

8th July, 2016

National Stock Exchange of India Ltd.
Exchange Plaze, Bandra – Kurla Complex
Bandra (E)
Mumbai 400 051.

Re : Symbol – SONASTEER; Series – EQ

Sub : Notice of 32nd Annual General Meeting of the Company.

Dear Sir,

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Para A of Part A of Schedule III to the said Regulations, we wish to inform you that the 32nd Annual General Meeting of the Members of the Company will be held on Friday, the 5th August, 2016 at 10.00 a.m.

In this regard, we are enclosing herewith a copy of the Notice convening the 32nd Annual General Meeting of the Members of the Company.

We request you to take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For **SONA KOYO STEERING SYSTEMS LIMITED**



SUDHIR CHOPRA
PRESIDENT & COMPANY SECRETARY

SONA KOYO STEERING SYSTEMS LTD.

Regd. Office : UGF-6, Indra Prakash 21 Barakhamba Road New Delhi-110 001 India

Tel : +91 11 2331 1924 / 2332 7205, **Telefax :** +91 11 2332 7205

CIN : L29113DL1984PLC018415, **Website :** www.sonakoyosteering.com

Works: 38/6 Delhi-Jaipur Road, NH-8, Gurgaon-122 001 Haryana India

Tel : +91 124 468 5000, **Fax:** +91 124 410 4611 / 410 4621



Deming Application Prize- 2003

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

NO GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Sona Koyo Steering Systems Limited will be held as under:

Day : Friday
 Date : 5th August, 2016
 Time : 10.00 AM
 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 Standalone and Consolidated Financial Statement for the year ended 31st March, 2016, including audited Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To declare dividend for the year ended 31st March, 2016.
- 3) To appoint a Director in place of Mr. Kazuhiko Ayabe (holding DIN 02917011), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) Ratification of appointment of Statutory Auditors of the Company and to fix their remuneration

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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and pursuant to the resolution passed by the members at the 30th Annual General Meeting held on 23rd September, 2014, 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 33rd AGM of the Company to be held in the year 2017, 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 Mr. Kiran Manohar Deshmukh be appointed as a Director of the Company to fill the casual

vacancy caused due to the demise of Dr. Surinder Kapur, whose period of office would not be liable to determination by retirement of directors by rotation.

RESOLVED FURTHER THAT in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V 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), and subject to such sanctions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. Kiran Manohar Deshmukh as Executive Vice Chairman of the Company for a period of two (2) years with effect from 15th September, 2015, with remuneration, on the terms and conditions including as to remuneration set out in the draft agreement submitted to this meeting and initialed by the Chairman of the meeting for the purpose of identification, which agreement is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions, including as to remuneration, for the said appointment and / or agreement in such manner as may be agreed between the Board of Directors and Mr. Kiran Manohar Deshmukh, Executive Vice Chairman of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as in its absolute discretion it may think be necessary, proper or expedient in the matter and is further authorized to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard."

- 6) **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions 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), and subject to such sanctions as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company for a period with effect from 15th May, 2016 to 31st March, 2017 on the terms and conditions including as to remuneration set out in the draft Agreement submitted to this meeting and initialed by the Chairman of the Meeting for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions including as to remuneration for the said appointment and/or Agreement in such manner as may be agreed between the Board of Directors and Mr. Kiyozumi Kamiki, Dy. Managing Director of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as in its absolute discretion it may think be necessary, proper or expedient in the matter and is further authorized to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard."

7) **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 Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Company be and is hereby accorded to enter into the transaction(s) 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	800.00*
JTEKT Sona Automotive India Limited	400.00*

*(plus applicable taxes like excise, vat etc.)

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 questions, 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 :

Name of the Bank	Credit Facility	Loan Amount (₹ in crores)
Corporation bank	Term Loan	195.00
Indian Bank	Term Loan	30.00
Allahabad Bank	Term Loan	30.00
Allahabad Bank	Term Loan-2	40.00
Standard Chartered Bank*	ECB	USD 4.00 million
Standard Chartered Bank*	ECB	USD 5.00 million
Standard Chartered Bank*	ECB	USD 6.00 million
Standard Chartered Bank#	ECB	USD 6.50 million
State Bank of India	Corporate Loan	30.00

IndusInd Bank	Term Loan	30.00
State Bank of India	Corporate Loan	40.00
State Bank of Hyderabad	Corporate Loan	10.00

* Standard Chartered Bank, New Delhi (acting as Security Agent for and on behalf of Standard Chartered Bank, London)

St. Helen's Nominees India Private Limited, Mumbai (acting as Security Agent for and on behalf of Standard Chartered Bank (Mauritius) Limited)

ON SECOND PARI-PASSU CHARGE BASIS TO :

Banks	Facility	Total Limits (₹ In Crores)
State Bank of India	Working Capital	30.00
State Bank of Hyderabad	Working Capital	15.85
Standard Chartered Bank	Working Capital	27.50
Standard Chartered Bank	Export Finance	USD 4.00 million / 20.00
YES Bank Ltd.	Working Capital	10.00
Corporation Bank	Working Capital	18.00
Kotak Mahindra Bank Ltd	Working Capital	10.00
IndusInd Bank	Working Capital	5.00

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
Sudhir Chopra
Dated : 13th May, 2016 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 Saturday, the 30th July, 2016 to Friday, the 5th August, 2016 (both days inclusive).
- 5) Dividend to Shareholders, as recommended by the Directors for the year ended 31st March, 2016, 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 Friday, the 29th July, 2016; 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 Friday, the 29th July, 2016.

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 dispatched between 12th August, 2016 to 17th August, 2016.
- 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 were 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 2005-08 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 2009-10 to 2014-15 may return the time barred dividend warrants or write to the Company to issue demand draft.
 - iv) Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year 2009-10 and thereafter which remain unclaimed for a period of 7 (seven) years will be transferred to Investor Education and Protection Fund ("the Fund"). Unclaimed Equity Dividend for the financial year 2009-10 will become due for transfer to the Fund on 26th August, 2017.
- 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 29th July, 2016.
- 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 2016 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 Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, 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 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 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. 29th July, 2016.
- 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. 29th July, 2016, 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. 29th July, 2016, 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 2nd August, 2016
- End of remote e-voting : Up to 5.00 p.m. (IST) on 4th August, 2016

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 scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a scrutinizer's report and submit the same to the Chairman. The results declared along with the 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) 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>.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

Resolution No. 5

Keeping in view the recommendations of the Nomination and Remuneration Committee and also to further strengthen the management of the Company, the Board co-opted Mr. Kiran Manohar Deshmukh on the Board of the Company in the casual vacancy caused by the sad demise of Dr. Surinder Kapur and appointed Mr. Deshmukh as the Executive Vice Chairman of the Company for a period of two years, effective from 15th September, 2015.

Mr. Kiran Manohar Deshmukh is a B.Tech (Metallurgy) from Indian Institute of Technology (IIT), Mumbai and has experience of over three decades. Mr. Deshmukh was associated with the Company from 1986 to 2013 and was last designated as Dy. Managing Director of the Company. He has experience in the areas of quality control, product engineering, process engineering, maintenance and production control. Mr. Deshmukh had been spearheading Company's implementation of the Toyota Production System, TQM, and TPM. He had led the Company to be the recipient of the Deming Prize in 2003 and the TPM Excellence Award in 2008. In 2006, The Indian Society of Quality honored Mr. Deshmukh with the Ashoka Award for outstanding practice of quality management "by firstly making the Company role model and then by leading and inspiring other organizations to start their journey in earnest with full vigor".

Mr. Deshmukh is a Director on the Board of JTEKT Sona Automotive India Limited, Sona Fuji Kiko Automotive Limited and Sona Skill Development Centre Limited. He is also member of CSR Committee of JTEKT Sona Automotive India Limited. Mr. Deshmukh is holding 19,700 nos. of Equity Shares of ₹ 1/- each of the Company.

Mr. Deshmukh is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

As required by Section 160 of the Companies Act, 2013, a notice along with a deposit of ₹ 1,00,000/- has been received from a member of the Company signifying his intention to propose the appointment of Mr. Kiran Manohar Deshmukh as Director of the Company. The Board considers that the appointment of Mr. Deshmukh as Executive Vice Chairman of the Company will prove beneficial to the Company.

Pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, the approval of the members is now being sought for the appointment of Mr. Kiran Manohar Deshmukh as Executive Vice Chairman, with remuneration, for a period of two (2) years with effect from 15th September, 2015, on the terms and conditions as embodied in the draft Agreement (a copy whereof shall be placed before the members) as referred to in the resolution. The extracts of the aforesaid draft Agreement to be executed between the Company and Mr. Kiran Manohar Deshmukh are as under:

(A) Remuneration :

Mr. Kiran Manohar Deshmukh, Executive Vice Chairman shall by way of salary, allowances, perquisites and commission, be entitled for the following remuneration:

- (I) Basic Salary:
₹ 5,00,000/- (Rupees Five Lacs only) per month.

(II) Perquisites

- (a) In addition to the above remuneration, Mr. Kiran Manohar Deshmukh, Executive Vice Chairman of the Company shall be entitled to furnished accommodation (including gas, electricity, water etc.) or House Rent Allowance. The value of this perquisite shall be restricted to an amount equivalent to 60% of the basic salary per month.

- (b) Mr. Kiran Manohar Deshmukh, Executive Vice Chairman shall also be entitled to perquisites like Medical reimbursement, Leave Travel Concession for self and family. The value of these perquisites shall be restricted to an amount equivalent to ₹ 7,250/- (Rupees Seven Thousand Two Hundred Fifty only) per month.

Explanation: 'Family' means the spouse, the dependent children and dependent parents of the Appointee.

- (c) Provision for use of chauffeur driven Company Car for official duties and telephone(s) at residence (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling of perquisites. In case, the Company Car is not provided, then a Car allowance of ₹ 30,000/- (Rupees Thirty Thousand only) per month shall be provided along with Chauffeur.

- (d) Company's contribution to Provident Fund and Superannuation Fund.

- (e) Gratuity payable will not exceed half month's salary for each completed year of service.

- (f) Encashment of leave as per Company's policy.

In the absence or inadequacy of profits in any financial year during the currency of the tenure of Mr. Kiran Manohar Deshmukh, as the Executive Vice Chairman of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Kiran Manohar Deshmukh, and in addition thereto the perquisites not exceeding the limits specified in Schedule V of the Companies Act, 2013, including the following:

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii) Encashment of leave as per Company Policy.

(III) Commission

Such remuneration by way of commission, in addition to the above salary and perquisites calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Section 196, 197 read with Schedule V of the Companies Act, 2013 as amended/ modified / re-constituted from time to time

- (B) The appointment is w.e.f. 15th September, 2015 which may be terminated by either party giving the other party three months' notice or salary in lieu thereof.

- (C) The terms and conditions of the said appointment and / or Agreement(s) may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Vice Chairman in accordance with Schedule V to the Companies Act, 2013, or any amendments / re-constitution hereafter in this regard.

- (D) The Executive Vice chairman shall not be liable to retire by rotation.

The information required in terms of Clause (iv) of Section II of Part II of Schedule V to the Companies Act, 2013 is as under:

I. GENERAL INFORMATION

- (1) **Nature of the Industry:** The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Steering Systems, Propeller Shafts, Axle Assemblies and other automobile components for its various customers viz. Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, E-z-go and Renault-Nissan at its Plants located in Gurgaon, Dharuhera, Chennai and Sanand. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology.

The Company has technological advantage over its competitors due to Technical Collaboration with JTEKT Corporation, Japan, the global technology leader in Steering Systems.

- (2) **Date of Commercial Production:** The Company commenced its commercial production on 1st October, 1987.

- (3) **Financial Performance:** The financial performance of the Company (audited) during last five years is as under:

(₹ IN LACS)

Financial Parameters	Year ended 31st March, 2011	Year ended 31st March, 2012	Year ended 31st March, 2013	Year ended 31st March, 2014	Year ended 31st March, 2015
Gross Income	116200.83	127550.62	127785.33	122616.70	123299.48
Net Profit as per Profit & Loss Account	3741.13	3883.70	3061.08	5166.15	1797.72
Amount of Dividend Paid	1291.82	1291.82	1291.82	1589.93	1291.82
Rate of Dividend Declared	65%	65%	65%	80%	65%

- (4) **Financial performance based on given indicators:** The Company sales are increasing corresponding to growth of Indian Automotive Industry.

- (5) **Export performance and net foreign exchange:** The exports done by the Company, during the previous five (5) years, are as under:

- i) For the year ended 31.3.2011 : ₹ 4630.22 lacs
- ii) For the year ended 31.3.2012 : ₹ 4424.43 lacs
- iii) For the year ended 31.3.2013 : ₹ 6244.31 lacs
- iv) For the year ended 31.3.2014 : ₹ 8902.62 lacs
- v) For the year ended 31.3.2015 : ₹ 6025.25 lacs

- (6) **Foreign investment or collaboration, if any:** The Company has entered into a Technical Collaboration Agreement with JTEKT Corporation (Formerly: Koyo Seiko Co., Ltd., Japan), the global technology leader in Steering Systems (hereinafter referred to as "JTEKT") for the manufacture of Manual Steering Systems in the year 1985, which has been extended from time to time. In order to cement the relationship between the Company and JTEKT, in the year 1992, the Company had allotted 6,00,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 22/- per share to JTEKT, on preferential basis, contributing to 7.8% Equity Share Capital of the Company.

In 1996, the Company had also acquired technology for manufacture of Power Steering Systems from JTEKT. In order to further strengthen the strategic alliance with JTEKT, the Company had allotted additional 12,00,000 nos. of Equity Shares of ₹ 10/- each for cash at a premium of ₹ 82/- per share to JTEKT, on preferential basis, in 1997.

With the increasing demand of Electric Power Steering in the car market and to meet the requirement of the car manufacturers in this regard, the Company negotiated with JTEKT to obtain the technology for Electric Power Steering and executed a technology transfer agreement for this purpose.

During the financial year 2006-07, the Company allotted additional Equity Shares and Convertible Warrants to Promoter Group including JTEKT Corporation. Consequent upon this, presently JTEKT Corporation holds 20.10% stake in the Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE

- (1) **Background Details:** The appointee is a B.Tech (Metallurgy) from Indian Institute of Technology (IIT), Mumbai and has experience of over three decades.
- (2) **Past Remuneration:** The appointee has worked as Managing Director of Sona Skill Development Centre Limited and has drawn the following remuneration during the financial year ended 31st March, 2015:
- Basic Salary - ₹ 2,40,000/- (Rupees two lacs forty thousand only) per month.
 - Perquisites:
 - Furnished accommodation (including gas, electricity, water etc.) or House Rent Allowance of ₹ 1,44,000/- per month.
 - Medical and Leave Travel Concession: ₹ 7,750/- per month.
 - Gratuity not exceeding half a month's salary for each completed year of service.
- (3) **Recognition or awards:** In 2006, The Indian Society of Quality honored Mr. Kiran Manohar Deshmukh with the Ashoka Award for outstanding practice of quality management "by firstly making his Company role model and then by leading and inspiring other organizations to start their journey in earnest with full vigor".
- (4) **Job profile and his suitability:** The appointee is the Executive Vice Chairman of the Company and is responsible for the management of the whole of affairs of the Company. Keeping in view of his experience and knowledge, he is best suited for the position.
- (5) **Remuneration Proposed:** The detail of the remuneration proposed is as mentioned hereinabove.

- (6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Mr. Kiran Manohar Deshmukh is a B.Tech (Metallurgy) from Indian Institute of Technology (IIT), Mumbai and has experience of over three decades. The present job responsibilities of the appointee are to manage the whole of the affairs of the Company. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.
- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Except to the extent of his employment with the Company, Mr. Kiran Manohar Deshmukh does not have any pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel.

III. OTHER INFORMATION

- (1) **Reasons of loss or inadequate profits:** The Company faced the situation of stagnant sales in the last financial year as there was a shift in customer preference for few Car Models which performed exceptionally well last year.
- (2) **Steps taken or proposed to be taken for improvement:** In the current financial year, the Company expects to perform better as we are hopeful for the success of new Car Models where we are present such as KUV100 / TUV300 (by M&M), Innova / Fortuner (by Toyota) and Vitara Brezza (by Maruti Suzuki). The Company is closely working with OEMs for several new platforms which are likely to be launched in the current financial year to increase its sales volumes.
- (3) **Expected increase in productivity and profits in measurable terms:** The Company expects a significant increase in turnover as well as the profitability on account of the steps mentioned above.

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. 5 of the accompanying notice for approval of the members.

Except Mr. Kiran Manohar Deshmukh, being the appointee, none of the directors and/or Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested financially or otherwise in the resolution pertaining to his appointment. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

Resolution No. 6

On the proposal of JTEKT Corporation, Technical and Financial Collaborator of the Company, Mr. Kiyozumi Kamiki was appointed as Dy. Managing Director of the Company for a period of three (3) years with effect from 15th May, 2013. The tenure of appointment of Mr. Kiyozumi Kamiki, Dy. Managing Director is expiring on 14th May, 2016.

Keeping in view the contributions made by Mr. Kiyozumi Kamiki during his tenure as Dy. Managing Director of the Company and on the recommendation of Nomination and Remuneration Committee of Directors, the Board of Directors of the Company in their meeting held on 5th February, 2016 has re-appointed

Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company for a further period effective from 15th May, 2016 to 31st March, 2017, with remuneration, subject to the approval of the shareholders and such other sanction(s) as may be necessary.

Mr. Kiyozumi Kamiki did his graduation in engineering from Ehime University and also attained a Master's Degree. Mr. Kamiki joined Koyo Seiko Co., Ltd. (currently known as 'JTEKT Corporation') in the year 1982 and was assigned to investigate quality issues at Kokubu Plant. After being promoted to Assistant Manager in 1989, he was transferred to Koyo Corporation, USA. During 1997-2003 Mr. Kamiki worked in Quality Assurance Department in Japan. In 2004, he was made In charge of quality and transferred to Koyo Steering USA. He was made Managing Director in 2006 and transferred to JTEKT Automotive South Carolina Inc. In 2010, Mr. Kamiki was promoted to Head of Tadosaki Plant of JTEKT. Thus, Mr. Kamiki has got vast experience of handling manufacturing operations and quality issues.

Mr. Kamiki is a Director on the Board of JTEKT Sona Automotive India Limited. He does not hold any Equity Shares of the Company.

Mr. Kamiki is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

As required by Section 160 of the Companies Act, 2013, a notice along with a deposit of ₹ 1,00,000/- has been received from a member of the Company signifying his intention to propose the reappointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company. Keeping in view of Mr. Kamiki's rich experience and knowledge, the Board considers it desirable that the Company should continue to avail the benefits of his expertise.

Pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, the approval of the members is now being sought for the reappointment of Mr. Kiyozumi Kamiki as Dy. Managing Director, with remuneration, for a further period effective from 15th May, 2016 to 31st March, 2017 on the terms and conditions as embodied in the draft Agreement (a copy whereof shall be placed before the members) as referred to in the resolution. The extracts of the aforesaid draft Agreement to be executed between the Company and Mr. Kiyozumi Kamiki are as under:

(A) Remuneration :

- a) Basic Salary-₹ 4,00,000/- (Rupees Four Lacs only) per month.
- b) Perquisites

- i) In addition to the above remuneration, Mr. Kiyozumi Kamiki, Dy. Managing Director of the Company shall be entitled to Rent Free Accommodation subject to a maximum of ₹ 2,40,000/- per month.
- ii) Mr. Kiyozumi Kamiki, Dy. Managing Director shall also be entitled to perquisites like Medical Reimbursement, Leave Travel Concession (including temporary return home by business class twice during the extended period) for self and family.

Explanation: 'Family' means the spouse, the dependent children and dependent parents of the Appointee.

- iii) Mr. Kiyozumi Kamiki, Dy. Managing Director shall also be entitled to reimbursement of salary of a servant. The value of this perquisites shall be restricted to an amount equivalent to ₹ 7,500/- (Rupees Seven Thousand Five Hundred only) per month.
- iv) Mr. Kiyozumi Kamiki shall also be entitled for use of chauffeur driven Company Car, as per Company's policy for official duties and telephone(s) at residence (including payment for local calls and long distance official calls, internet).

- v) Provision for payment of Club Membership Fee equivalent to ₹ 5,200/- per annum.
- vi) Reimbursement of highway toll equivalent to ₹ 1,000/- per month.
- vii) Company's contribution to Provident Fund and Superannuation Fund, as per Company's policy.
- viii) Gratuity, if any, payable will not exceed half a month's salary for each completed year of service.
- ix) Encashment of leave as per Company's policy.
- x) Group Personal Accident Insurance as per Company's Policy.

In the absence or inadequacy of profits in any financial year during the currency of the tenure of Mr. Kiyozumi Kamiki as the Dy. Managing Director of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Kiyozumi Kamiki and in addition thereto the perquisites not exceeding the limits specified in Schedule V of the Companies Act, 2013, including the following:

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- ii) Gratuity, if any, payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii) Encashment of leave as per Company Policy.

- (B) The appointment is for a period effective from 15th May, 2016 to 31st March, 2017 which may be terminated by either party giving the other party six (6) months' notice.
- (C) Mr. Kiyozumi Kamiki is being appointed as the Dy. Managing Director by virtue of him being nominated by JTEKT Corporation and if at any time JTEKT Corporation withdraws the said nomination, for any cause whatsoever, he shall cease to be the Dy. Managing Director of the Company.
- (D) The appointment of the Dy. Managing Director is subject to the provisions of Section 167(1) of the Companies Act, 2013, while at the same time the Dy. Managing Director shall not be liable to retire by rotation.
- (E) The Dy. Managing Director shall not be entitled to supplement his earnings under the appointment with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- (F) The Dy. Managing Director shall be in the whole-time employment of the Company and thus devote the whole of his attention to the business of the Company. During the terms of the service with the Company, the Dy. Managing Director hereby undertakes not to take up any other employment / assignment and further shall not draw any remuneration, commission, fees etc. from any other source in India.
- (G) The terms and conditions of the said appointment and /or remuneration may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Dy. Managing Director in accordance with Schedule V to the Companies Act, 2013, or any amendments/re-constitution hereafter in this regard."

The information required in terms of Clause (iv) of Section II of Part II of Schedule V to the Companies Act, 2013 is as under:

I. GENERAL INFORMATION

- (1) **Nature of the Industry:** The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Steering Systems, Propeller Shafts, Axle Assemblies and other automobile components for its various customers viz. Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, E-z-go and Renault-Nissan at its Plants located in Gurgaon, Dharuhera, Chennai and Sanand. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology.

The Company has technological advantage over its competitors due to Technical Collaboration with JTEKT Corporation, Japan, the global technology leader in Steering Systems.

- (2) **Date of Commercial Production:** The Company commenced its commercial production on 1st October, 1987.
- (3) **Financial Performance:** The financial performance of the Company (audited) during last five years is as under:

(₹ IN LACS)

Financial Parameters	Year ended 31st March, 2011	Year ended 31st March, 2012	Year ended 31st March, 2013	Year ended 31st March, 2014	Year ended 31st March, 2015
Gross Income	116200.83	127550.62	127785.33	122616.70	123299.48
Net Profit as per Profit & Loss Account	3741.13	3883.70	3061.08	5166.15	1797.72
Amount of Dividend Paid	1291.82	1291.82	1291.82	1589.93	1291.82
Rate of Dividend Declared	65%	65%	65%	80%	65%

- (4) **Financial performance based on given indicators:** The Company sales are increasing corresponding to growth of Indian Automotive Industry.
- (5) **Export performance and net foreign exchange:** The exports done by the Company, during the previous five (5) years, are as under:
- For the year ended 31.3.2011 : ₹ 4630.22 lacs
 - For the year ended 31.3.2012 : ₹ 4424.43 lacs
 - For the year ended 31.3.2013 : ₹ 6244.31 lacs
 - For the year ended 31.3.2014 : ₹ 8902.62 lacs
 - For the year ended 31.3.2015 : ₹ 6025.25 lacs
- (6) **Foreign investment or collaboration, if any:** The Company has entered into a Technical Collaboration Agreement with JTEKT Corporation (Formerly: Koyo Seiko Co., Ltd., Japan), the global technology leader in Steering Systems (hereinafter referred to as "JTEKT") for the manufacture of Manual Steering Systems in the year 1985, which has been extended from time to time. In order to cement the relationship between the Company and JTEKT, in the year 1992, the Company had allotted 6,00,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 22/- per share to JTEKT, on preferential basis, contributing to 7.8% Equity Share Capital of the Company.

In 1996, the Company had also acquired technology for manufacture of Power Steering Systems from JTEKT. In order to further strengthen the strategic alliance with JTEKT, the Company had allotted additional 12,00,000

nos. of Equity Shares of ₹ 10/- each for cash at a premium of ₹ 82/- per share to JTEKT, on preferential basis, in 1997.

With the increasing demand of Electric Power Steering in the car market and to meet the requirement of the car manufacturers in this regard, the Company negotiated with JTEKT to obtain the technology for Electric Power Steering and executed a technology transfer agreement for this purpose.

During the financial year 2006-07, the Company allotted additional Equity Shares and Convertible Warrants to Promoter Group including JTEKT Corporation. Consequent upon this, presently JTEKT Corporation holds 20.10% stake in the Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE

- (1) **Background Details:** The appointee is a graduate engineer from Ehime University and also attained a Master's Degree and has a working experience of over 30 Years.
- (2) **Past Remuneration:** Mr. Kiyozumi Kamiki has drawn the following remuneration during the financial year ended 31st March, 2016:
- Basic Salary - ₹ 3,00,000/- (Rupees three lacs only) per month.
 - Perquisites:
 - Rent free furnished accommodation (including gas, electricity, water etc.), subject to a maximum of ₹ 1,80,000/- per month.
 - Medical reimbursement, Leave Travel Concession (including temporary return home by economy class twice in a year) for self and family.
 - Chauffeur driven Company Car for use on Company's business and telephone at residence.
 - Club Membership Fee equivalent to ₹ 5,200/- per annum.
 - Others ₹ 8,500/- per month.
 - Company's contribution to Provident Fund and Superannuation Fund.
 - Gratuity not exceeding half a month's salary for each completed year of service.
 - Encashment of leave as per Company's policy.
- (3) **Recognition or awards:** NIL.
- (4) **Job profile and his suitability:** The appointee is the Dy. Managing Director of the Company and is responsible for entire manufacturing operations of Company's all Plants, with quality assurance (barring corporate quality function), productivity, delivery and cost being the main deliverables. Keeping in view of his experience and knowledge, he is best suited for the position.
- (5) **Remuneration Proposed:** The detail of the remuneration proposed is as mentioned hereinabove.
- (6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** The appointee is a graduate engineer from Ehime University and also attained a Master's Degree and has a working experience of over 30 Years. The present job responsibilities of the appointee are - entire manufacturing operations of Company's all

Plants, with quality assurance, productivity, delivery and cost being the main deliverables. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Except to the extent of his employment with the Company and being nominee of JTEKT Corporation, the Financial and Technical Collaborator of the Company, Mr. Kiyozumi Kamiki does not have any pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel.

III. OTHER INFORMATION

- (1) **Reasons of loss or inadequate profits:** Not applicable, since the Company has earned adequate profits for the year ended 31st March, 2016 to cover the remuneration payable to the Dy. Managing Director.
- (2) **Steps taken or proposed to be taken for improvement:** Not Applicable
- (3) **Expected increase in productivity and profits in measurable terms:** Not Applicable.

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. Kiyozumi Kamiki, being the appointee and Mr. Hidekazu Omura, to the extent that he is the nominee of JTEKT Corporation, Japan, none of the Directors and/or Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested financially or otherwise in the resolution pertaining to his re-appointment. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

Resolution No. 7

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all transactions with related parties, which are of material in nature, are subject to the approval of the Members of the Company by an ordinary 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 'JSAL') is exceeding the materiality threshold as provided under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 therefore would require the approval of the members by passing an ordinary resolution. The shareholders of the Company in the Annual General Meeting held on 14th September, 2015 had earlier approved the Material Transactions with MSIL and JSAL for sale / purchase of components and availing / providing of services for the maximum amounts of ₹ 700 crores and ₹ 300 crores respectively. However, in view of the expected growth in the business of the Company, it is now proposed to obtain a fresh approval of the shareholders for the enhanced limits as stated in the relevant resolution.

In order to comply with the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company proposes the members to approve the aforesaid related party transactions by way of a 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. 49% 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. 10% 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 ₹ 800.00 crores (plus applicable taxes like excise, vat etc.)

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 ₹ 400.00 crores (plus applicable taxes like excise, vat etc.)

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.
 - Mr. Sunjay Kapur (Chairman), Nominee Director of the Company on the Board of JSAL.
 - Mr. K.M. Deshmukh (Executive Vice Chairman), Nominee Director of the Company on the Board of JSAL.
 - Lt.Gen.(Retd.) Shamsheer 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 15th March, 2016, has already approved the aforesaid transactions with MSIL & JSAIL, 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 in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Resolution No. 8

The Institutions / Banks referred to in the resolution have granted the term loans / working capital facilities / external commercial borrowing (ECB) 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 Directors seeking appointment / re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

Re-appointment of Mr. Kazuhiko Ayabe (Item No. 3)

Mr. Kazuhiko Ayabe is a Japanese National and is a graduate from Department of Mechanical Engineering, College of Sophia University. He joined Suzuki Motor Corporation in April 1980 and rendered his services at various positions. Mr. Kazuhiko Ayabe is a Director on the Board of Maruti Suzuki India Limited and Mark Exhaust Systems Limited. Mr. Ayabe does not hold any Equity Shares of the Company.

Appointment of Mr. Kiran Manohar Deshmukh (Item No. 5)

For the details of Mr. Kiran Manohar Deshmukh, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 5 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Re-appointment of Mr. Kiyozumi Kamiki (Item No. 6)

For the details of Mr. Kiyozumi Kamiki, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 6 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

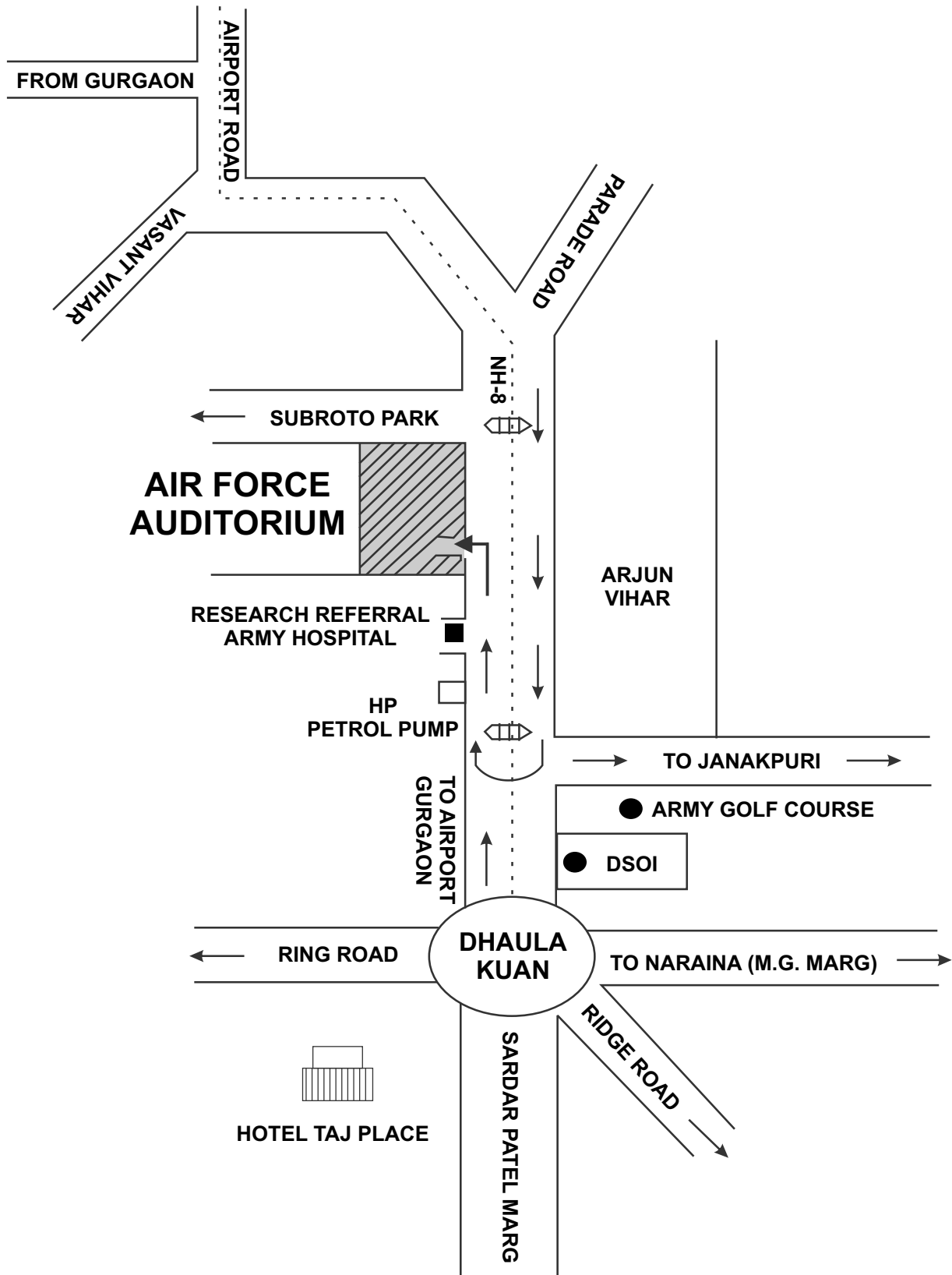
Place : Registered Office:
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi - 110 001.

By Order of the Board

Dated : 13th May, 2016

Sudhir Chopra
President & Company Secretary

ROUTE MAP FOR VENUE OF 32ND ANNUAL GENERAL MEETING OF THE COMPANY





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/Representative.....

I hereby record my presence at the 32nd Annual General Meeting of the Company at Air Force Auditorium, Subroto Park, New Delhi-110010 on Friday, the 5th August, 2016.

Member's/Proxy's/Representative'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 - investorgrievance@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 Second Annual General Meeting of the Company, to be held on Friday, the 5th August, 2016 at 10.00 a.m. at Air Force Auditorium, Subroto Park, New Delhi 110010 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, 2016.		
2.	Declaration of dividend on equity shares.		
3.	Re-appointment of Mr. Kazuhiko Ayabe, 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.	Appointment of Mr. Kiran Manohar Deshmukh as Executive Vice Chairman of the Company		
6.	Re-appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company.		
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.....2016.

Member's Folio/DP ID-Client ID No.....Signature of shareholder(s).....

Signature of Proxy holder(s).....

Affix
 Revenue
 Stamp of
 ₹ 1/-

- Notes
- 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.
 - For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the Thirty Second Annual General Meeting.
 - It is optional to put a tick (✓) mark 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.
 - Please complete all details including details of member(s) in above box before submission.

