3114.48	3923.42

Particulars	Year ended 31st March, 2015 (` / Lacs)	Year ended 31st March, 2014 (` / Lacs)
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NOTE 23 - DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation / amortization of tangible assets	9348.09	5837.26
Amortization of intangible assets	1020.24	957.66
	<u>10368.33</u>	<u>6794.92</u>

NOTE 24 - OTHER EXPENSES

Stores and spare parts consumed	1908.17	1715.85
Loose tools consumed	1209.45	1205.35
Power and fuel	2583.91	2536.95
Repairs and maintenance - plant & machinery	724.34	734.51
Royalty	1959.21	1787.87
Rent	401.32	349.85
Rates and taxes	183.28	112.05
Insurance	128.44	115.95
Repair and maintenance - buildings	97.76	104.19
Repair and maintenance - others	649.39	477.65
Travelling, conveyance and vehicle expenses	903.97	912.83
Communication & stationery expenses	219.76	231.87
Legal & professional charges	984.28	1038.22
Security charges	221.17	214.93
Business promotion	278.56	132.74
Premium on forward exchange contract amortized	347.03	307.82
Foreign exchange loss (net)	54.67	287.69
Forwarding expenses	1741.87	1683.38
Packing material	519.09	595.30
Commission to non whole time directors	27.00	27.00
Directors sitting fees	86.00	13.30
Bad debts/advances written off	-	53.56
Loss on sale of fixed assets	1.20	36.43
Loss on sale of non-current trade investment	-	-
Payments to auditors		
As auditor		
Audit fee	32.45	30.00
Tax audit fee	6.95	6.15
Limited review & consolidation	23.14	21.20
In other capacity		
Taxation matters	0.70	9.10
Other services (certifications fee)	7.98	3.46
Miscellaneous expenses	282.36	314.26
	<u>15583.45</u>	<u>15059.46</u>

NOTE 25 - EARNINGS PER SHARE

Net profit after tax		3789.80	6775.50
Profit/(loss) attributable to the equity shareholders	(A)	3789.80	6775.50
Basic/Weighted average number of equity shares outstanding during the year (nos.)	(B)	198741832	198741832
Nominal value of equity shares (in `)		1.00	1.00
Earnings per equity share (in `)			
Basic	(A/B)	1.91	3.41
Diluted	(A/B)	1.91	3.41

Particulars	Current year (` / Lacs)	Previous year (` / Lacs)
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NOTE 26 - EMPLOYEES BENEFIT

Defined Contribution Plans:

- i) The Group has recognised, in the statement of profit & loss for the year ended March 31, 2015 an amount of ` 785.78 lacs (previous year ` 739.48 lacs) as expenses under defined contribution plans.

Contribution to defined contribution plans include :

a) Employer's contribution to provident fund	568.85	519.09
b) Employer's contribution to superannuation fund	180.71	180.57
c) Employer's contribution to Employee State Insurance Corporation	32.77	35.43
d) Punjab labour welfare fund (PLWF)	3.45	4.39
	785.78	739.48

The expense is disclosed in the line item - contribution to provident and other funds in note 21.

Defined Benefit Plans:

- i) a) The Group operates post retirement defined benefit plan for retirement gratuity, which is funded.
b) The Group makes contribution for certain employees to the Sona Koyo Steering Systems Ltd. - Employees Provident Fund Trust ("the Trust"), which is a defined benefit plan. The Company contributed ` 35.21 lacs (previous year ` 27.84 lacs) during the year to the Trust.

The Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Group's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The guidance note on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as defined benefits plans. The actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no shortfall as at March 31, 2015.

- ii) Detail of the post retirement funded provident fund, gratuity plan and unfunded leaves are as follows :

	Provident fund (funded)		Gratuity (funded)*		Leaves (unfunded)	
	Current Year (` / Lacs)	Previous Year (` / Lacs)	Current Year (` / Lacs)	Previous Year (` / Lacs)	Current Year (` / Lacs)	Previous Year (` / Lacs)
1. Reconciliation of opening and closing balances of obligations :						
a) Opening defined benefit obligation	434.65	778.41	1562.82	1449.85	625.95	540.54
b) Current service cost	35.21	27.84	164.08	149.54	130.93	148.90
c) Past service cost	-	-	-	-	4.01	-
d) Interest cost	48.58	54.77	126.23	117.49	50.55	43.86
e) Actuarial (gain) / loss	218.39	(182.44)	36.01	(48.67)	(29.69)	(8.28)
f) Benefits paid	(161.99)	(283.79)	(123.99)	(105.39)	(112.61)	(99.07)
g) Employee contribution	44.03	40.78	-	-	-	-
h) Settlements	-	(5.52)	-	-	-	-
i) Change in reserves	-	4.60	-	-	-	-
j) Closing defined benefit obligation	618.86	434.65	1765.17	1562.82	669.15	625.95
2. Change in plan assets (reconciliation of opening and closing balances) :						
a) Opening fair value of plan assets	440.61	786.85	1539.63	1430.48	-	-
b) Prior period adjustment	-	-	-	-	-	-
c) Expected return on plan asset	49.11	41.01	144.48	134.31	-	-
d) Employer contributions	35.21	27.84	219.54	81.36	-	-
e) Benefits paid	(161.99)	(283.79)	(123.99)	(104.98)	-	-
f) Employee contribution	44.03	40.78	-	-	-	-
g) Settlements	-	(5.52)	-	-	-	-
h) Actuarial gain / (loss) on plan assets	256.61	(166.56)	(20.35)	(1.54)	-	-
i) Closing fair value of plan assets	663.58	440.61	1759.31	1539.63	-	-

	Provident fund (funded)		Gratuity (funded)*		Leaves (unfunded)	
	Current Year (` / Lacs)	Previous Year (` / Lacs)	Current Year (` / Lacs)	Previous Year (` / Lacs)	Current Year (` / Lacs)	Previous Year (` / Lacs)
3. Reconciliation of fair value of assets and obligations :						
a) Present value of obligation	618.86	434.65	1765.17	1562.82	669.15	625.95
b) Fair value of plan (assets)	(663.58)	(440.61)	(1759.31)	(1539.63)	-	-
c) Unfunded (asset)/liability recognised in the balance sheet	-*	-*	5.86	23.19	669.15	625.95
d) Experience adjustments on plan liabilities - (loss)/gain	-	-	(26.65)	43.35	0.93	3.86
e) Experience adjustments on plan assets - (loss)/gain	-	-	(20.78)	(2.09)	-	-
* The excess of assets over liabilities in respect of provident fund and gratuity have not been recognised as the same are lying in an income tax approved irrevocable trust fund.						
4. Expense recognised during the year :						
a) Current service cost			164.08	149.54	130.93	148.90
b) Interest cost			126.23	117.49	50.55	43.86
c) Expected return on plan assets			(144.48)	(134.31)	-	-
d) Actuarial (gain) / loss			56.36	(47.14)	(29.69)	(8.29)
e) Past service cost			-	-	4.01	-
f) Expenses recognised during the year			202.20	85.58	155.80	184.47
5. Assumptions :						
a) Discount rate (per annum)	7.77%	8.10%	8.10%	8.10%	8.10%	8.10% to 8.20%
b) Expected rate of return on plan assets (per annum)	-	-	9% to 10%	9% to 9.4%	N.A.	N.A.
c) Rate of increase in compensation level (per annum)	-	-	6.50% to 10%	6.50% to 10%	6.5% to 10%	6.5% to 10%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the actuarial valuer.

The discount rate is based on the prevailing market yield of Govt. bonds as at the date of valuation.

The expected return on assets over the accounting period based on an assumed rate of return.

	Gratuity (` / Lacs)	Leaves (` / Lacs)
Estimate of contribution next year	190.47	186.07
Provident fund		
	Current Year	Previous Year

iii) Investment details of plan assets :

Major category of investments as a percentage in case of provident fund trust :

- Central Government Securities	11.47%	7.55%
- State Government Securities	19.28%	20.71%
- Securities of Public Financial Institutions	57.32%	58.97%
- Private Sector Bonds / Securities	11.93%	12.77%

The plan assets, as applicable, are maintained with Life Insurance Corporation of India(LIC) / other insurers Gratuity schemes. The detail of investments maintained by respective insurers are not made available to the Group and have therefore not been disclosed.

31st March, 2013		31st March, 2012		31st March, 2011	
Gratuity	Leaves	Gratuity	Leaves	Gratuity	Leaves

iv) Reconciliation of fair value of assets and obligations for the past years

a) Present value of obligation	1449.86	540.55	1171.35	446.50	935.42	417.58
b) Fair value of plan (assets)	(1430.47)	-	(1182.32)	-	(949.29)	-
c) Unfunded (asset)/liability recognised in the balance sheet	19.38	540.55	-*	446.50	-*	417.58
d) Experience adjustments on plan liabilities - (loss)/gain	(33.12)	4.70	(70.22)	28.25	(92.21)	(55.40)
e) Experience adjustments on plan assets - (loss)/gain	5.99	-	1.06	-	-	-

* The excess of assets over liabilities in respect of gratuity has not been recognised as the same is lying in an income tax approved irrevocable trust fund.

Note:

Disclosures included are limited to the extent of information provided by the actuary.

NOTE 27- LEASES

Operating lease: The Group as lessee

- (i) The Group has taken various residential premises under operating lease on lease and license agreements. These are generally cancellable; have a term of 11 to 36 months. The lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement. The Group has taken vehicles for its employees under operating lease agreement have a term of 48 months. Lease payments are recognised in the statement of profit and loss in the year incurred.

An amount of ` 367.54 lacs (previous year ` 57.30 lacs) is recognized in the statement of profit and loss for the year ended March 31, 2015. The total future minimum lease payments under the aforesaid leases are as follows:

	Current Year (` / Lacs)	Previous Year (` / Lacs)
Lease rentals payable within one year	116.31	60.99
Lease rentals payable after one year but not more than five years	55.85	117.40
	<u>172.16</u>	<u>178.39</u>

- (ii) The Group has taken office premises under non cancellable; have a term of five years operating lease agreement. The lease rental for the current year and future minimum lease payments are as follows:

Lease rentals paid for the year	107.54	87.24
Lease rentals payable within one year	29.66	39.29
Lease rentals payable after one year but not more than five years	58.86	86.21
	<u>196.06</u>	<u>212.74</u>

NOTE 28 - FIXED ASSETS / CAPITAL WORK IN PROGRESS INCURRED DURING THE YEAR INCLUDES :

a) Professional charges	48.27	58.49
b) Technical support charges	72.67	464.73
c) Components, tools & spares	1204.95	591.41
d) Travelling expenses	58.06	49.37
e) Interest to bank	357.66	270.84
f) Loss on foreign exchange fluctuations on ECB loan	-	(162.80)
g) Others	121.77	63.01
h) Salary	314.37	326.26
	<u>2177.75</u>	<u>1661.31</u>

NOTE 29 - SEGMENT REPORTING

The Group is primarily engaged in the business of auto components of four wheelers, which are governed by the same set of risk and returns, and hence there is only one primary segment. The Group operates mainly to the needs of domestic market and export turnover is less than ten percent of the total turnover and hence there are no reportable secondary geographical segments.

NOTE 30 - CAPITAL AND OTHER COMMITMENTS

- i) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances 1860.55 3650.60
- ii) The Group (holding company and its subsidiaries) is required to incur an amount of ` 84.13 lacs towards CSR expenditure pursuant to provisions of Section 135 of the Companies Act, 2013. The Group (holding company and its subsidiaries) has formed a CSR Committee and has identified areas for CSR activities which are specified in Schedule VII of the Companies Act, 2013. An amount of ` 23.00 lacs was spent on the identified areas. No additional funds have been earmarked as CSR reserve for current financial year.

NOTE 31 - CONTINGENT LIABILITIES

- i) Claims against the Group not acknowledged as debt on account of :

(a) Excise duty

- i) Show cause notices received and pending with adjudication authority

2000-01 to 2006-07 1553.24 1615.42

- ii) Cases pending before appellate authorities in respect of which the Company has filed appeals.

2007-08 to 2011-12 371.86 84.52

Total 1925.10 1699.94

(b) Service tax

- i) Show cause notices received and pending with adjudication authority

2004-05 to 2013-14 53.15 114.09

- ii) Cases pending before appellate authorities in respect of which the Company has filed appeals/ show cause notices.

2005-06 to 2014-15 290.76 228.81

Total 343.91 342.90

	Period covered	Current Year (` / Lacs)	Previous Year (` / Lacs)
(c) VAT Haryana Local Area Development Tax (LADT) levied by Assessing Authority Gurgaon. Writ Petition civil pending with Supreme Court	2007-08 to 2014-15	963.09	809.86
(d) Customs Duty			
i) Show cause notice received from adjudication authority (DGFT) for advance license	2012-13	6.74	6.25
ii) Case of valuation of goods imported from related party with special valuation branch under Customs Act * Includes penalty wherever indicated in the order and interest calculated up to 31-03-2015.	2013-14 to 2014-15	160.24	81.25
(e) Income Tax Cases pending before appellate authorities in respect of which the Company has filed appeal		7.94	-
(f) Property Tax Municipal Corporation Gurgaon Property Tax The Group has been advised that the above demands are likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.	Arrears before 2010-11	19.00	-
II) Customer bills discounted		2430.69	300.00
III) Letter of credit opened by banks for purchase of inventory / capital goods		213.30	397.57
IV) The Government of West Bengal is in Appeal in Hon'ble Supreme Court for validity of the Singur Land Rehabilitation and Development Act, 2011. Pending finalization of the case, the Company has not made any provision for the impairment of its value of land at Singur.			

NOTE 32 - FORWARD CONTRACTS OUTSTANDING AND UN-HEDGED FOREIGN CURRENCIES EXPOSURES ARE AS GIVEN BELOW

The Group uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. These foreign exchange contracts are not used for trading or speculation purposes.

The Group has a risk of foreign currency exposure on the following derivative instruments that are outstanding at the year end:

Nature of Contracts	Buy/Sell	Current year		Previous year	
		Contracts (Nos.)	Amount (In Lacs)	Contracts (Nos.)	Amount (In Lacs)
Forward contracts (JPY)	Buy	127	4632.71	135	6531.67
Rupee equivalent value	Buy	127	2499.96	135	4037.13
Forward contracts (USD)	Buy	20	33.32	23	49.15
Rupee equivalent value	Buy	20	2171.98	23	3253.71
Currency cum interest rates swaps (ECB) (USD)	Buy	3	92.50	3	122.50
Rupee equivalent value (ECB)	Buy	3	5227.20	3	6853.18
Forward contracts (CHF)	Buy	3	0.68	-	-
Rupee equivalent value	Buy	3	44.78	-	-

Un-hedged Foreign Currency Exposure :

(In Lacs)

Current Year						
	CHF	EURO	USD	YEN	GBP	SGD
Trade payables	0.24	1.11	5.59	2831.66	-	0.13
Rupee equivalent value	15.81	75.95	351.73	1492.00	-	5.84
Trade receivables and loans & advances	-	1.42	38.89	48.77	-	-
Rupee equivalent value	-	94.49	2420.10	25.09	-	-

(In Lacs)

Previous Year						
	CHF	EURO	USD	YEN	GBP	SGD
Trade payables	-	0.78	6.64	510.19	-	0.11
Rupee equivalent value	-	64.63	400.04	303.16	-	5.48
Trade receivables and loans & advances	-	5.60	28.74	70.56	-	-
Rupee equivalent value	-	457.75	1716.67	151.57	0.30	-

NOTE 33 - DEFERRAL / CAPITALIZATION OF EXCHANGE DIFFERENCES

MCA vide its circular dated 29th December, 2011 and 9th August, 2012 amended AS-11. The Effects of changes in foreign exchange rates, to allow companies deferral / capitalization of exchange differences arising on long term foreign currency monetary items.

During the year, the Group has capitalized/de-capitalized the net exchange loss/gain arising on long term foreign currency loans to depreciable fixed assets amounting to ` NIL Previous year, the Group had de-capitalized the net exchange gain arising on long term foreign currency loans to depreciable assets amounting to ` 162.80 lacs.

The net amount of exchange loss capitalized to depreciable assets and remaining to be amortized as on March 31, 2015 is ` 693.34 lacs (previous year ` 792.40 lacs).

NOTE 34 - The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except duty related to difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Raw material and components cost - increase/(decrease) in excise duty on finished goods" under note 20 annexed and forming part of statement of profit & loss.

NOTE 35 - (a) A provision is recognized for expected warranty claims on products sold during the last two to three years, based on past experience of the level of returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within three years after reporting date. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the three years' warranty period for products sold. The table below gives information about movement in warranty provisions.

Provision for product warranty details as required by AS - 29 (refer note 7)

Description	Current year (` / Lacs)	Previous year (` / Lacs)
Opening balance	299.05	255.37
Add: addition during the year	764.01	751.97
Less: charged off to the statement profit & loss	662.09	708.29
Closing balance	400.96	299.05

The warranty expenses of ` 662.09 lacs (previous year ` 708.29 lacs) are charged off to statement of profit & loss included under the head forwarding expenses (note 24).

(b) Other Provisions: Provision for slow moving inventory

Description	Current Year (` / Lacs)	Previous Year (` / Lacs)
Opening balance	75.48	-
Add: addition during the year	10.00	75.48
Less: charged off to the statement profit & loss	56.95	-
Closing balance	28.52	75.48

NOTE 36 - AMALGAMATION OF WHOLLY OWNED SUBSIDIARY COMPANY

The Hon'ble High Court of Delhi and Punjab & Haryana sanctioned the scheme of amalgamation of Sona Stampings Limited with the Company with an effective date of April 1, 2013. Sona Stampings Ltd. was a wholly owned subsidiary of the Company and was engaged in manufacture and sale of sheet metal stampings, welded assemblies and moulds for automotive industry. The merger of Sona Stampings Ltd. into the Company has been accounted for under "pooling of interest" method referred to in Accounting Standard 14, Accounting for Amalgamation (AS-14).

All the assets and liabilities of Sona Stampings Ltd. on and after the appointed date and prior to the effective date have been transferred to the Company on a going concern basis. As Sona Stampings Ltd. was a wholly owned subsidiary of the Company, no shares have been allotted to the shareholders upon the scheme becoming effective.

NOTE 37 - REMUNERATION TO MANAGERIAL PERSONNEL

Remuneration paid to Vice Chairman & Managing Director during part of the financial year 2014-15, in excess of the limit prescribed under Section 197 of the Companies Act, 2013 of ` 18.16 lacs, due to inadequacy of profits, was recovered from him.

After obtaining approval from its Board of Directors and Shareholders, the Company proposes to apply to Central Government as per applicable provisions of Companies Act, 2013 for payment of the aforesaid remuneration as "Minimum Remuneration" for the year 2014-15. This remuneration will be paid and accounted in the year the approval, if any, is granted.

NOTE 38 - The Group has a process whereby periodically all long term contracts including derivative contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts including derivative contracts has been made in the books of accounts.

39(a) - RELATED PARTY DISCLOSURES (TRANSACTION WITH RELATED PARTIES)

(` /Lacs)

PARTICULARS	SIGNIFICANT CONTROL	SUBSTANTIAL INTEREST	OTHERS (SIGNIFICANT INFLUENCE)	KEY MANAGEMENT PERSONNEL	RELATIVE TO KEY MANAGEMENT PERSONNEL	ASSOCIATES	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ADVANCE PAID	-	-	2.54	-	-	-	2.54
Advance paid (previous year)	-	-	-	-	-	(19.21)	(19.21)
ADVANCE RECEIVED	-	-	-	-	-	-	-
Advance received (previous year)	-	-	-	-	-	-	-
CASH DISCOUNT PAID	-	-	1.90	-	-	-	1.90
Cash discount paid (previous year)	-	-	(1.54)	-	-	-	(1.54)
REMUNERATION *	134.28	-	-	489.72	4.25	-	628.25
Remuneration (previous year)*	(99.51)	-	-	(653.67)	-	-	(753.18)
DIVIDEND RECEIVED	-	-	-	-	-	-	-
Dividend received (previous year)	-	-	-	-	-	-	-
DIVIDEND PAID	0.05	718.89	110.40	0.04	-	-	829.38
Dividend paid (previous year)	(0.04)	(584.10)	(89.70)	(0.02)	-	-	(673.86)
INTEREST INCOME	-	-	-	-	-	-	-
Interest income (previous year)	-	-	-	-	-	-	-
INVESTMENT	-	-	-	-	-	85.38	85.38
Investment (previous year)	-	-	-	-	-	(150.00)	(150.00)
LEASING OF PREMISES PAID	-	-	28.84	-	-	-	28.84
Leasing of premises paid (previous year)	-	-	(23.42)	-	-	-	(23.42)
PURCHASE OF CAPITAL GOODS	-	-	-	-	-	-	-
Purchase of capital goods (previous year)	-	(298.47)	-	-	-	-	(298.47)
PURCHASE OF GOODS	-	7843.05	5056.48	-	-	-	12899.53
Purchase of goods (previous year)	-	(9750.47)	(4342.57)	-	-	-	(14093.04)
RECEIVING OF SERVICES	-	110.95	118.43	-	-	19.66	249.04
Receiving of services (previous year)	-	(57.21)	(126.66)	-	-	(21.59)	(205.46)
REIMBURSEMENT OF EXPENSES RECOVERED	-	38.22	75.10	-	-	-	113.32
Reimbursement of expenses recovered (previous year)	-	(55.22)	(66.57)	-	-	-	(121.79)
REIMBURSEMENT OF EXPENSES PAID	-	1.92	28.02	-	-	-	29.94
Reimbursement of expenses paid (previous year)	-	(14.70)	(21.38)	-	-	-	(36.09)
RENDERING OF SERVICES	-	-	96.35	-	-	-	96.35
Rendering of services (previous year)	-	-	(124.67)	-	-	-	(124.67)
ROYALTY	-	1844.35	-	-	-	-	1844.35
Royalty (previous year)	-	(1680.27)	-	-	-	-	(1680.27)
SALE OF CAPITAL GOODS	-	-	5.64	-	-	10.68	16.32
Sale of capital goods (previous year)	-	-	-	-	-	(41.03)	(41.03)
SALE OF GOODS	-	45.35	69286.95	-	-	-	69332.30
Sale of goods (previous year)	-	(173.72)	(63913.61)	-	-	(0.73)	(64088.06)
SECURITY DEPOSIT PAID	-	-	-	-	-	-	-
Security deposit paid (previous year)	-	(11.07)	-	-	-	-	(11.07)
DIRECTOR SITTING FEE	1.30	-	-	7.70	9.41	-	18.41
Director sitting fee (previous year)	(0.20)	-	-	(3.11)	(1.03)	-	(4.34)
TECHNICAL SUPPORT FEE	-	1097.06	-	-	-	-	1097.06
Technical support fee (previous year)	-	(362.45)	-	-	-	-	(362.45)
TECHNICIANS EXPENSES	-	1.75	-	-	-	-	1.75
Technicians expenses (previous year)	-	(93.95)	-	-	-	-	(93.95)
SECURITY DEPOSIT RECEIVED BACK	-	-	200.00	-	-	-	200.00
Security deposit received back (previous year)	-	-	-	-	-	-	-
CONTRIBUTION TO PF TRUST	-	-	31.29	-	-	-	31.29
Contribution to PF trust (previous year)	-	-	(28.27)	-	-	-	(28.27)
CSR	-	-	23.00	-	-	-	23.00
CSR (previous year)	-	-	-	-	-	-	-
DONATION	-	-	18.00	-	-	-	18.00
Donation (previous year)	-	-	(30.00)	-	-	-	(30.00)

(₹ /Lacs)

PARTICULARS	SIGNIFICANT CONTROL	SUBSTANTIAL INTEREST	OTHERS (SIGNIFICANT INFLUENCE)	KEY MANAGEMENT PERSONNEL	RELATIVE TO KEY MANAGEMENT PERSONNEL	ASSOCIATES	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
SERVICE FEE EXPENSES	-	7.64	-	-	-	-	7.64
Service fee expenses (previous year)	-	(12.54)	-	-	-	-	(12.54)
CORPORATE GUARANTEE ON LOANS FROM BANK	-	8859.95	-	-	-	-	8859.95
Corporate guarantee on loans from banks (previous year)	-	(7648.14)	-	-	-	-	(7648.14)
OTHER INCOME	-	-	-	-	-	-	-
Other income (previous year)	-	-	-	-	-	-	-
PURCHASE OF BOOK	-	0.08	-	-	-	-	0.08
Purchase of book (previous year)	-	(0.05)	-	-	-	-	(0.05)
OUTSTANDING BALANCE AS ON 31.03.2015 (DEBIT)	-	-	7920.74	-	-	-	7920.74
Outstanding balance as on 31.03.2014 (Debit)	-	-	(6842.23)	-	-	(29.23)	(6871.46)
OUTSTANDING BALANCE AS ON 31.03.2015 (CREDIT)	-	2511.28	513.35	-	-	2.51	3027.14
Outstanding balance as on 31.03.2014 (Credit)	-	(3796.42)	(457.60)	-	-	-	(4254.02)

1. Figures in bracket are in respect of the previous year

2. *Remuneration includes director commission, contribution to superannuation and provident fund

Name of related party & description of relationship is as below:

- | | |
|--|---|
| 1. The individual/entity exercise control over the Group | 1 Dr. Surinder Kapur |
| 2. The entity having substantial interest in the Group | 1 JTEKT Corporation
2 Sona Autocomp Holding Ltd. |
| 3. Others (Significant Influence) | 1 Sona BLW Precision Forgings Ltd.
2 Mahindra Sona Ltd.
3 Maruti Suzuki India Ltd.
4 Sona E design & Technologies Ltd.
5 Pune Heat Treat Pvt Ltd.
6 Kapur Properties & Investment
7 Mandira Marketing Ltd.
8 Koyo Bearings India Pvt Ltd.
9 Sona BLW Prazisionsschmiede GmbH
10 Sona BLW Precision Forge Inc.
11 Sona Koyo Steering Systems Ltd. EPF Trust
12 Sona Charitable Trust
13 Koyo Singapore Bearings PTE Ltd.
14 Fuji Kiko Company Ltd., JAPAN
15 Summit Fuji Kiko Kuarata Co. Ltd., Thailand
16 Shye FU Koyo Mechanical Industry Co. Ltd., China
17 Douglas Autotech Corporation USA
18 Fuji Koyo Czech S.R.O., Czech Republic
19 PT JTEKT Indonesia
20 JTEKT Automotive Malaysia |
| 4. Key Management Personnel | 1 Dr. Surinder Kapur - (Transactions disclosed under category (1) above)
2 Mr. Sunjay Kapur
3 Mr. Kiyozumi Kamiki
4 Mr. Sudhir Chopra
5 Mr. Rajiv Chanana (w.e.f. 30th May, 2014)
6 Mr. Keiichi Sakamoto till 27-May-14
7 Mr. R. Balaji till 15-May-14
8 Mr. Yoshihara Takeda
9 Mr. Takeshi Suzuki
10 Mr. Deepak Arora w.e.f. 17-May-14 |
| 5. Relative To Key Management Personnel | 1 Mr. J.M. Kapur |
| 6. Associates | 1 Sona Skill Development Centre Ltd. |

NOTE 39(b) - TRANSACTION IN EXCESS OF 10% OF THE TOTAL RELATED PARTY TRANSACTIONS

(₹ /Lacs)

Relationship	Name of Party	Description of the nature of transaction	For the year ended 31-Mar-15	For the year ended 31-Mar-14
Associates	Sona Skill Development Centre Ltd.	Advance paid	-	19.21
Other significant influence	Mahindra Sona Ltd.	Advance paid	2.54	-
Other significant influence	Maruti Suzuki India Ltd.	Cash discount paid	1.90	1.54
Relative to key management personnel	Mr. J.M. Kapur	Director sitting fee	4.25	1.03
Other significant influence	Maruti Suzuki India Ltd.	Dividend paid	110.40	89.70
Substantial interest	JTEKT Corporation	Dividend paid	319.58	259.66
Other significant influence	Sona Autocomp Holding Ltd.	Dividend paid	399.32	324.45
Associates	Sona Skill Development Centre Ltd.	Investment	85.38	150.00
Other significant influence	Koyo Bearings India Pvt. Ltd.	Purchase of goods	3115.97	3101.21
Substantial interest	JTEKT Corporation	Purchase of goods	7843.05	9750.47
Substantial interest	JTEKT Corporation	Purchase of fixed assets	-	298.47
Other significant influence	Fuji Kiko Company Ltd. Japan	Receiving of services	118.43	-
Substantial interest	JTEKT Corporation	Receiving of services	110.95	57.21
Other significant influence	Sona BLW Precision Forgings Ltd.	Reimbursement of expenses recovered	45.32	45.71
Other significant influence	Fuji Kiko Company Ltd. Japan	Reimbursement of expenses recovered	25.93	-
Substantial interest	JTEKT Corporation	Reimbursement of expenses recovered	38.16	55.22
Other significant influence	Sona BLW Precision Forgings Ltd.	Reimbursement of expenses paid	8.70	7.40
Other significant influence	Koyo Bearings India Pvt. Ltd.	Reimbursement of expenses paid	-	7.93
Other significant influence	Fuji Koyo Czech S.R.O., Czech Republic	Reimbursement of expenses paid	14.53	-
Substantial interest	JTEKT Corporation	Reimbursement of expenses paid	-	14.70
Other significant influence	Sona BLW Precision Forgings Ltd.	Rendering of services	96.35	124.67
Substantial interest	JTEKT Corporation	Royalty	1844.35	1680.27
Other significant influence	Sona BLW Precision Forgings Ltd.	Sale of fixed assets	5.64	-
Associates	Sona Skill Development Centre Ltd.	Sale of fixed assets	10.68	41.03
Other significant influence	Maruti Suzuki India Ltd.	Sales	66547.30	60984.91
Other significant influence	Sona BLW Precision Forgings Ltd.	Security deposit paid	-	11.07
Substantial interest	JTEKT Corporation	Purchase of books	0.08	0.05
Significant control	Dr. Surinder Kapur	Director sitting fee	1.30	0.20
Key management personnel	Mr. Sunjay Kapur	Director sitting fee	4.10	1.60
Key management personnel	Mr. Kiyozumi Kamiki	Director sitting fee	1.10	0.20
Key management personnel	Mr. Sudhir Chopra	Director sitting fee	2.50	1.10
Relative to key management personnel	Mr. J.M. Kapur	Director sitting fee	9.41	1.03
Substantial interest	JTEKT Corporation	Technical support fee	1097.06	362.45
Substantial interest	JTEKT Corporation	Technician expenses	1.75	106.49
Other significant influence	Pune Heat Treat Pvt. Ltd.	Security deposit received back	200.00	-
Other significant influence	Sona BLW Precision Forgings Ltd.	Leasing of premises paid	24.88	10.37
Other significant influence	Kapur Properties & Investment	Leasing of premises paid	3.96	3.81
Other significant influence	Pune Heat Treat Pvt. Ltd.	Leasing of premises paid	-	9.24
Other significant influence	Sona Koyo Steering Systems Ltd EPF Trust	Contribution to PF trust	31.29	28.27
Other significant influence	Sona Charitable Trust	CSR	23.00	-
Other significant influence	Sona Charitable Trust	Donation	18.00	30.00
Substantial interest	JTEKT Corporation	Service fee	7.64	12.54
Substantial interest	JTEKT Corporation	Corporate guarantee on loans from bank	8859.95	7648.14
Significant control	Dr. Surinder Kapur	Remuneration & commission	134.28	99.51
Key management personnel	Mr. Sunjay Kapur	Remuneration & commission	154.79	160.37
Key management personnel	Mr. Sudhir Chopra	Remuneration	123.82	134.19
Key management personnel	Mr. Rajiv Chanana	Remuneration	57.76	-
Key management personnel	Mr. Kiyozumi Kamiki	Remuneration	65.06	64.02
Other significant influence	Maruti Suzuki India Ltd.	Balances (Debit)	6771.31	5970.78
Other significant influence	Mandira Marketing Ltd.	Balances (Debit)	1086.35	582.30
Other significant influence	Koyo Bearings India Pvt. Ltd.	Balances (Credit)	342.73	291.07
Substantial interest	JTEKT Corporation	Balances (Credit)	2511.28	3796.42

NOTE 40 - Previous year's figures have been regrouped/reclassified, wherever necessary.

Signature to Note 1 to 40

As per our report of even date
For S. P. Puri & Co.
Chartered Accountants
Firm Registration Number 001152N

(Rajiv Puri)
Partner
Membership no : 084318

Place : Gurgaon
Dated : 15th May, 2015

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

For and on behalf of the Board

Sunjay Kapur
Vice Chairman & Managing Director
(DIN - 00145529)

Ravi Bhoothalingam
Director - (DIN - 00194530)

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A" : Subsidiaries

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Subsidiary Companies

1. Name of the subsidiary	JTEKT Sona Automotive India Limited	Sona Fuji Kiko Automotive Limited
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	1 April, 2014 to 31 March, 2015
3. Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	` / Lacs.	` / Lacs.
4. Share capital	5669	1000
5. Reserves & surplus	11343	1287
6. Total assets	28949	4659
7. Total liabilities	11938	2372
8. Investments	-	-
9. Turnover	64479	6114
10. Profit before taxation	5428	692
11. Provision for taxation	1866	226
12. Profit after taxation	3562	466
13. Proposed dividend	-	-
14. % of shareholding	49.00%	51.00%

Notes:

- (a) There is no subsidiary which is yet to commence operations.
(b) There is no subsidiary which has been liquidated or sold during the year.

Part "B" : Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(` / Lacs)

Name of Associates	Sona Skill Development Center Limited
1. Latest audited Balance Sheet Date	31.03.2015
2. Shares of Associate held by the Company on the year end	
• Nos.	2257591
• Amount of investment in Associate	240.38
• Extent of holding %	49.99%
3. Description of how there is significant influence	Note (a)
4. Reason why the associate is not consolidated	-
5. Net worth attributable to shareholding as per latest audited balance sheet	98.67
6. Profit/(Loss) for the year	
• Considered in consolidation	(64.78)
• Not Considered in consolidation	(64.78)

Notes:

- (a) There is significant influence due to percentage(%) of share capital.
(b) There is no associates or joint ventures which are yet to commence operations.
(c) There is no associates or joint ventures which have been liquidated or sold during the year.

For and on behalf of the Board

Sudhir Chopra
President & Company Secretary

Sunjay Kapur
Vice Chairman & Managing Director
(DIN - 00145529)

Place : Gurgaon
Dated : 15th May, 2015

Rajiv Chanana
Chief Financial Officer

Ravi Bhoothalingam
Director - (DIN - 00194530)



presents

MASTERPRENEUR INDIA SEASON 2





SONA KOYO STEERING SYSTEMS LTD.
(CIN : L29113DL1984PLC018415)

Regd Off.- UGF-6, Indraprakash 21, Barakhamba Road, New Delhi 110 001 INDIA
Ph. +91 (11) 2331 1924, 2332 7205 | www.sonakoyosteering.com



SONA KOYO STEERING SYSTEMS LIMITED

(CIN : L29113DL1984PLC018415)

Regd.Off.- UGF-6, Indra Prakash

21, Barakhamba Road, New Delhi 110 001.

Tel.No. - 011-23311924, 23327205

Email - investor@sonagroup.com

Website - www.sonakoyosteering.com

NO GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Sona Koyo Steering Systems Limited will be held as under:

Day : Monday
Date : 14th September, 2015
Time : 10:00 A.M.
Venue : Air Force Auditorium
Subroto Park
New Delhi 110 010

to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Statement of Profit & Loss for the year ended 31st March, 2015, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
- 2) To declare dividend for the year ended 31st March, 2015.
- 3) To appoint a Director in place of Mr. Jug Mohan Kapur (holding DIN 00447138), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) Ratification of Appointment of Statutory Auditors
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the appointment of S.P. Puri & Co., Chartered Accountants (ICAI Registration No. 001152N), as Auditors of the Company for a term of three years i.e. till the conclusion of the 33rd Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the 32nd AGM of the Company to be held in the year 2016, at such remuneration plus service tax, out-of-pocket, travelling and boarding & lodging expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

- 5) **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 5 and 14 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the rules made thereunder, the new set of Articles of Association be and is hereby approved and adopted as Articles of Association

in place of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

- 6) **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and subject to such sanctions as may be necessary, the consent of the Company be and is hereby accorded to the payment of remuneration to Mr. Sunjay Kapur as the Managing Director of the Company during part of the financial year 2014-15 i.e., from 1st April, 2014 to 21st October, 2014 within the overall remuneration as approved by the Board in its meetings held on 28th April, 2011 and 18th December, 2013 read with the approval of Shareholders of the Company in its meeting held on 2nd August, 2011.

RESOLVED FURTHER THAT all acts done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified."

- 7) **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT pursuant to the provisions of Clause 49 of the Listing Agreement, as executed by the Company with the Stock Exchanges (including any amendments, modifications or re-enactment thereof), the consent of the Company be and is hereby accorded to enter into the transaction by the Company with the related parties for sale / purchase of components and availing / providing of services for the maximum amounts, as mentioned below:

Name of Related Parties	Maximum Amount Per Annum (₹/Crores)
Maruti Suzuki India Limited	700.00
JTEKT Sona Automotive India Limited	300.00

RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof, be and are hereby authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute or authorize any person(s) to execute all such agreements, documents and writings and to make such filings, as may be necessary, relevant, usual, customary or desirable for the purpose of giving effect to this resolution."

8) **To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

"RESOLVED THAT consent of the Company be and is hereby accorded under Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to mortgaging and / or charging by the Board of Directors of the Company of all or any part of immovable and movable properties of the Company, wheresoever situated, present and future, of every nature and kind whatsoever and / or the whole of the undertaking of the Company in favour of the following Lenders to secure:

ON FIRST PARI-PASSU CHARGE BASIS TO :

- 1) State Bank of India for its Corporate Loan of ₹ 400 million.
- 2) Standard Chartered Bank for its External Commercial Borrowing of USD 6.5 million.
- 3) Allahabad Bank for its Term Loan of ₹ 400 million.

ON SECOND PARI-PASSU CHARGE BASIS TO :

- 1) Indusind Bank for its Working Capital Facilities of ₹ 50 million.

together with the interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, cost, charges, expenses and other monies payable by the Company to the above Lenders under the respective heads of agreement / loan agreement / subscription agreement / credit facility agreement / letter of sanction / memorandum of terms and conditions, entered into / to be entered into by the Company in respect of the said facilities.

RESOLVED FURTHER THAT mortgage / charges created / to be created and / or all agreements/documents executed/ to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

Place : Registered Office : By Order of the Board
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi - 110 001
Dated : 15th May, 2015 President & Company Secretary

NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company

carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. A Proxy form is sent herewith. Proxies submitted on behalf of companies, societies, etc. must be supported by appropriate resolution / authority, as applicable.

- 2) A Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
- 3) **For security reasons, briefcases, transistors, bags, tiffin boxes, cameras, binoculars, eatables etc. will not be allowed to be taken inside the Meeting Hall.**
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 8th September, 2015 to Monday, the 14th September, 2015 (both days inclusive).
- 5) Dividend to Shareholders, as recommended by the Directors for the year ended 31st March, 2015, when declared at the meeting, will be paid:
 - i) to those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before Monday, the 7th September, 2015; and
 - ii) in respect of shares held in electronic form, to those "beneficiaries" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on Monday, the 7th September, 2015.

Non Resident Indian Shareholders having NRE Account in any scheduled bank are requested to intimate the same to the Company immediately for remittance of dividend.

The dividend on Equity Shares, if declared at the meeting, will be credited / dispatched between 21st September, 2015 to 26th September, 2015.

- 6) In order to provide protection against fraudulent encashment of dividend warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information which will be used by the Company for dividend payments:
 - i) Name of Sole/First joint holder and Folio No.
 - ii) Particulars of Bank Account viz.:
 - Name of the Bank
 - Name of Branch
 - Branch Code
 - Complete address of the Bank with Pin Code Number
 - Account type, whether Savings Bank (SB) or Current Account (CA)
 - Bank Account number allotted by the Bank

In case of Shareholders holding shares in electronic form, Bank account details provided by the Depository Participants (DPs) will be used by the Company for printing

on dividend warrants. Shareholders who wish to change such bank accounts may advise their DPs about such change with complete details of Bank Account including MICR Code.

- 7) **As per the provisions of Clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16/12/2010) the unclaimed Equity Shares of ₹ 1/- each have been dematerialized and transferred to "Unclaimed Suspense Account". The members who are still holding Equity Shares of the Face Value of ₹ 10/- or ₹ 2/- each, are requested to surrender the respective Share Certificate(s) to the Company or to its Registrar and Transfer Agent viz. M/s. Karvy Computershare Private Limited, to enable the Company to issue the Equity Shares of the Face Value of ₹ 1/- each.**

- 8) i) The unclaimed dividends up to financial year 1994-95 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed their dividend for the financial year up to 1994-95 may claim their dividend from the Registrar of Companies, NCT of Delhi and Haryana, by submitting an application in the prescribed form.
- ii) The unclaimed dividend for the years from 1995-96 to 2005-07 have been transferred to the Investor Education and Protection Fund ("the Fund") established by the Central Government in terms of the provisions of Section 205C of the Companies Act, 1956.
- iii) Those members who have yet not encashed dividend warrants for the financial year 2007-08 to 2013-14 may return the time barred dividend warrants or write to the Company to issue demand draft.
- iv) Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013, dividend for the financial year 2007-08 and thereafter which remain unclaimed for a period of 7 (seven) years will be transferred to Investor Education and Protection Fund ("the Fund") established by the Central Government under Section 205C of the Companies Act, 1956. **Unclaimed Equity Dividend for the financial year 2007-08 will become due for transfer to the Fund on 17th August, 2015.**

- 9) Members holding Equity Shares in physical form are requested to promptly notify change in their address / bank details, if any, quoting the Folio Number(s), to the Company's Registered Office or M/s. Karvy Computershare Private Limited, the Registrar and Transfer Agent.

Members holding shares in electronic form are hereby informed that the address / bank details registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of address / bank details or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

- 10) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN, if not already done, to their Depository

Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form are required to submit their PAN details to the Company / Karvy Computershare Private Limited, the Registrar and Transfer Agent.

- 11) All the queries related to Accounts must be sent to the Company before 7th September, 2015.
- 12) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members / Proxy holders are requested to bring their attendance slip along with copy of the Annual Report to the meeting.
- 13) Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID Nos. for easy identification of attendance at the meeting.
- 14) In terms of the "Green Initiative in Corporate Governance" undertaken by the Ministry of Corporate Affairs, electronic copy of the Annual Report, including Notice of the Annual General Meeting, is being sent to all the Members whose e-mail IDs are registered with the Company / Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For members, who have still not registered their e-mail IDs, physical copies of the Annual Report is being sent in the permitted mode. However, such Members are requested to register their e-mail addresses, in respect of shares held in electronic mode, with their Depository Participant and in respect of the shares held in physical mode, with the Company / Karvy Computershare Pvt. Ltd., the Registrar and Transfer Agent.
- 15) Members may note that the Notice of the Annual General Meeting and the Annual Report 2015 will also be available on the Company's website www.sonakoyosteering.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi.

16) **Voting through electronic means**

- i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
- ii) The facility for voting either through e-voting system or through ballot paper shall also be made available at the venue of the Annual General Meeting.
- iii) The members who have cast their vote by remote e-voting or ballot paper may also attend the Meeting but shall not be entitled to cast their vote again.
- iv) The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide remote e-voting facility.
- v) The Board of Directors of the Company has appointed Mr. S.K. Luthra, Advocate (Enrollment Number – D 70/75) or failing him Mr. Sharad Chopra, Chartered Accountant in Practice (Membership No. – 503100) or failing him Mr. S.C. Jain, Advocate (Enrollment

Number - D 179/69) as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner and they have communicated their willingness to the said appointment and will be available for same purpose.

- vi) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 7th September, 2015.
- vii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 7th September, 2015, only shall be entitled to avail the facility of remote e-voting / voting.
- viii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 7th September, 2015, may obtain the User ID and password in the manner as mentioned below:
 - a) If the mobile number of the member is registered against Folio No. / DP ID & Client ID, the member may send SMS : MYEPWD <space> Folio No. or DP ID & Client ID to 9212993399
 Example for NSDL:
 MYEPWD <SPACE> IN12345612345678
 Example for CDSL :
 MYEPWD <SPACE> 1402345612345678
 Example for Physical :
 MYEPWD <SPACE> XXX123456
 - b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID & Client ID, then on the home page <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID & Client ID and PAN to generate a password.
 - c) Member may call Karvy's toll free number 1-800-3454-001.
 - d) Member may send an e-mail request to einward.ris@karvy.com

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

- ix) The remote e-voting facility will be available during the following period:
 - Commencement of remote e-voting : From 9.00 a.m. (IST) on 11th September, 2015
 - End of remote e-voting : Up to 5.00 p.m. (IST) on 13th September, 2015

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

- x) The Scrutinizer, after scrutinising the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along

with the consolidated scrutinizer's report shall be placed on the website of the Company www.sonakoyosteering.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.

- xi) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 14th September, 2015.
- xii) **Instructions and other information relating to remote e-voting:**

In case a member receives an e-mail from Karvy [for members whose e-mail addresses are registered with the Company / Depository Participant(s)] :

- a) Launch internet browser by typing the URL : <https://evoting.karvy.com>
- b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number+Folio No. or DP ID & Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
- c) After entering these details appropriately, click on "LOGIN".
- d) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- e) You need to login again with the new credentials.
- f) On successful login, the system will prompt you to select the E-Voting Event Number for Sona Koyo Steering Systems Limited.
- g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

- i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: skluthra@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

In case a member receives physical copy of the Notice by Post [for members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:

- a) User ID and initial password - These will be sent separately.
- b) Please follow all steps from Sr. No. (a) to (l) as mentioned in above, to cast your vote.

Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.

In terms of Clause 35 B of the Listing Agreement, those members, who do not have access to e-voting facility, may send their assent or dissent in writing on the Ballot Form sent along with this AGM Notice so as to reach the Scrutinizer at the address – Mr. S.K. Luthra, Advocate (Enrollment Number – D 70/75), C/o Karvy Computershare Pvt. Ltd., Unit : Sona Koyo Steering Systems Ltd., Karvy Selenium Tower-B, Plot No. 31&32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad 500008 on or before 13th September, 2015. Any Ballot Form received after this date will be treated as if the reply from the member has not been received.

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.

Resolution No. 5

The Articles of Association of the Company as currently in force was originally adopted when the Company was incorporated under the Companies Act, 1956 and further amendments were adopted from time to time, over the past several years. The references to specific sections of the Companies Act, 1956 in the existing Articles of Association may no longer be in conformity with the Companies Act, 2013.

With the coming into force of the Companies Act, 2013 several articles of the existing Articles of Association of the Company require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles. It is thus expedient to adopt new set of Articles of Association (primarily based on Table F set out under the Companies Act, 2013), in place of existing Articles of Association of the Company instead of amending the Articles of Association by alteration/incorporation of provisions of the Companies Act, 2013. In terms of Sections 5 and 14 of the Companies Act, 2013, the consent of the members by way of special resolution is required for adoption of new set of Articles of Association of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item no. 5 of the Notice.

The resolution is accordingly recommended for members' approval.

Resolution No. 6

The Board and Shareholders of the Company had in their meetings held on 28th April, 2011 and 2nd August, 2011 respectively approved the terms of appointment, including remuneration, of Mr. Sunjay Kapur as Managing Director for a period of three years effective from 22nd October, 2011.

Since, during the financial year 2014-15, the profits of the Company were inadequate, the Board of Directors had passed a resolution on 15th May, 2015 to seek approval of the Central Government for payment of remuneration to Mr. Sunjay Kapur during part of the financial year 2014-15 i.e., from 1st April, 2014 to 21st October, 2014 within the overall remuneration as approved by the Board in its meetings held on 28th April, 2011 and 18th December, 2013 read with the approval of Shareholders of the Company in its meeting held on 2nd August, 2011.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution set out at item no. 6 of the accompanying notice for approval of the members.

Except Mr. Sunjay Kapur, Dr. Surinder Kapur and Mr. J. M. Kapur to the extent that they are the relatives of Mr. Sunjay Kapur, none of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise in the resolution set out at item no. 6 of the Notice.

The resolution is accordingly recommended for members' approval.

Resolution No. 7

In terms of clause 49 of the Listing Agreement, all transactions with related parties, which are of material in nature, are subject to the approval of the Members of the Company by way of special resolution and the related parties shall abstain from voting on such resolutions.

For this purpose, the term "Material Transaction" means any transaction entered either individually or taken together with previous transactions during a financial year, that exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

Each of the proposed transaction with Maruti Suzuki India Limited (hereinafter referred to as 'MSIL') and JTEKT SONA Automotive India Limited (hereinafter referred to as 'JSAI') is exceeding the materiality threshold as provided under clause 49 of the Listing Agreement therefore would require the approval of the members by way of special resolution.

In order to comply with the requirements of clause 49 of the Listing Agreement, the Company proposes the members to approve the aforesaid related party transactions by way of special resolution, the details of which are mentioned below:

- 1) Name of the Related Parties and Nature of relationship:
Maruti Suzuki India Limited is the co-promoter of the Company holding 6.94% of equity shares in the capital of the Company. MSIL is a major customer contributing approx. 43% to the revenue of the Company. JTEKT Sona Automotive India Limited is a subsidiary company which has been promoted by your Company in Technical and Financial Collaboration with JTEKT Corporation, Japan, for the manufacture of C-EPS. JSAL contributes approx. 13% to the revenue of the Company.
- 2) Nature, material terms and other brief details of proposed transactions:
 - **With Maruti Suzuki India Limited:** The proposed transaction is for the sale of Steering Systems and components thereof.
Amount involved: Up to ₹ 700.00 Crores
Validity of arrangement: It is a long term ongoing agreement unless terminated by the parties otherwise.
 - **With JTEKT Sona Automotive India Limited:** The proposed transaction is for the supply of Intermediate Shafts, Manual Gears and other related components.
Amount involved: Up to ₹ 300.00 Crores
Validity of arrangement: It is a long term agreement renewable on year to year basis unless terminated by the parties otherwise.
- 3) Name of the Directors / Key Managerial Personnel who is related, if any : Except to the extent of their shareholding interest, if any, none of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, "financially or otherwise", in this resolution except :
 - Mr. Kazuhiko Ayabe, Nominee Director of MSIL on the Board of the Company.
 - Dr. Surinder Kapur (Chairman), Nominee Director of the Company on the Board of JSAL.
 - Mr. Sunjay Kapur (Vice-Chairman and Managing Director), Nominee Director of the Company on the Board of JSAL.
 - Lt.Gen.(Retd.) Shamsher Singh Mehta (Director), Nominee Director of the Company on the Board of JSAL.
 - Mr. Kiyozumi Kamiki (Dy. Managing Director, nominated by JTEKT), Nominee Director of the Company on the Board of JSAL.
 - Mr. Hidekazu Omura (Director, nominated by JTEKT), Alternate Director to Mr. Seiho Kawakami, Director on the Board of JSAL.
 - Mr. Sudhir Chopra (President & Company Secretary), Nominee Director of the Company on the Board of JSAL.
- 4) Any other information relevant or important for the Members to make a decision on the proposed transactions : The expected transaction(s) with the related parties may vary

with the change in the market conditions to be agreed between the Parties mutually.

The Audit Committee of the Company in its meeting held on 23rd March, 2015, has already approved the aforesaid transactions with MSIL & JSAL, as proposed to be passed by the members.

Further, while approving the aforesaid transactions with related parties, the audit committee noted that these transactions are in the ordinary course of business and also are at arm's length basis therefore, these are exempted from the provisions of section 188 of the Companies Act, 2013.

The resolution is accordingly recommended for members' approval by way of special resolution in terms of clause 49 of the Listing Agreement.

Resolution No. 8

The institutions / banks referred to in the resolution have granted the term loans / working capital facilities / external commercial borrowing as contained in the resolution. As per the Loan Agreements entered into with them, the Company has to agree to create mortgage and / or charge in favour of the concerned Lenders on the properties of the Company. This attracts the provisions of Section 180 (1)(a) of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise in the resolution set out at item no. 8 of the Notice.

The resolution is accordingly recommended for members' approval.

Inspection of Documents

The material documents referred to hereinabove will remain open for inspection for the members at the Registered Office of the Company from the date hereof up to the date of the ensuing Annual General Meeting during 3.00 PM to 5.00 PM on working days.

Profile of Director seeking re-appointment as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges:

Mr. Jug Mohan Kapur - Mr. Jug Mohan Kapur, aged 73 years, has been on the Board of the Company since 1994. He possesses vast knowledge and experience in the field of trade and business. He has led the Kapur family business, Kapur-Di-Hatti, in the area of jewellery retail, estate development and management since, 1961 and possesses vast expertise in these areas. Mr. Jug Mohan Kapur serves as a member of the Board of Sumish Finance and investment Co. Pvt. Ltd, Maa Estates Pvt. Ltd. and Jyoti Arn Associates Pvt. Ltd. He holds 34,000 nos. of Equity Shares of ₹ 1/- each of the Company. Mr. Jug Mohan Kapur is the Chairman of Stakeholders Relationship Committee and Member of Nomination and Remuneration Committee of the Company.

Place : Registered Office:
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi - 110 001.

Dated : 15th May, 2015

By Order of the Board

Sudhir Chopra
President & Company Secretary



ATTENDANCE SLIP

SONA KOYO STEERING SYSTEMS LIMITED

(CIN : L29113DL1984PLC018415)
Regd.Off.- UGF-6, Indra Prakash
21, Barakhamba Road, New Delhi 110 001.
Tel.No. - 011-23311924, 23327205
Email - investorgrievance@sonagroup.com
Website - www.sonakoyosteering.com

Folio No.....DP Id No.....Client Id No.....

Name of Member.....

Father's / Husband's Name.....

No. of Shares held.....

Name of Proxy.....

I hereby record my presence at the 31st Annual General Meeting of the Company at The Air Force Auditorium, Subroto Park, New Delhi-110010 on Monday, the 14th September, 2015.

Member's/Proxy's Signature

- Notes : 1) Please fill in this attendance slip and hand it over at the entrance of the Meeting Hall.
- 2) Member's Signature should be in accordance with the specimen signature registered with the Company.
- 3) **For security reasons, briefcases, transistors, bags, tiffin boxes, cameras, binoculars, eatables etc. will not be allowed inside the Meeting Hall.**

**PROXY FORM****SONA KOYO STEERING SYSTEMS LIMITED**

(CIN : L29113DL1984PLC018415)
 Regd.Off.- UGF-6, Indra Prakash
 21, Barakhamba Road, New Delhi 110 001.
 Tel.No. - 011-23311924, 23327205
 Email - investor@sonagroup.com
 Website - www.sonakoyosteering.com

I/We,R/o.....
 being the member(s), holding.....shares of Sona Koyo Steering Systems Limited hereby appoint:
 (1) Name.....Address.....
 Email Id:.....Signature.....or failing him/her;
 (2) Name.....Address.....
 Email Id:.....Signature.....or failing him/her;
 (3) Name.....Address.....
 Email Id:.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty first Annual General Meeting of the Company, to be held on Monday, the 14th September, 2015 at 10.00 a.m. at Air Force Auditorium, Subroto Park, New Delhi 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
Ordinary Business			
1.	Adoption of Accounts for the year ended 31st March, 2015.		
2.	Declaration of dividend on equity shares.		
3.	Re-appointment of Mr. Jug Mohan Kapur, who retires by rotation and, being eligible, offers himself for re-appointment.		
4.	Ratification of the appointment of M/s. S.P.Puri & Co., Chartered Accountants, as Statutory Auditors of the Company.		
Special Business			
5.	Adoption of new set of Articles of Association of the Company.		
6.	Payment of remuneration to Mr. Sunjay Kapur, Managing Director for the period from 1st April, 2014 to 21st October, 2014.		
7.	To approve entering into related party transactions.		
8.	Mortgaging and/or charging of the Company's properties under Section 180(1)(a) of the Companies Act, 2013.		

Signed this.....day of.....2015.

Member's Folio/DP ID-Client ID No.....Signature of shareholder(s).....

Signature of Proxy holder (s).....

Affix
Revenue
Stamp of
₹ 1/-

- Notes
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
 2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the Thirty First Annual General Meeting.
 - *3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
 4. Please complete all details including details of member(s) in above box before submission.