

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@grievance@sonagroup.com

Website - www.sonakoyosteering.com

NO GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

NOTICE

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

Day : Tuesday
Date : 23rd September, 2014
Time : 3:00 P.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, 2014, 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, 2014.
- 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) To appoint Auditors of the Company and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. S.P. Puri & Co., Chartered Accountants (ICAI Registration No. 001152N), the retiring Auditors of the Company be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 33rd Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**
"RESOLVED that Mr. Hidekazu Omura (holding DIN 06865724), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th May, 2014, in terms of Section 161(1) of the Companies Act, 2013 and Article 108 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED that Mr. Prasan Abhaykumar Firodia (holding DIN 00029664), who was appointed as an Independent Director of the Company to fill the casual vacancy caused due to the resignation of Mr. B.L. Passi, by the Board of Directors with effect from 1st August, 2014, in terms of Section 161(4) of the Companies Act, 2013 and Article 107 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019."

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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ravi Bhoothalingam (holding DIN 00194530), Director of the Company, who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019."

8. **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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Prem Kumar Chadha (holding DIN 00245680), Director of the Company, who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019."

9. **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 149, 150, 152 and any other applicable provisions of

the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ramesh Suri (holding DIN 00176488), Director of the Company, who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019."

10. 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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Lt. Gen.(Retd.) Shamsheer Singh Mehta (holding DIN 02201929), Director of the Company, who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019."

11. 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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mrs. Ramni Nirula (holding DIN 00015330), Director of the Company, who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019."

12. 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 reappointment of Mr. Sunjay Kapur as Managing Director of the Company for a further period of three (3) years with effect from 22nd October, 2014 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 reappointment and / or agreement in such manner as may be agreed between the Board of Directors and Mr. Sunjay Kapur, Managing Director of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

13. 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 minimum remuneration to Mr. Sunjay Kapur as Managing Director of the Company during the financial year 2013-14 within the overall remuneration approved by the Board and Shareholders of the Company in their meetings held on 28th April, 2011 and 2nd August, 2011 respectively read with the Board Resolution dated 18th December, 2013.

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."

14. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 3,00,000/- (Rupees three lacs only), plus service tax as applicable and reimbursement of actual travel and out of pocket expenses, to be paid to M/s. Gurdeep Singh & Associates, Cost Auditors of the Company, for the financial year 2014-15, be and is hereby ratified."

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

"**RESOLVED THAT** in supersession of the ordinary resolution passed by the members in the Twenty Seventh Annual General Meeting of the Company held on 2nd August, 2011 and pursuant to Section 180 (1) (c) and all 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) the consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time, monies for the purposes of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the Paid Up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount

of the monies borrowed at any time shall not exceed ₹ 500 Crores."

16. 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 State Bank of India to secure:

ON FIRST PARI-PASSU CHARGE BASIS TO :

- 1) Corporation Bank for its rupee term loan of ₹1550 million;
- 2) Corporation Bank for its rupee term loan of ₹ 400 million;
- 3) EXIM Bank for its rupee term loan of ₹ 300 million.
- 4) Indian Bank for its rupee term loan of ₹ 300 million.
- 5) Allahabad Bank for its rupee term loan of ₹ 300 million.
- 6) Standard Chartered Bank for its external commercial borrowing of USD 4 million.
- 7) Standard Chartered Bank for its external commercial borrowing of USD 5 million.
- 8) State Bank of India for its corporate loan of ₹ 300 million.
- 9) Indusind Bank for its term loan of ₹ 300 million.
- 10) Standard Chartered Bank for its external commercial borrowing of USD 6 million.
- 11) State Bank of Hyderabad for its short term corporate loan of ₹ 100 million.

ON SECOND PARI-PASSU CHARGE BASIS TO :

- 1) State Bank of India for its working capital facilities of ₹ 300 million
- 2) State Bank of Hyderabad for its working capital facilities of ₹ 183.50 million.
- 3) Standard Chartered Bank for its working capital facilities of ₹ 275 million.
- 4) Standard Chartered Bank for its export finance facility of USD 4 million.
- 5) Yes Bank for its pre-shipment credit facility of ₹ 100 million.
- 6) Corporation Bank for its working capital facilities of ₹ 180 million.
- 7) Kotak Mahindra Bank Limited for its working capital Facilities of ₹ 100 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
Sudhir Chopra
Dated : 1st August, 2014 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.
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, eatable 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 Thursday, the 18th September, 2014 to Tuesday, the 23rd September, 2014 (both days inclusive).
- 5) Dividend to Shareholders, as recommended by the Directors for the year ended 31st March, 2014, 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 Wednesday, the 17th September, 2014; 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 Wednesday, the 17th September, 2014.

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 29th September, 2014 and 8th October, 2014.

- 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 2005-06 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 2006-07 to 2012-13 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 2006-07 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 2006-07 will become due for transfer to the Fund on 17th August, 2014.**
- 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 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 / M/s. Karvy Computershare Private Limited, the Registrar and Transfer Agent.
- 11) All the queries related to Accounts must be sent to the Company before 16th September, 2014.
- 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 Client ID and 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/ M/s 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 2014 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**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, members have been provided with the facility to cast their votes electronically, through the e-voting services provided by KARVY, on all resolutions set forth in this Notice. Notice of the 30th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members

whose email IDs are registered with the Company/ Depository Participant (s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

The instructions for e-voting are as under:

- i) Use the following URL for e-voting:
<https://evoting.karvy.com>
- ii) Enter the login credentials i.e., user id and password mentioned below:
User – ID for members holding shares in Demat Form:-
a) For NSDL :- 8 characters DP ID followed by 8 digits Client ID
b) For CDSL :- 16 digits beneficiary ID

For members holding shares in Physical Form:-
User Id - Event no. followed by Folio Number registered with the Company.

Password - As e-mailed. In case of shareholders who have not registered their e-mail addresses, their password has been communicated in the physical form sent to them.

Captcha - Enter the Verification code i.e., enter the alphabets and numbers in the exact way as they are displayed for security reasons.
- iii) After entering the details appropriately, click on LOGIN.
- iv) You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$ etc.). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- v) You need to login again with the new credentials.
- vi) On successful login, the system will prompt you to select the EVENT i.e., SONA KOYO STEERING SYSTEMS LIMITED.
- vii) On the voting page, the number of shares as held by the shareholder as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution then enter all shares and click "FOR" / "AGAINST" as the case may be. You may enter any number of equity share, fully or partially, in "FOR" and / or in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option "ABSTAIN" in case you wish to abstain from voting. If you do not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii) Shareholders holding multiple folios/demat account shall choose the voting process separately for each folio/demat account.

- ix) Cast your vote by selecting an appropriate option and click on SUBMIT. 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, shareholders can login any number of times till they have voted on the resolution.
- x) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail at sona.scrutinizer@karvy.com with a copy marked to evoting@karvy.com.
- xi) The e-voting period commences on Monday, 15th September, 2014 (9.00 a.m. IST) and ends on Wednesday, 17th September, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Thursday, the 14th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by KARVY for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be able to cast their vote by way of poll at the Annual General Meeting.
- xii) The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on Thursday, 14th August, 2014.
- xiii) In case of any queries, you may refer the frequently asked questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd. at 040 44655178 or at 1800 345 4001 (toll free).
- xiv) The results of e-voting will be placed by the Company on its website: www.sonakoyosteering.com within two days of the AGM and also communicated to the stock exchanges, where the shares of the Company are listed.
- xv) The resolutions proposed will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolutions.
- xvi) Mr. R.P. Tulsian, Practicing Company Secretary (Membership No. FCS 2953) has been appointed as the Scrutinizer to scrutinize the e-voting process.

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. R.P. Tulsian, Practicing Company Secretary, (Membership No. FCS 2953), C/o Karvy Computershare Pvt. Ltd., Unit : Sona Koyo Steering Systems Ltd., Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081 on or before September 17, 2014. 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

Mr. Hidekazu Omura is a non-executive director of the Company nominated by JTEKT Corporation, the Financial

and Technical Collaborator of the Company. He was appointed as an additional director of the Company on 30th May, 2014 pursuant to Article 108 of the Articles of Association of the Company.

Mr. Omura did his graduation (Bachelor of Business Administration) from Kwansei Gakuin University in 1981. Mr. Omura joined Koyo Seiko Co., Ltd. (currently known as 'JTEKT Corporation') in the year 1981 and was assigned to Personnel Department. After being promoted to Assistant General Manager in 2000, he was given the responsibility of Secretary's Department. In 2004, he was promoted as General Manager of Secretary's Department and later he also worked in Administration Department and Corporation Planning Department. In the year 2010, Mr. Omura was made Managing Officer in charge of various departments viz. Corporate Planning Department, Personnel Department, General Administration Department, Secretary's Department, Public Relations Department, Compliance Promotion Department, TQM Promotion Department and Technical Training Center. In 2014, Mr. Omura was elevated to the position of Executive Managing Officer and assigned the responsibility of Indian Region. Mr. Omura is Managing Director of Koyo Bearings India Private Limited and Director of Toyoda Micromatic Machinery India Limited. He does not hold any Equity Shares of the Company.

In terms of the Provisions of Section 161 (1) of the Companies Act, 2013, Mr. Omura holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 160 of the Act, a notice has been received from member of the Company signifying his intention to propose the appointment of Mr. Omura as Director of the Company. Keeping in view Mr. Omura's rich experience and knowledge, the Board considers it desirable that the Company should continue to avail the benefit of his expertise.

Except Mr. Hidekazu Omura, 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

The resolution is accordingly recommended for members' approval.

Resolution No. 6

Mr. Prasan Abhaykumar Firodia is a non-executive director of the Company. He was appointed as an independent director of the Company on 1st August, 2014 pursuant to Article 107 of the Articles of Association of the Company, to fill the casual vacancy caused due to the resignation of Mr. B. L. Passi. Mr. Passi would have been due to retire at this Annual General Meeting, had he continued in the office of the Director of the Company. Since Mr. Firodia was appointed to fill the casual vacancy caused due to the resignation of Mr. Passi, he shall pursuant to the provisions of Section 161(4) of the Companies Act, 2013 retire at this Annual General Meeting.

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

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Firodia, being eligible and offering himself for reappointment, is proposed to be appointed as an independent director for five consecutive years for a term up to 22nd September, 2019.

Mr. Firodia is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Directors. The Company has also received declaration from Mr. Firodia that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Copy of the draft letter of appointment of Mr. Firodia as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturdays and Sundays.

Mr. Firodia, Managing Director of Force Motors since 2009, is a talented young leader with an insight to establish success in the auto industry. Mr. Firodia is a graduate in Business Administration from the European Business School and Regents College, London, UK. After completing his education, he joined Jaya Hind Industries (a group company) in 2002 as Director Operations. Jaya Hind Industries has climbed the ladder of success under his dynamic leadership, and has won the "Best Foundry in India- Large Sector" Award for two consecutive years; 2008 and 2010. Under his leadership, Force Motors has entered into the field of personal vehicles with Force One, multiple variants of which are in the anvil. The launch of the Extreme Off-Roader Gurkha is the newest addition to the Personal Vehicles Division. Mr. Firodia is the Trustee and President of the Aluminum Casters Association of India (ALUCAST), and is on the executive committee of SIAM. He is also actively involved in Shri Firodia Trust's various philanthropic social causes including setting up and funding hospitals, and educational institutions for the underprivileged in rural India.

Mr. Firodia is Managing Director of Force Motors Limited and Jaya Hind Industries Limited and directors of Jaya Hind Montupet Private Limited, Jaya Hind Investments Private Limited, Prasanna Holdings Private Limited, Ahmednagar Engineering Private Limited and Dhanna Engineering Private Limited. Mr. Firodia does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The Board considers that continued association of Mr. Firodia may be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Firodia as an independent director. Accordingly, the Board recommends the resolution in relation to Mr. Firodia.

Except Mr. Prasan Abhaykumar Firodia, 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

The resolution is accordingly recommended for members' approval.

Resolution No. 7

Mr. Ravi Bhoothalingam is a non-executive independent director of the Company. He joined the Board of Directors of the Company in March, 2002. Mr. Bhoothalingam is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company.

Mr. Bhoothalingam is Founder and Chairman of Manas Advisory, a Consultancy practice focusing on Leadership Coaching and India-China business and cultural relations. Until 30th June 2001 he was President of The Oberoi Group of Hotels and in this capacity responsible for the operations of the Group worldwide. Prior to joining The Oberoi Group, he was Head of Personnel Worldwide with BAT plc, U.K, Managing Director of VST Industries Ltd. and Director ITC Limited. Currently, he is a Fellow of the Royal Geographical Society, London and an Honorary Fellow of the Institute of Chinese Studies, Delhi.

Mr. Bhoothalingam is a Director on the Board of Dr. Reddy's Laboratories Limited. He is also member of Audit Committee, Management Committee, Shareholders' Grievance Committee, Investment Committee and Nomination, Governance and Compensation Committee of Dr. Reddy's Laboratories Limited.

Mr. Bhoothalingam does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Bhoothalingam is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Bhoothalingam, being eligible and offering himself for reappointment, is proposed to be appointed as an independent director for five consecutive years for a term up to 22nd September, 2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Ravi Bhoothalingam for the office of independent director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

Mr. Bhoothalingam 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. The Company has also received declaration from Mr. Bhoothalingam that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Copy of the draft letter of appointment of Mr. Bhoothalingam as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturdays and Sundays.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Bhoothalingam as an independent director. Accordingly, the Board recommends the resolution in relation to Mr. Bhoothalingam.

Except Mr. Ravi Bhoothalingam, 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

The resolution is accordingly recommended for members' approval.

Resolution No. 8

Mr. Prem Kumar Chadha is a non-executive independent director of the Company. He joined the Board of Directors of the Company in March, 2002. Mr. Chadha is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee, Risk Management Committee and Corporate Social Responsibility Committee of the Company.

Mr. Chadha is a Management Consultant with clients in Indonesia, Thailand, Japan and India. He retired in November, 1998 from Unilever N.V. Rotterdam, where he was holding the position of Senior Vice President Manufacturing and Supply Chain. He worked with Unilever Companies for over 36 years in India, UK, Japan and the Netherlands. He was on the Board of Hindustan Lever Ltd. from 1980-1985. He functioned as Technical Director of Unilever's subsidiary in Japan for 6 years and as Head of Technology worldwide with Unilever at the Corporate Headquarters in the Netherlands.

Mr. Chadha is a Director on the Boards of SOWIL Limited and Archies Limited. He is also member of Audit Committee of Archies Limited.

Mr. Chadha holds 15,000 Nos. of Equity Shares of the Company by himself.

Mr. Chadha is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Chadha, being eligible and offering himself for reappointment, is proposed to be appointed as an independent director for five consecutive years for a term up to 22nd September, 2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Chadha for the office of independent director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

Mr. Chadha 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. The Company has also received declaration from Mr. Chadha that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Copy of the draft letter of appointment of Mr. Chadha as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturdays and Sundays.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Chadha as an independent director. Accordingly, the Board recommends the resolution in relation to Mr. Chadha.

Except Mr. Prem Kumar Chadha, 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

The resolution is accordingly recommended for members' approval.

Resolution No. 9

Mr. Ramesh Suri is a non-executive independent director of the Company. He joined the Board of Directors of the Company in October, 2006.

Mr. Suri possesses vast experience in automobile suppliers manufacturing industry. He is the Chairman of Subros Limited, India's first automotive air-conditioning Company and at

present is the largest automotive air-conditioning system manufacturer in the country. He is the Promoter Director of Bharat Hotels Ltd. India's fastest growing private hotel company, having 17 top line luxury properties with more than 3600 rooms, all under "The Lalit" banner. He is also the President of Step by Step Schools having more than 2400 children. He is also recipient of Certificate of Special Congressional Recognition for outstanding and invaluable service to the community by member of Congress, USA. Mr. Suri is also the Past Chairman (Northern Region) of Automotive Components Manufacturers Association of India (ACMA), Past Chairman of Confederation of Indian Industry (CII) Uttar Pradesh State Council and Member, Confederation of Indian Industry CII Northern Regional Council.

Mr. Suri is a Director on the Boards of Bharat Hotels Limited, Subros Limited, Rohan Motors Limited, Prima Telecom Limited, Prime Cellular Limited, Jyoti Limited, Apollo Zipper India Limited Fibcom India Limited, Global Autotech Limited in addition to several other private limited companies. He is also member of the Audit Committee of Prima Telecom Limited, Prime Cellular Limited, Fibcom India Limited, Global Autotech Limited and also Shareholders Grievance Committee of Subros Limited and Bharat Hotels Limited.

Mr. Suri does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Suri is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Suri, being eligible and offering himself for reappointment, is proposed to be appointed as an independent director for five consecutive years for a term up to 22nd September, 2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Suri for the office of independent director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

Mr. Suri 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. The Company has also received declaration from Mr. Suri that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Copy of the draft letter of appointment of Mr. Suri as an independent director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturdays and Sundays.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Suri as an independent director. Accordingly, the Board recommends the resolution in relation to Mr. Suri.

Except Mr. Ramesh Suri, 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

The resolution is accordingly recommended for members' approval.

Resolution No. 10

Lt. Gen. (Retd.) Shamsher Singh Mehta is a non-executive independent director of the Company. He joined the Board of Directors of the Company in April, 2008. Lt. Gen. (Retd.) Mehta is the Chairman of the Risk Management Committee and a member of the Audit Committee of the Company.

Commissioned into the Army in 1962, Lt. Gen. (Retd.) Mehta led the only tank column to reach Dacca during the 1971 War for the Liberation of Bangladesh. During his 41 years of service he has held numerous command and staff assignments. Before retiring from the Army in January 2004 he held the prestigious appointment of General Officer Commanding in Chief, Western Command. He was the Director General of Confederation of Indian Industry from May 2006 to April, 2008 and was a Member of the National Security Advisory Board from 2004 to 2006. He is on the board of the Indian Council of World Affairs, and a Trustee of the Tribune Trust. He is a visiting speaker on 'Strategy' and 'Leadership' within and outside the Armed Forces.

Lt. Gen.(Retd.) Mehta is a Director on the Boards of JTEKT Sona Automotive India Limited, Religare Health Insurance Company Limited and Religare Invesco Trustee Company Pvt. Ltd. He is also member of Audit Committee of all these companies. He is also member of Remuneration Committee of JTEKT Sona Automotive India Ltd. and Investor Services Committee of Religare Invesco Trustee Company Pvt. Ltd.

Lt. Gen.(Retd.) Mehta does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Lt. Gen.(Retd.) Mehta is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Lt. Gen.(Retd.) Mehta, being eligible and offering himself for reappointment, is proposed to be appointed as an independent director for five consecutive years for a term up to 22nd September, 2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Lt. Gen.(Retd.) Mehta for the office of independent director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

Lt. Gen.(Retd.) Mehta 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. The Company has also received declaration from Lt. Gen.(Retd.) Mehta that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Copy of the draft letter of appointment of Lt. Gen.(Retd.) Mehta as an independent director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturdays and Sundays.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Lt. Gen.(Retd.) Mehta as an independent director. Accordingly, the Board recommends the resolution in relation to Lt. Gen.(Retd.) Mehta

Except Lt. Gen.(Retd.) Shamsher Singh Mehta, 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

The resolution is accordingly recommended for members' approval.

Resolution No. 11

Mrs. Ramni Nirula is a non-executive independent director of the Company. She joined the Board of Directors of the Company in November, 2011. Mrs. Nirula is a member of the Audit Committee and Corporate Social Responsibility Committee of the Company.

Mrs. Nirula retired as Senior General Manager of ICICI Bank Limited. She has more than three decades of experience in the financial services sector, beginning her career with the erstwhile ICICI Limited in 1976 in the project appraisal division. Since then she has held various leadership positions in areas of project financing, strategy, planning & resources and corporate banking. Mrs. Nirula also held key position as Managing Director & CEO of ICICI Securities Limited, the investment banking arm of ICICI Bank Limited. Mrs. Nirula also headed the corporate banking group for ICICI Bank, corporate banking business is the largest business stream of ICICI Bank covering multi-national corporate in India, large Indian Corporates and public sector undertakings. Mrs. Nirula is currently associated with IKP Trust as an advisor and key management team member. Mrs. Nirula is a Director on the Boards of Jubilant Food Works Limited, Usha Martin Ltd., P. I. Industries Limited, Mcleod Russel India Ltd., Avantha Power & Infrastructures Ltd., Eveready Industries India Ltd., Utkarsh Micro Finance Pvt. Ltd., Goldman Sachs Trustee Company India Pvt. Ltd. etc. She is also member of Audit Committee of Jubilant Food Works Ltd., Avantha Power and Infrastructure Ltd., Eveready Industries India Ltd., Goldman Sachs Trustee Company India Pvt. Ltd. She is also member of Share Transfer & Grievance Committee of Jubilant Food Works Limited and P. I. Industries Limited.

Mrs. Nirula does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Mrs. Nirula is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mrs. Nirula, being eligible and offering herself for reappointment, is proposed to be appointed as an independent director for five consecutive years for a term up to 22nd September, 2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mrs. Ramni Nirula for the office of independent director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

Mrs. Nirula is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. The Company has also received declaration from Mrs. Nirula that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Copy of the draft letter of appointment of Mrs. Nirula as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays and Sundays.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Nirula as an Independent Director. Accordingly, the Board recommends the resolution in relation to Mrs. Nirula.

Except Mrs. Ramni Nirula, 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 her appointment. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The resolution is accordingly recommended for members' approval.

Resolution No. 12

Mr. Sunjay Kapur was appointed as Managing Director of the Company by the Board of Directors with effect from 22nd October, 2008 for a period of 3 years. The said appointment of Mr. Sunjay Kapur as Managing Director was further renewed for a period of three years effective from 22nd October, 2011. The tenure of the said appointment of Mr. Sunjay Kapur is expiring on 21st October, 2014.

Keeping in view the contributions made by Mr. Sunjay Kapur during his tenure as Managing Director of the Company as well as the recommendation of the Remuneration Committee of Directors, the Board of Directors in their meeting held on 30th May, 2014 have approved the reappointment of Mr. Sunjay Kapur as Managing Director of the Company for a further period of three (3) years, with remuneration, with effect from 22nd October, 2014, on the revised terms and conditions, subject to the approval of the shareholders and such sanction(s) as may be necessary.

Mr. Sunjay Kapur did his schooling from Doon School, India. Following which he attended the Williston Northampton School, Easthampton in MA, USA. Mr. Sunjay Kapur graduated with a BBA from The University of Buckingham, UK. He has also done a programme on "Growth in the Family Enterprise", at the Indian School of Business – University of Pennsylvania (Wharton). In addition to that, he was the class of 2006 of "The Birthing of Giants" At MIT, USA. Mr. Sunjay Kapur is enrolled in the OPM Programme at the Harvard Business School. He has over 18 years of experience in Automotive Components Manufacturing and Engineering Design Industry. Mr. Sunjay Kapur had worked with TRW, USA, a world renowned name in Automotive Industry. In TRW, USA he had gained experience by working on Shop Floor and was exposed to real problems faced by a worker working on the Shop Floor. Mr. Sunjay Kapur was the Global Chairman of The Entrepreneurs' Organization (EO) 2007-2008, formerly known as Young Entrepreneur Organization. Mr. Sunjay Kapur has been given "Most Promising Entrepreneur Award for Outstanding & Exemplary Achievements in Entrepreneurship" in December, 2009 by Enterprise Asia & the organizing committee of the Asia Pacific Entrepreneurship Awards 2009.

Mr. Sunjay Kapur is a Director on the Board of JTEKT Sona Automotive India Limited, Sona Fuji Kiko Automotive Limited, Sona Autocomp Holding Limited, Sona BLW Precision Forgings Limited, Sona e-Design & Technologies Limited, BRS Finance & Investment Co. Pvt. Ltd., Automotive Component Manufacturers Association of India and Sona BLW Präzisionsschmiede GmbH, Germany. He is also member of Audit Committee and Remuneration Committee of JTEKT Sona Automotive India Limited, Sona Fuji Kiko Automotive Limited, and Sona BLW Precision Forgings Limited. Mr. Sunjay Kapur holds 3,300 nos. of equity shares of the Company by himself.

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. Sunjay Kapur as Managing Director, with remuneration, for a further period of three (3) years with effect from 22nd October, 2014 on the terms and conditions as embodied in the draft Agreement (a copy whereof shall be placed before the members) referred to in the resolution. The extracts of the aforesaid draft Agreement to be executed between the Company and Mr. Sunjay Kapur are as under:

(A) Remuneration

Mr. Sunjay Kapur, Managing Director shall by way of salary, allowances, perquisites and commission, be entitled for the following remuneration:

(I) Basic Salary

The Basic Salary of ₹ 6,50,000/- (Rupees Six Lacs Fifty Thousand only) per month in the scale of ₹ 6,50,000- ₹ 1,00,000 – ₹ 8,50,000.

(II) Perquisites

- In addition to the above Salary, Mr. Sunjay Kapur, Managing Director of the Company shall be entitled to rent free furnished accommodation (including gas, electricity, water etc.) to be provided by the Company.
- Mr. Sunjay Kapur, Managing Director 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.
- 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.
- Provision for payment of Club Membership Fee equivalent to ₹ 5,200/- (Rupees Five Thousand Two Hundred only) per annum.
- Company's contribution to Provident Fund and Superannuation Fund.
- Gratuity payable will not exceed half month's salary for each completed year of service.
- 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. Sunjay Kapur, as the Managing Director of the Company, the

above remuneration shall be the minimum remuneration payable to Mr. Sunjay Kapur.

(III) Commission

In addition to the above salary and perquisites, Mr. Sunjay Kapur, Managing Director of the Company shall be entitled to commission equivalent to 3% of the net profits of the Company calculated pursuant to the provisions of Section 197 and 198 of the Companies Act, 2013.

- The terms and conditions of the above appointment / agreement / remuneration may be varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with Schedule V to the Companies Act, 2013, or any amendments / re-constitution hereafter in this regard.
- The Agreement is for a period of three (3) years, with effect from 22nd October, 2014, which may be terminated by either party giving the other party three (3) months' notice or salary in lieu thereof.
- The Managing Director shall be liable to retire by rotation. However retirement by rotation and re-appointment shall not be deemed to be a break in service.

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

I. GENERAL INFORMATION

- 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, Hyundai, Fiat India, Toyota Kirloskar, General Motors, Ford, 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 Collaborations with JTEKT Corporation, Japan, the global technology leader in Steering Systems.
- Date of Commercial Production:** The Company commenced its commercial production on 1st October, 1987.
- Financial Performance:** The financial performance of the Company (audited) during last five years is as under:

(₹/Lacs)

Financial Parameters	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2012	Year ended 31st March, 2013
Turnover	81382.38	96937.32	116200.83	127550.62	127785.33
Net Profit (As computed under Sec.198)	(4480.74)	1470.05	5411.45	6172.46	5269.15
Net Profit as per Profit & Loss Account	(3103.11)	2164.53	3741.13	3883.7	4689.57
Amount of Dividend Paid	Nil	596.23	1291.82	1291.82	1291.82
Rate of Dividend Declared	Nil	30%	65%	65%	65%

(4) **Financial performance based on given indicators:** The Company's sales are increasing corresponding to the 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 31.3.2009 : ₹ 6892.76 lacs
- ii) For the year ended 31.3.2010 : ₹ 3174.80 lacs
- iii) For the year ended 31.3.2011 : ₹ 4630.22 lacs
- iv) For the year ended 31.3.2012 : ₹ 4424.43 lacs
- v) For the year ended 31.3.2013 : ₹ 6244.31 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 in Business Administration from Buckingham University, U.K. and has a working experience of over 18 years.

(2) **Past Remuneration:** Mr. Sunjay Kapur, Managing Director has drawn the following remuneration during the financial year ended 31st March, 2014:

(a) Basic Salary - ₹ 5,50,000/- (Rupees Five lacs Fifty Thousand only) per month.

(b) Perquisites:

- i) Rent free furnished accommodation (including gas, electricity, water etc.).
- ii) Medical reimbursement, leave travel concession for self and family etc. restricted to an amount equivalent to ₹ 7,250/- (Rupees seven thousand two hundred fifty only) per month.

iii) Chauffeur driven Company Car for use on Company's business and telephone at residence.

iv) Club Membership Fee equivalent to ₹ 5,200/- (Rupees five thousand two hundred only) per annum.

v) Company's contribution to Provident Fund and Superannuation Fund.

vi) Gratuity not exceeding half a month's salary for each completed year of service.

vii) Encashment of leave as per Company's policy.

(3) **Recognition or awards:** Mr. Sunjay Kapur has been given "Most Promising Entrepreneur Award for Outstanding & Exemplary Achievements in Entrepreneurship" in December, 2009 by Enterprise Asia & the organizing committee of the Asia Pacific Entrepreneurship Awards 2009.

(4) **Job profile and his suitability:** The appointee is the Managing Director 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:** The appointee is a graduate in Business Administration from Buckingham University, U.K. and having a working experience of over 18 years. 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 and being relative of Dr. Surinder Kapur and Mr. J. M. Kapur, Directors of the Company, Mr. Sunjay Kapur 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:** Due to unprecedented slowdown in the Passenger Vehicle Segment, the profitability of the Company during the financial year 2013-14 has been under pressure. The sales growth of Passenger Vehicles during this year was negative first time during last ten years.

(2) **Steps taken or proposed to be taken for improvement:** The Company is exploring the possibility of diversification in the areas other than Passenger Vehicle Segment, which would help the Company in getting rid from its over dependence on one segment.

(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. 12 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. 12.

The resolution is accordingly recommended for members' approval.

Resolution No. 13

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 2013-14, the profits of the Company were inadequate, the Board of Directors had passed a resolution on 18th December, 2013 to seek approval of the Central Government for payment of remuneration to Mr. Sunjay Kapur as per the remuneration approved by the Board and shareholders.

Accordingly, the Company has already moved an application to the Central Government and the said application is under consideration. In addition to the awaited Government approval for the payment of the minimum remuneration to Mr. Sunjay Kapur for the Financial Year 2013-14, approval of the shareholders of the Company is also required.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Ordinary Resolution set out at item no. 13 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. 13.

The resolution is accordingly recommended for members' approval.

Resolution No. 14

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 30th May, 2014, has considered and approved the appointment of M/s. Gurdeep Singh & Associates as the Cost Auditor of the Company for the financial year 2014-15 at a remuneration of ₹ 3,00,000/- (Rupees three lacs only) per annum plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration, as approved by the Board of Directors of the Company on the recommendation of the Audit Committee, is required to be subsequently ratified by the Members of the Company.

The resolution as at item no. 14 of the Notice is therefore set out as an Ordinary Resolution for approval and ratification by the members.

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. 14.

The resolution is accordingly recommended for members' approval.

Resolution No. 15

The Members of the Company had in the 27th Annual General Meeting held on 2nd August, 2011, approved by way of an Ordinary Resolution under Section 293 (1)(d) of the erstwhile Companies Act, 1956, borrowing over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 500 Crores (Rupees Five Hundred Crores only).

Section 180(1)(c) of the Companies Act, 2013, effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the Members of the Company by way of Special Resolution.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 as set out at item no. 15, to enable the Board of Directors to borrow in excess of the aggregate of paid up share capital and free reserves of the Company. Approval of Members is being sought to borrow money up to ₹ 500 Crores (Rupees Five Hundred Crores only) in excess of the aggregate of paid up share capital and free reserves of the Company.

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. 15.

The resolution is accordingly recommended for members' approval.

Resolution No. 16

The institutions / banks referred to in the resolution have granted the term loans / working capital facilities 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. 16.

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.

Place : Registered Office : UGF-6, Indraprakash 21, Barakhamba Road New Delhi - 110 001	By Order of the Board Sudhir Chopra President & Company Secretary
Dated : 1 st August, 2014	



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 30th Annual General Meeting of the Company at The Air Force Auditorium, Subroto Park, New Delhi-110010 on Tuesday, the 23rd September, 2014.

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 - 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 Thirtieth Annual General Meeting of the Company, to be held on Tuesday, the 23rd September, 2014 at 3.00 p.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, 2014.		
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.	Appointment of M/s. S.P.Puri & Co., Chartered Accountants, as Statutory Auditors of the Company.		
Special Business			
5.	Appointment of Mr. Hidekazu Omura as Director of the Company.		
6.	Appointment of Mr. Prasan Abhaykumar Firodia as an Independent Director of the Company.		
7.	Appointment of Mr. Ravi Bhoothalingam as an Independent Director of the Company.		
8.	Appointment of Mr. Prem Kumar Chadha as an Independent Director of the Company.		
9.	Appointment of Mr. Ramesh Suri as an Independent Director of the Company.		
10.	Appointment of Lt.Gen.(Retd.) Shamsher Singh Mehta as an Independent Director of the Company.		
11.	Appointment of Mrs. Ramni Nirula as an Independent Director of the Company.		
12.	Re-appointment of Mr. Sunjay Kapur as Managing Director of the Company.		
13.	Payment of minimum remuneration to Mr. Sunjay Kapur, Managing Director for FY 2013-14.		
14.	Ratification of the remuneration to be paid to M/s. Gurdeep Singh & Associates, Cost Auditors of the Company for FY 2014-15.		
15.	To fix borrowing limits of Board of Directors under Section 180(1)(c) of the Companies Act, 2013.		
16.	Mortgaging and/or charging of the Company's properties under Section 180(1)(a) of the Companies Act, 2013.		

Signed this.....day of.....2014

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 Thirtieth 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.



Annual Report
2013-14



evolve . innovate . inspire

SONA KOYO STEERING SYSTEMS LTD.



Every second car on Indian roads is driven by a Sona product

CONTENTS

2	Chairman's Letter
4	Vice Chairman & Managing Director's Letter
6	Board of Directors
9	Management Discussion and Analysis
18	Corporate Governance Report
33	Additional Shareholder Information
42	Directors' Report
47	Auditors' Report
50	Financials
75	Auditors' Report (Consolidated)
76	Financials (Consolidated)



Dear Shareholders,

During FY14, we remained focused on our strategic priorities and were able to steer growth during the decade's most challenging year in the Indian automotive sector. Your Company held strong against the headwinds buffeting the Indian automotive sector, particularly the Passenger Vehicles (PV) segment, which posted a decline in volumes of 6.05% YoY for the first time in a decade. This is the result of our multi-pronged strategy to expand global reach and enter new market segments; broaden product portfolio; re-invest into research & development; and increase customer profile while streamlining operations.

We are pleased to report that your Company recorded a growth of 2.2% YoY in consolidated revenues with a consolidated sales turnover of ₹ 14.83 bn and ₹ 10.35 bn on a standalone basis. It is heartening to note that our export-led subsidiary, JTEKT Sona Automotive India Limited (JSAI), delivered extraordinary growth of 30% and 63% in revenues and profits respectively, outperforming the industry's growth significantly. The performance is even more noteworthy when we consider the environment in which we operated – subdued consumer sentiments affected by several macro factors including high inflation, persistent high interest rates, increased fuel prices, sub-par GDP growth and political uncertainty, among others.

We believe FY15 will be favourable for the Indian economy with improved economic activity and better business outlook due to a stable Government at the Centre. The new Government at the Centre has taken steps to revive consumer sentiments, thereby boosting consumption and kick-starting the investment cycle. In its maiden budget, the new Government announced higher outlay for infrastructure along with tax sops for households. While the former measure will revitalize investment activity, the latter will put more money in the household's wallet, which in turn will increase expenditure on discretionary products. Also, the Government has extended the excise duty cut, which was announced in the March'14 Union Budget to boost automobile sales.

There is already early evidence of these measures bearing fruit. The first quarter post the election has delivered positive growth for the industry. In fact, the Automotive Component Manufacturers Association (ACMA) has already projected a revival with estimated 4% - 6% growth in auto components in FY15 compared to last year's decline.

Export potential is also continuously increasing as India is emerging as a global export hub for auto components and PVs. This is achievable on the back of sizeable domestic demand, which has helped create economies of scale and availability of skilled engineers and labour. PV exports volume registered a robust 18% CAGR during FY08-FY14 with the export revenues of the auto component industry also growing at 18% CAGR during the same period.

India is one of the largest automotive markets in the world given its sizeable, young and growing consumer base with increasing urbanization and incomes. The top car makers in India have announced plans to build an additional combined capacity of one million cars in the next few years. A number of new car models are scheduled to be launched in FY15, offering us renewed opportunity for growth.

Car manufacturing remains highly competitive, with localization of components increasingly becoming an important differentiator as well as the key to profitable growth. The role and ability of an automotive component maker thus becomes crucial in its customer's market strategy and operational performance.

Your Company, with its strong focus on research and development and deep-rooted relationships with major OEMs in India, is fully geared to support its customers in their new launches. Our proven track-record of developing innovative products will help us make the most of upcoming opportunities in the domestic market as well as bring in new international OEM leaders as customers. Initiatives taken towards reducing operational costs and improving the supply chain will help us improve profitability.

In order to fulfil our Corporate Social Responsibility, and understanding the need to give back to society, your Company has collaborated with Sona Skill Development Centre. Sona Skill Development Centre helps manufacturing companies to create excellence by imparting skills to and developing capable individuals. During FY14, the centre gave supervisory level training to workers to help them handle the shop floor more efficiently. Your Company aims to conduct more such training programs to broaden workers' skill sets and help them enhance their livelihood.

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, E-z-go 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 our management. Above all, I would like to thank our shareholders for their continued faith and support in our Company even in challenging times, which has helped us emerge stronger and fully-gearred up for growth.



Dr. Surinder Kapur
Chairman

VICE CHAIRMAN AND MANAGING DIRECTOR'S LETTER



Dear Shareholders,

During the year 2013-14, Sona Koyo Steering Systems Ltd. has taken several strategic initiatives to diversify into markets other than Passenger Vehicles (PV). These initiatives have already brought success with new customers coming on board in the farm equipment market and off-highway vehicle segment. To make the new initiatives effective, your Company has decided to restructure its operations by transforming itself from a single segment Passenger Vehicle-focused company - to a multi-segment focused organization. To achieve focus and accountability, your Company now has four SBUs: Passenger Vehicle, Non Passenger Vehicle, Pressure Die Casting & Sheet Metal, and Technology & Development, each of which is headed by highly experienced and capable individuals.

Our unique combination of strong client focus yoked to research and development that delivers real, usable innovation has brought us global clients, international recognition and tangible commercial gains. This year, our new home-grown technology, EPAM, notched a growth of 121.3% YoY to reach ₹ 393.2 mn in its second year of operations as key customer, John Deere, more than doubled its order. We have also received product approval to deploy EPAM on an upcoming tractor model. Your Company also snagged the attention of three large USA-based All-Terrain-Vehicle (ATV) manufacturers, with whom talks are in an advanced stage. Domestically, we are in the process of adding on another customer, a leading tractor manufacturer, for EPAM.

Your Company also secured the business of supplying columns to two global Original Equipment Manufacturer (OEM) majors - Isuzu and Renault. It is of note that Sona Koyo Steering Systems Ltd. is the sole supplier of columns for Isuzu's first SUV that is scheduled to be launched in FY15. Your Company has also been contracted to supply columns to Renault for its Duster model - Renault, France, having approved the indigenously-developed column design.

Operationally, your Company successfully implemented and started deriving advantage from efficiency improving initiatives such as "Milk Run" and TPM (Total Productive Maintenance), which were flagged-off in FY13. Additionally, efforts towards localization, alternate sourcing, VAVE (value analysis and value engineering) activities and actively working with suppliers, resulted in a drop in raw material costs. As a percentage of sales, raw material costs fell to 68.8% in FY14 from 70.2% in FY13 leading to EBITDA margin expansion to 12.0% on a consolidated basis. Going forward, your Company will continue to identify promising areas that offer scope for further efficiency improvement and value enhancement. We intend to stay ahead of the curve thanks to our strong customer focus, enhanced emphasis on research and

development, entry into new markets and segments and continuous improvement in operations led by increased backward integration, localization, value engineering and optimal utilization of resources.

Your Company intends to continue with the VSME (Visionary Small & Medium Enterprises) initiative, which was launched in collaboration with the Confederation of Indian Industry (CII) and JICA, Japan. During this year, your Company implemented VSME on 30 lines at Sona Koyo and covered 26 suppliers in contrast to its target of 15 lines and 12 suppliers. This demonstrates your Company's focus and commitment towards technical and operational efficiency. This initiative has been a win-win proposition for both Sona Koyo and its suppliers. During FY14, your Company's productivity index rose by 1.5 times on Sona Koyo's lines and 1.57 times on suppliers' side.

Our research and development centre in Gurgaon continues to propel Sona Koyo forward along the innovation curve. This year, Sona Koyo's research and development was rewarded for its continuous drive for improvement with the Award for Excellence in Technology - Large Category by the ACMA (Automotive Component Manufacturers Association of India). Sona Koyo's future research and development efforts will continue to explore disruptive steering technologies focused on light weight, and significantly better feel and safety.

During FY14, your Company sold its stake in Fuji Autotech Europe S.A.S for ₹ 647.5 mn. The proceeds from the sale were used to strengthen the balance sheet by reducing debt levels.

It is our strong belief that, bolstered by the above initiatives, your Company is in a much better position than ever in terms of balance sheet strength, product mix and organization structure. I would like to thank the Management Board for their continued support and guidance in steering the company relentlessly forward.

We look forward to accelerated growth in the coming year on the back of economic revival and bullish customer sentiments. I take this opportunity to convey my sincere thanks for your continued support.



Sunjay Kapur
Vice-Chairman & Managing Director

BOARD OF DIRECTORS



Dr. Surinder Kapur



Mr. Sunjay Kapur



Mr. Kiyozumi Kimaki



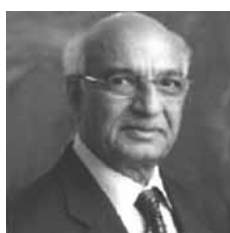
Mr. Hidekazu Omura



Mr. Kazuhiko Ayabe



Mr. J. M. Kapur



Mr. Ramesh Suri



Mr. Ravi Bhoothalingam



Mr. P. K. Chadha



Lt. Gen. (Retd) SS Mehta



Mrs. Ramni Nirula



Mr. Prasan A. Firodia

BOARD OF DIRECTORS

Dr. Surinder Kapur
Chairman

Mr. Sunjay Kapur
Vice Chairman & Managing Director

Mr. Kiyozumi Kamiki
Dy. Managing Director

Mr. Hidekazu Omura
Nominee of JTEKT Corporation, Japan

Mr. Kazuhiko Ayabe
Nominee of Maruti Suzuki India Limited

Mr. Jug Mohan Kapur
Mr. Ramesh Suri
Mr. Ravi Bhoothalingam
Mr. P. K. Chadha
Lt. Gen. (Retd) Shamsheer Singh Mehta
Mrs. Ramni Nirula
Mr. Prasan Abhaykumar Firodia

PRESIDENT & COMPANY SECRETARY

Mr. Sudhir Chopra

EXECUTIVE MANAGEMENT

Dr. Surinder Kapur
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. P. P. Gajpal
Mr. H. Deiva Subramanian
Mr. G. R. Yadav
Mr. Jitender Khatri
Mr. Shyamal Saha
Mr. Sudhir Kumar Sharma
Mr. Akhil Kumar Jain

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)

COST AUDITORS

M/s. Gurdeep Singh & Associates
Cost Accountants
3238, Ranjit Nagar, Near Metro Station Patel Nagar
New Delhi 110 008

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



Sona's DNA comprises of following values:

- Respect for individual*
- Service to the customer*
- Excellence in pursuit of our goals*

MANAGEMENT DISCUSSION AND ANALYSIS

During FY14, despite persistent macro-economic challenges and dampened consumer interest, Sona Koyo Steering Systems Ltd.'s strategic focus and controlled operations helped it to emerge stronger and better placed to take advantage of future growth in the domestic as well as the global automotive industry.

To counter the decline in sales of Passenger Vehicles (PV) by 6.05% – a decadal low – according to the Society of Indian Automobile Manufacturers (SIAM), the company re-emphasized operations and aligned them to a new market focus. The company coupled backward integration with localization to achieve reduction in raw material cost. Simultaneously, the Company decreased its dependence on the PV segment by expanding presence in new segments, such as the off-highway segment, and promising global markets, such as USA, on the back of patented, indigenously-developed Electric Power Assist Module technology (EPAM).

Sona Koyo also continued to build relationships with existing clients while adding on new customers globally. Our columns division notably notched-up top MNCs, Isuzu and Renault, as customers, and the work on new product development for supply to these customers is progressing well.

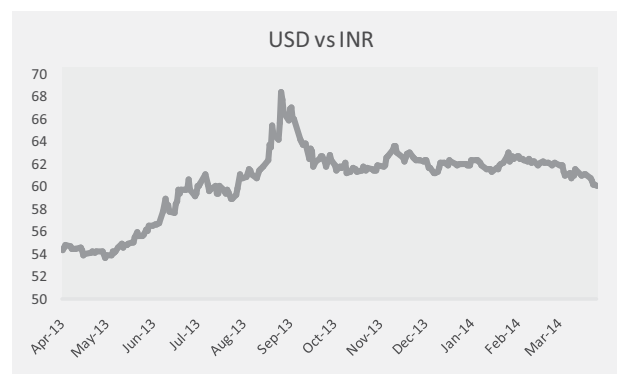
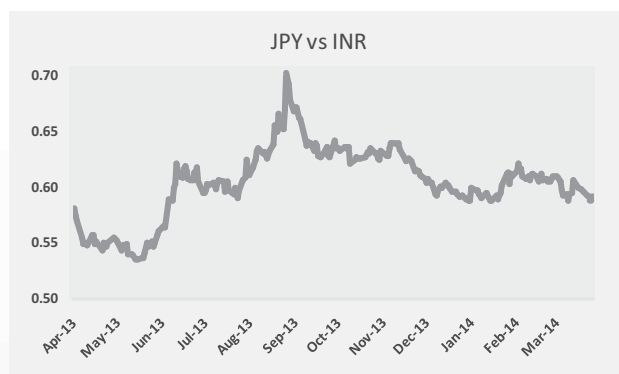
With our relentless focus on supply chain streamlining and new product development, coupled with technical tie-ups with global majors, Sona Koyo is now more resilient than ever and confident about the future.

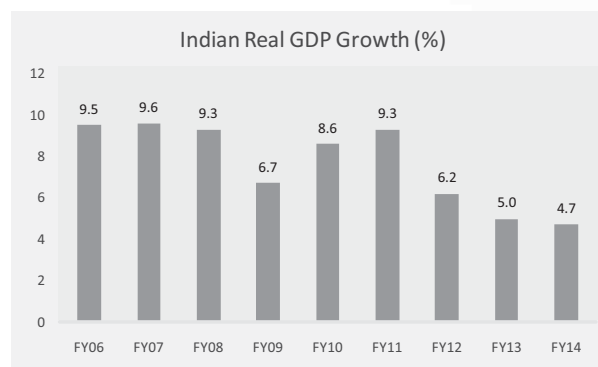
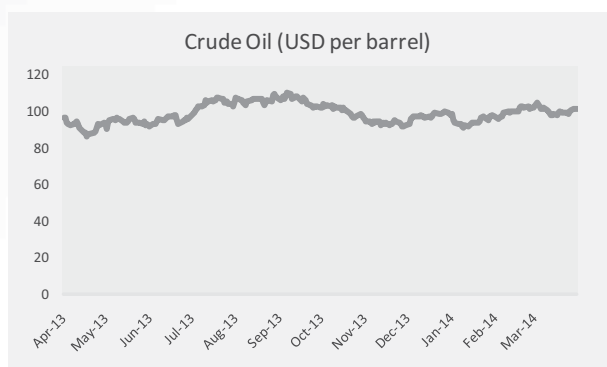
ECONOMIC SCENARIO

GDP growth in South Asia continued to be constrained in Calendar Year (CY) 2013, as it had been in the previous two years. According to World Bank data, GDP in South Asia, where India is a major contributor, slowed from 9.9% in CY10 to 4.6% in CY13.

India's GDP growth fell dramatically to an annualized rate to 4.7% in FY14 from the peak of 9.3% in FY11. The Index for Industrial Production (IIP) for FY14 contracted 0.1% as against a rise of 1.1% in the previous year, with the manufacturing sector's output contracting 0.8% compared to a rise of 1.3% in FY13.

Currently, economic indicators point to a revival of growth, as challenges such as the steep current account deficit, tight liquidity and high food inflation have subsided. Most important, a fresh political mandate at the Centre has resulted in some optimism in business. Measures to expedite project clearances, capital expenditure expansion and improved coordination between the Centre and the States are expected to improve implementation. With a stable government in place, experts foresee the economic recovery being investment-led and likely to set in once stalled public sector projects are given impetus by way of speedy approvals and clearances.





Source : RBI

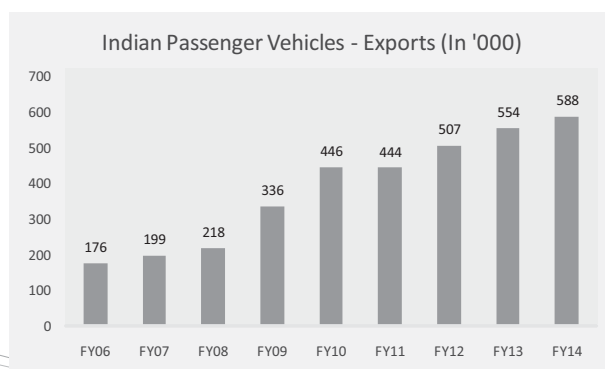
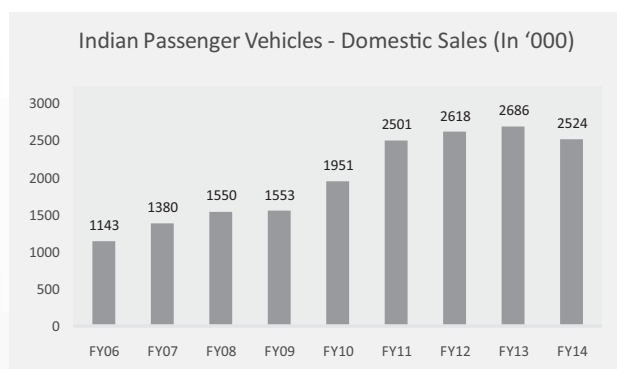
According to the World Bank, the Indian GDP is expected to deliver a 5% growth rate in FY15, discounting the risks of a deficient monsoon in 2014. GDP is expected to increase further to 6% in FY16, primarily on the back of improved industrial activity and the faster growth of the services sector.

MARKET OVERVIEW

India's annual car sales continued their downward trend in FY14 for the second year in a row. According to SIAM, the total domestic automotive market grew by 3.53% YoY in FY14 against 2.6% in FY13, taking volumes to 18.4 mn units. The PV segment de-grew in FY14 for the first time in a decade. Low income growth due to high inflation coupled with persistently high interest rates impacted consumer sentiments and discouraged household spending on discretionary products such as automobiles. The cost of ownership, a key influencer for first-time buyers, increased owing to significant rise in fuel prices and high interest rates. These factors combined to hit the domestic PV segment, which registered a decline of 6.05% in FY14 against FY13.

The Commercial Vehicle (CV) segment was the worst affected with sales volumes declining by 20.23% across segments. The Two Wheeler segment emerged the strongest, with a 7.31% volume growth in FY14 as against FY13. Within this segment, the scooter sub-segment zoomed ahead with nearly 23% volume growth.

FY14 also witnessed a successful Auto Expo with close to 70 new product launches compared with 47 in FY13. New launches, particularly in the petrol segment, have done well as diesel prices continued to increase, thereby paving the way for petrol cars. This year, promotional initiatives such as lucrative financing schemes, heavy discounts and schemes to dealers were not able to revive demand or increase footfalls at showrooms. However, measures that worked for the industry in the last couple of years are new models/new product launches and dealership expansion. New launches have helped beat the demand slowdown, as demonstrated by some new brand launches this year, such as, Ford Ecosport, Honda Amaze, and Maruti Celerio.



Source : SIAM

OUTLOOK

The Indian automotive industry is not only one of the highest contributors to the country's GDP, but it also provides employment to millions of people, which creates a strong multiplier effect. The industry registered impressive growth during the last two decades. It was able to restructure itself, absorb new technology, align itself to global developments and realize its potential.

The cumulative foreign direct investment (FDI) inflow into the automotive industry from April 2000 to January 2014 was worth US\$ 9,835 mn, according to data published by the Department of Industrial Policy and Promotion (DIPP), Government of India.

India is emerging as one of the most attractive destinations for global outsourcing and as manufacturing base for Original Equipment Manufacturers (OEMs). Contributing factors are primarily low manufacturing cost – typically 10-25% less than in Europe and Latin America – as well as India's geographic proximity to key automotive markets like the Middle-East and Europe. Global automotive OEMs are gradually shifting their production facilities from North America and Europe to China, India and several South American countries chiefly because of availability of competitively priced labour and raw materials. According to the Automotive Component Manufacturers Association (ACMA) estimates, the Indian auto component industry is expected to reach a turnover of US\$ 115 bn by 2020-21. As per India Brand Equity Foundation (IBEF), Drive Transmission and Steering Parts account for 19% of the total auto component industry's volume.

The year ahead is expected to be a crucial one for the Indian automotive industry as it looks to bounce back from two years of muted growth. Although the pre-election volume pick-up did not pan out as expected, the formation of a stable government at the Centre is expected to contribute to a positive sentiment translating to better economic growth and volumes for the industry. Some of the key growth triggers in the automotive sector include possible interest rate cuts as a result of stabilizing inflation, fall in crude oil prices, and pickup of industrial activity resulting from fast approvals and clearances. Leading OEMs are also expected to introduce a raft of models at competitive prices to spur consumer demand.

The Interim Budget presented in February 2013 provided for reduction in excise duty on small cars, motorcycles, scooters and commercial vehicles from 12% to 8%. It also announced reduction in excise duty on SUVs from 30% to 24%. The duty concession has been extended in the Final Union Budget presented in July 2014 which is likely to boost automobile sales.

Rising disposable income and a sizeable young working population are the key drivers for the Indian automotive industry. The long-term outlook for this industry remains positive with major global players developing bases in India for manufacturing, global sourcing, as well as engineering. According to analysts, growth rate in the auto sector is expected to rise in FY15, primarily due to new product launches, a stable Central government, economic reforms, stabilizing inflation and the expected reversal in interest rate cycle.

OPERATIONS

Anticipating continued weakness in the domestic PV market, the Company has proactively diversified its products beyond PVs, to target new areas of growth. The Company also focused on developing new customers across the globe. The Company has maintained the thrust on research and development initiatives and innovated new products. Further, against a challenging economic backdrop, the Company focused on improving efficiencies.

During FY14, a total of ₹ 855 mn of capital expenditure was undertaken towards relocation, backward integration and efficiency improvement. Sona Koyo will continue to invest in areas that will further make us more competitive.

To expand the focus and to grow beyond the PV market, the Company has decided to modify organization structure from PV-centric to one focused on multiple strategic business units (SBU). The Company now has

separate SBUs for 1) Passenger Vehicles 2) Off Highway and Commercial Vehicles 3) Pressure Die-casting and Sheet Metal 4) Technology and Development. All the SBUs are headed by industry veterans.

The growth momentum in the indigenously-developed EPAM continued during FY14. EPAM, besides earning foreign currency, has also generated a higher profit margin. During FY14, the Company exported 22,827 units of EPAM resulting in a turnover of ₹ 393.2 mn as against 10,564 units for ₹ 177.7 mn in FY13. At present, three large US-based All Terrain Vehicle (ATV) manufacturers have expressed interest in this technology and requested samples. Domestically, the Company is in the process of adding another tractor manufacturer as a client for EPAM. Last year, the Company received product approval to deploy EPAM technology on an upcoming tractor model for a major Indian tractor manufacturer. The patented homegrown technology continues to create a strong competitive advantage for the Company, along with healthy margins. Sona Koyo will continue to focus on the off-highway vehicle segment and will undertake EPAM capacity expansion in near future.

FY14 was also a landmark year for the Company's columns division. During this year, the Company secured new business from Isuzu. Isuzu plans to launch its first PV in the Indian market. Sona Koyo will supply columns for the first SUV that the OEM plans to launch in FY15. The Company has also secured Renault as a client and will supply columns for Renault's Duster.

Sona Koyo has taken a new initiative to achieve manufacturing excellence through structural realignment of production lines and efficiency improvement. This will involve relocation of some manufacturing operations from Gurgaon to three plants in Dharuhera, also in Haryana; and one each in Sanand, Gujarat; and Chennai. The relocation of the Gurgaon facilities to Dharuhera is on track. Visible improvements in efficiency and profitability are expected once the relocation has been completed.

IMPROVING PROFITABILITY & COMPETITIVENESS

FY14 was the only year in the last decade when PV volumes declined. Although the industry was shackled by depressed consumer sentiment, Sona Koyo chose to focus on improving profitability. During the year, various cost-reduction initiatives such as localization, focused cost cutting and value engineering helped boost the Company's operational performance.

Sona Koyo's consolidated EBITDA during the year expanded to 12.0% from 11.3% in FY13. The rise in operating profit was mainly driven by reduction in material cost due to localization, alternate sourcing, value analysis & value engineering (VA/VE) activities and actively working with suppliers. Raw material cost as a percentage of sales decreased from 70.2% in FY13 to 68.8% in FY14.

Sona Koyo continues to invest in various HR programs and in training employees to add value, enhance their morale and engagement, and to raise productivity. During the year, the HR department introduced group life-insurance cover of up to ₹ 10 lakh and a maternity benefit program. The HR department also undertook a study in association with the Hay Group to streamline jobs and to map job roles to compensation. Besides these initiatives, the department also organized training for shop floor supervisors at the Sona Skill Development Centre. The training is aimed at improving and enhancing the supervision and managerial qualities.

The Company has implemented MRP (Material Resource Planning) software in order to improve inventory management and to facilitate better and efficient communication with suppliers. The Company has also put in place the Remote Warehouse Management System to better track and manage inventory, which in turn will help us to reduce inventory carrying cost as well as to improve efficiency.

SUBSIDIARIES AND JOINT VENTURES

The company has two subsidiaries, JTEKT Sona Automotive India Limited (JSAL), and Sona Fuji Kiko Automotive Ltd. (SFAL).

JTEKT Sona Automotive India Limited (JSAL): During the year under review, Sona Koyo's key subsidiary, JTEKT Sona Automotive India Limited (JSAL), saw its revenue growing at 29.8% to reach ₹ 6049.2 mn. EBITDA and PAT margins also improved to 11.0% and 4.7% in FY14 from 9.8% and 3.8% respectively in FY13. JSAL's Financial Highlights from its operations are as follows:

JSAL (INR MN)	2013-14	2012-13
Revenue	6049.2	4660.7
EBITDA	664.3	456.9
EBITDA Margin	11.00%	9.80%
PAT	287.3	176.6
PAT Margin	4.70%	3.80%

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

- Accomplished smooth "Start of Production" (launch) of C-EPS for Maruti Suzuki's Celerio and MS Gear for Renault Nissan's Datsun Go.
- Successfully reduced Cycle Time of Column Assembly and Warm Housing (both lines) from 27" to 26".
- Won the Silver Trophy for Overall Performance and Certificate of Appreciation for Consistently High Quality Performance for the year 2013-14 from Maruti Suzuki. Also rated as number 1 by MSIL and Honda Cars India Ltd.
- Received the Safety Excellence Award from JTEKT, Japan, for no accidents for three years.
- Implemented the IT help desk portal, software detail portal, time server and enhanced IT data security.

Sona Fuji Kiko Automotive Ltd. (SFAL): During the year under review, this subsidiary's revenue increased by 53.7% to reach ₹ 558.7 mn. EBITDA and PAT margins also improved to 23.8% and 11.4% in FY14 from 17.8% and 4.9% in FY13.

SFAL (INR MN)	2013-14	2012-13
Revenue	558.7	363.4
EBITDA	133.1	64.8
EBITDA Margin	23.80%	17.80%
PAT	63.8	17.8
PAT Margin	11.40%	4.90%

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

- Accomplished smooth "Start of Production" (launch) of Jacket Column Assembly for Maruti Suzuki's Celerio.
- Started export to FKC (Fuji Koyo Czech), Europe.
- Showcased good improvement in plant efficiency in the last fiscal. Imparted training to employees in Production, Product Design, HR&GA, and Manufacturing Engineering to enhance knowledge and skills.
- Undertook various Corporate Social Responsibility initiatives both directly and through the parent company.

During the year, Sona Stampings Ltd. was merged with Sona Koyo Steering System Ltd.

SUPPLY CHAIN MANAGEMENT

Sona Koyo believes in continuously improving productivity by applying cutting-edge, efficient and effective techniques, which will ultimately enhance its bottomline as well as topline by focusing on quality improvement. During this year, the Company has started to reap the benefits of the "Milk Run" technique,

which was implemented last year. The implementation of the technique has immensely helped in reducing inventory cost, transportation costs and facilitated in consolidation of suppliers. This has also helped the Company to eliminate the warehousing arrangements and reduce Component Inventories by around ₹ 20 million.

The Company is determined to continue with the VSME (Visionary Small & Medium Enterprises) initiative, which was started in collaboration with the Confederation of Indian Industry (CII) and JICA, Japan. This initiative has helped us achieve greater operational efficiency in terms of productivity, delivery, quality and customer satisfaction. In FY14, the Company implemented VSME on 30 lines at Sona Koyo and covered 26 suppliers, as compared to its target of 15 lines and 12 suppliers. This demonstrates the Company's focus and commitment in implementing VSME across all production lines and in covering all suppliers, which will ultimately help improve the Company's technical and operational efficiency.

This 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 by 10%, reduced customer rejection by 89% and in-house rejection by 75% on Sona Koyo's lines.

RECOGNITIONS

Awards from the industry, community and customers are testimony to an organization's worth. Sona Koyo once again proved its commitment to excellence by earning recognition from the Automotive Component Manufacturers Association (ACMA) and major passenger vehicle OEMs. Sona Koyo's continuing emphasis on research and development was recognized by ACMA's "Award for Excellence in Technology – Large Category". On the customers' side, Tata Motors bestowed the Company with the Best Supplier 2013 award. Sona Koyo was also recognized as Best Vendor Support and Best Delivery by Toyota Kirloskar Motor Ltd. for its outstanding performance during FY14.

RESEARCH AND DEVELOPMENT

During the period under review, Sona Koyo has filed a patent for the Electric Power Steering for Farm and Utility Vehicles. In addition, the Company filed six design applications for the same, which were granted by the Indian Patent Organization. After successfully deploying the home-grown EPAM technology on customer vehicles, the research and development department is in the process of upgrading its existing EPAM as per clients' requirements. This new upgrade of EPAM will facilitate better communication between the various ECU units and the EPAM unit on a vehicle. The Company also invested ₹ 30 mn in R&D during FY14.

The Company is working closely with an international institute, to decrease the weight of the steering system. Additionally, the Company is collaborating with prominent Indian institutes for various research projects

FINANCIAL REVIEW

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

Particulars	Consolidated	
	2013-14	2012-13
Domestic Sales	13,773	13,834
Exports Sales	1,059	683
Total Sales	14,832	14,517
Other Operating Income	91	83
Total Revenue	14,923	14,600
Raw Material	10,261	10,246
Staff Cost	1,342	1,259
Other Expenditure	1,536	1,450
EBITDA	1,784	1,645
Other Income	43	93
Depreciation & Amortisation	679	585
EBIT	1,148	1,153
Finance Charges	392	411
PBT	756	742
Exceptional Items	354	-
Tax	247	263
PAT	863	479
Minority interest and share of associate	185	98
PAT after minority interest and share of associate	678	381
Capital Expenditure	1,061	1,065
EPS (In ₹)	3.4	1.9
D/E Ratio	1.1	1.6

Key highlights on consolidated basis:

- Revenues from exports increased by 55% in FY14 as compared to FY13 due to strong performance by the indigenously-developed EPAM.
- Total Revenues increased by 2% in FY14 despite a decline in sales of Passenger Vehicles segment by 6%, which was the lowest in a decade.
- Material cost as a percentage of sales fell to 69.2% in FY14 as against 70.6% in FY13 supported by backward integration, localization and other supply chain initiatives undertaken by the Company.
- EBITDA as percentage of sales improved from 11.3% in FY13 to 12.0% in FY14 mainly driven by reduction in material cost.
- Sale of stake in Fuji Autotech Europe S.A.S. resulted in exceptional gain of ₹ 354 mn.
- The Board has declared dividend at 80% of the par value of shares.
- ICRA maintained its long-term rating of LA (pronounced L A) for the Company with a stable outlook. The short term rating was also confirmed at A1 (pronounced A one).

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, increase customer profile and expand geographic reach.

The Company is exposed to strong competitive pressures both in the domestic market and overseas. However, our close customer relationships, ability to provide a higher quality of engineering, design support and relentless drive for improvement gives us 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 with regard 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, which 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 four times during FY14. 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 put in place systems of internal control that are commensurate with its size, and the nature of its operations. These have been designed to provide reasonable assurance 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 of corporate policies. Further, internal audit and management reviews are conducted periodically, and the reports are regularly 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 statutory auditors to ascertain their views on the adequacy of internal control systems; and keeps the Board of Directors informed about major observations from time to time. The Audit Committee met seven times during FY14.

SUSTAINABILITY

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 ways for reduction and reuse of resources. The Company has also initiated a tree-plantation drive to off-set its carbon footprint.

To fulfill its Corporate Social Responsibility, Sona Koyo has taken steps to set up a Technical Skill Development Centre, which runs technical training programs to make young people job ready. These programs are of different durations depending on the skills required for different jobs from plant worker to line supervisor. Training comprises simulated production line training as well as training into behavioural and leadership subjects.

Additionally, in the social arena, the adoption of ITI Nagina continues to bring about education and employment opportunities for unemployed youth. The Institute has set up a Centre of Excellence under the guidelines of the Government of Haryana and is currently training batches of more than 150 students.

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 down-trend in the automotive sector, significant changes in the political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest cost.

CORPORATE GOVERNANCE

Sona Koyo Steering Systems Limited 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, 2014, 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, 2014, Sona held four Board Meetings on 15th May, 2013, 10th August, 2013, 6th November, 2013 and 12th February, 2014. 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, 2014

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	9(2)
Mr. Sunjay Kapur	Vice Chairman & Managing Director (Son of Dr. S. Kapur)	4	3	Yes	2(-)
Mr. Kiyozumi Kamiki	Dy. Managing Director (Nominee of JTEKT)	4	4	Yes	1(-)
Mr. Kazuhiko Ayabe	Non-executive Director (Nominee of MSIL)	4	2	Yes	3(1)
Mr. Hiroyuki Miyazaki ^②	Non-executive Director (Nominee of JTEKT)	4	2	Yes	Nil
Mr. Keiichi Sakamoto ^③	Alternate Director to Mr. Hiroyuki Miyazaki (Nominee of JTEKT)	2	2	N.A.	1(-)
Mr. Yoshio Tsuji ^④	Non – Executive Director (Nominee of JTEKT)	1	1	N.A.	N.A.
Mr. J. M. Kapur	Non-executive Director (Brother of Dr. S. Kapur)	4	3	No	Nil
Mr. P. K. Chadha	Independent Director ^⑥	4	4	Yes	2(1)
Mr. Ravi Bhoothalingam	Independent Director ^⑥	4	4	Yes	1(1)
Mr. Ramesh Suri	Independent Director ^⑥	4	2	Yes	13(1)
Mr. B.L. Passi ^⑤	Independent Director ^⑥	4	0	No	2(1)
Lt.Gen.(Retd.) S.S.Mehta	Independent Director ^⑥	4	4	Yes	2(-)
Mrs. Ramni Nirula	Independent Director ^⑥	4	3	Yes	7(5)

Notes :

- ① Figures in () denotes listed Companies.
- ② Ceased to be a director due to withdrawal of nomination by JTEKT Corporation, Japan. 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.
- ③ Consequent upon the cessation of Mr. Miyazaki, Mr. Sakamoto, who was appointed 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 Ceased to be a director w.e.f. 15th May, 2013 due to withdrawal of nomination by JTEKT Corporation, Japan.
- ⑤ Resigned from the Directorship of the Company with effect from 28th July, 2014. 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.
- ⑥ 'An Independent Director' in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—
 - a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- e) who, neither himself nor any of his relatives:
 - i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed
 - ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
 - iii) together with his relatives two percent or more of the total voting power of the company; or
 - iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or
- f) who possesses such other qualifications as may be prescribed.

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 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. 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. All transactions are conducted at arm's length 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. 46 to the Annual Accounts of the Company.

f) 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, 2014

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. JM Kapur	N.A.	Nil	52,50,000	29,42,158	17,59,327	99,51,485
Mr. Sunjay Kapur	Son of Dr. S. Kapur	N.A.	Nil	38,50,000	1,08,34,763	13,52,192	1,60,36,955
Mr. Kiyozumi Kamiki	None	N.A.	Nil	36,00,000	23,38,097	4,63,803	64,01,900
Mr. Kazuhiko Ayabe	None	20,000	Nil	N.A.	N.A.	N.A.	20,000②
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. Yoshio Tsuji ⑤	None	30,000	Nil	N.A.	N.A.	N.A.	30,000
Mr. J. M. Kapur	Brother of Dr. S. Kapur	1,00,000	4,25,000	N.A.	N.A.	N.A.	5,25,000
Mr. P. K. Chadha	None	1,80,000	5,00,000	N.A.	N.A.	N.A.	6,80,000
Mr. Ravi Bhoothalingam	None	1,30,000	5,00,000	N.A.	N.A.	N.A.	6,30,000
Mr. Ramesh Suri	None	20,000	3,50,000	N.A.	N.A.	N.A.	3,70,000
Mr. B.L. Passi ⑥	None	0	0	N.A.	N.A.	N.A.	0
Lt.Gen.(Retd.)S.S.Mehta	None	1,20,000	5,00,000	N.A.	N.A.	N.A.	6,20,000
Mrs. Ramni Nirula	None	90,000	4,25,000	N.A.	N.A.	N.A.	5,15,000

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 Ceased to be the Director w.e.f. 15th May, 2013.
- ⑥ Ceased to be the Director of the Company w.e.f. 28th July, 2014.

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.

As approved by the Shareholders of the Company in the Twenty Seventh Annual General Meeting held on 2nd August, 2011, an Agreement dated 1st November, 2011 was executed between the Company and Mr. Sunjay Kapur, Managing Director of the Company for his re-appointment, with remuneration, for a period of three years, with effect from 22nd October, 2011, 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 Board of Directors of the Company in its meeting held on 30th May, 2014, considering the recommendation of the Remuneration Committee (meeting held on 30th May, 2014) and subject to the approval of the shareholders and such sanction(s), as may be necessary, have approved the re-appointment of Mr. Sunjay Kapur as Managing Director of the Company for a further period of three (3) years, with remuneration, with effect from 22nd October, 2014. The resolution for the re-appointment of Mr. Sunjay Kapur is mentioned at Sl. No. 12 of the Notice of the Annual General Meeting.

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 applied to the Central Government and the Company's applications are under consideration.

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

The Board of Directors in their meeting held on 15th May, 2013, subject to the approval of the Central Government had approved 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 349 and 350 of the Companies Act, 1956, to the Non-executive Directors (except nominee directors) of the Company, in such a manner as may be determined by the Board of Directors, commencing from 1st April, 2013, which was subsequently approved by the Shareholders at the Annual General Meeting held on 10th August, 2013. The Company made an application to the Central Government seeking its approval to the above proposal and in response, the Central Government vide its letter dated 29th November, 2013 informed the Company that having regard to the fact that the Company may pay up to 1% of the net profits of the Company to its non-whole time directors without Central Government approval.

Accordingly, the Board of Directors of the Company in its meeting held on 30th May, 2014 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, 2014 of the Company. The details of payment of commission are given in Table 2 above.

g) 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, 2014

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. J. M. Kapur	34,000	N.A.
Mr. P.K. Chadha	35,000	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.

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.

h) Committees of the Board

i) Audit Committee

As on 31st March, 2014, Audit Committee comprised 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 seven times on 16th April, 2013, 15th May, 2013, 9th August, 2013, 1st November, 2013, 26th December, 2013, 7th February, 2014 and 31st March, 2014. 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, 2014

Name of Members	Position	Audit Committee Meetings held during the period of Membership	Audit Committee Meetings attended
Mr. Ravi Bhoothalingam (Independent Director)	Chairman	7	7
Mr. P.K. Chadha (Independent Director)	Member	7	7
Mr. Sunjay Kapur (Vice Chairman & Managing Director)	Member	7	7
Lt. Gen. (Retd.) S.S.Mehta (Independent Director)	Member	7	5
Mrs. Ramni Nirula (Independent Director)	Member	7	6
Mr. Yoshio Tsuji ^① (Non Executive Director)	Member	2	2

Note:

- ① Ceased to be a director w.e.f. 15th May, 2013.

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 auditors' report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' 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 auditors' 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 with related parties which are not in the normal course of business;
3. Details of material individual transactions 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 (erstwhile 'Shareholders / Investors Grievance Committee')**

The Board of Directors of the Company have, in their meeting held on 30th May, 2014, approved the change in the nomenclature of Shareholders / Investors Grievance Committee to 'Stakeholders Relationship Committee'. The 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 on 8th April, 2013, 12th July, 2013, 15th October, 2013 and 6th January, 2014. 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, 2014

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 (erstwhile 'Remuneration Committee')**

The Board of Directors of the Company have, in their meeting held on 30th May, 2014, approved the change in the nomenclature of 'Remuneration Committee' to 'Nomination and Remuneration Committee'. As on 31st March, 2014, the Committee comprised of Mr. P. K. Chadha, Mr. Ravi Bhoothalingam, Mr. B. L. Passi and Mr. J. M. Kapur. The Board in its meetings held on 30th May, 2014 and 1st August, 2014 reconstituted the Nomination and Remuneration Committee and accordingly as on date, the Nomination and Remuneration Committee comprises of Mr. P.K. Chadha, Mr. Ravi Bhoothalingam, Dr. Surinder Kapur and Mr. J.M. Kapur. The terms of reference of the Nomination and Remuneration Committee were also changed to bring the same in line with the requirements of Section 178 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement.

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 twice on 15th May, 2013 and 12th February, 2014. 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, 2014

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	2	2
Mr. Ravi Bhoothalingam (Independent Director)	Member	2	2
Mr. B.L. Passi ① (Independent Director)	Member	2	0
Mr. J.M. Kapur (Non-Executive Director)	Member	2	2

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

iv) **Risk Management Committee**

The Risk Management Committee of Directors has been constituted by the Board of Directors of the Company in their meeting held on 27th January, 2011. As on 31st March, 2014, Risk Management Committee comprises of Lt.Gen.(Retd.) Shamsher Singh Mehta, Mr. Sunjay Kapur and Mr. P.K. Chadha. The purpose of the Committee is to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic and external risks. The Committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company. The Committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

During the year, the Committee met four times on 16th April, 2013, 9th August, 2013, 26th December, 2013 and 31st March, 2014. 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, 2014

Name of Members	Position	Risk Management Committee Meetings held during the period of Membership	Risk Management Committee Meetings Attended
Lt.Gen.(Retd.) S.S. Mehta (Independent Director)	Chairman	4	3
Mr. Sunjay Kapur (Vice Chairman & Managing Director)	Member	4	3
Mr. P.K. Chadha (Independent Director)	Member	4	4

The Board of Directors of the Company have, in their meeting held on 1st August, 2014 decided to merge Risk Management Committee with the Audit Committee of Directors and accordingly, the Risk Management Committee of Directors has ceased to exist, as on date.

v) **Corporate Social Responsibility Committee**

The Company's Corporate Social Responsibility (CSR) Committee was constituted at the Board Meeting held on 30th May, 2014 with Dr. Surinder Kapur, Mrs. Ramni Nirula and Mr. P.K. Chadha as members. This Committee would be recommending the Company's CSR policy to the Board members for their consideration and approval in the ongoing period. 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.

vi) **Nomination and Governance Committee**

The Nomination and Governance Committee of Directors has been constituted by the Board of Directors of the Company in their meeting held on 27th January, 2011. As on 31st March, 2014, Nomination and Governance Committee comprises of Mr. P.K. Chadha, Dr. Surinder Kapur, Mr. J.M. Kapur and Mr. Ramesh Suri. The purpose of the Committee of Directors was to assist the Board with regard to nomination of Directors on the Board of Subsidiary / Joint Venture Companies. The Committee also reviews principles of Corporate Governance of the Company.

The Committee met twice during the year on 15th May, 2013 and 31st March, 2014. Minutes of the Nomination and Governance Committee were placed before and discussed by the Board. The attendance record of the Nomination and Governance Committee is presented in Table 8:

Table 8 : Attendance Record of Nomination and Governance Committee for the year ended 31st March, 2014

Name of Members	Position	Nomination and Governance Committee Meetings held during the period of Membership	Nomination and Governance Committee Meetings Attended
Mr. P.K. Chadha (Independent Director)	Chairman	2	2
Dr. Surinder Kapur (Chairman)	Member	2	1
Mr. J. M. Kapur (Non-Executive Director)	Member	2	2
Mr. Ramesh Suri (Independent Director)	Member	2	0

Since the functions of the Nomination & Governance Committee are merged with the functions of the Nomination and Remuneration Committee, the Board, in its meeting held on 30th May, 2014, decided to dissolve the Nomination and Governance Committee.

MANAGEMENT

a) **Management discussion and analysis**

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

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 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) **Risk Management**

The Company has an enterprise-wide risk management (ERM) system in place. Increasing its focus on risk management, an independent Risk Management Committee of the Board was constituted to oversee and review in greater detail, the risk management framework, assessment of risks and management and minimization procedures. The Risk Management Committee reports its findings / observations to the Board. During the year, detailed presentations were made to the Risk Management Committee on ERM.

f) **Subsidiary Companies**

As per the 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, Sona Fuji Kiko Automotive Limited and Sona Stampings Limited (merged with Sona Koyo Steering Systems 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.

Keeping in view the benefits arising out of better business synergies, reduced cost and tax advantage etc., the Board of Directors of the Company has, through resolutions passed on 15th May, 2013 and 1st June, 2013, approved of a Scheme of Amalgamation ("Scheme") between Sona Stampings Limited and your Company. The said Scheme was sanctioned by the Hon'ble High Courts of Delhi and Chandigarh on 16th April, 2014 and 28th April, 2014 respectively. The Orders of the Hon'ble High Courts have been filed with the Registrar of Companies on 27th May, 2014. The said Scheme has also been approved by various capital market regulators viz. SEBI, Stock Exchanges and Depositories. Accordingly, Sona Stampings Ltd. stands merged with your Company with effect from the appointed date i.e. 1st April, 2013.

g) **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.

h) **CEO/ CFO Certification**

The CEO, President 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. Kazuhiko Ayabe, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. Hidekazu Omura has been appointed as an Additional Director by the Board of Directors in their meeting held on 30th May, 2014, as nominee of JTEKT Corporation, Japan.

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

The Board of Directors in their meeting held on 30th May, 2014 have approved the re-appointment of Mr. Sunjay Kapur as Managing Director of the Company for a further period of three years, with remuneration, with effect from 22nd October, 2014.

The Board of Directors in its meeting held on 30th May, 2014 and 1st August, 2014 recommended the appointment of Mr. Ravi Bhoothalingam, Mr. Prem Kumar Chadha, Mr. Ramesh Suri, Lt.Gen.(Retd.) Shamsher Singh Mehta, Mrs. Ramni Nirula and Mr. Prasan Abhaykumar Firodia as Independent Directors of the Company to hold office for five consecutive years for a term up to 22nd September, 2019.

As required, brief profile and other particulars of the Directors seeking appointment/re-appointment are given in the Notice of the 30th 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.

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

Financial Year (Ended)	Date	Time	Venue
31 st March, 2011	2 nd August, 2011	10:00 A.M.	Air Force Auditorium Subroto Park New Delhi-110 010.
31 st March, 2012	1 st August, 2012	02.30 P.M	Air Force Auditorium Subroto Park New Delhi-110 010.
31 st March, 2013	10 th August, 2013	10.00 A.M.	Air Force Auditorium Subroto Park New Delhi-110 010.

g) **Special Resolutions**

In the ensuing 30th Annual General Meeting of the Company to be held on 23rd September, 2014, the shareholders' consent is being sought by way of Special Resolution for:

- 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 hypothecate / 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:

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.

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

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

27th Annual General Meeting held on 2nd August, 2011

- Revision in the remuneration payable to Mr. K.M. Deshmukh, Dy. Managing Director of the Company.
- Re-appointment of Mr. Sunjay Kapur as Managing Director of the Company.

h) **Postal Ballots**

At the ensuing Annual General Meeting to be held on 23rd September, 2014 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 29th Annual General Meeting of the Company.

COMPLIANCE

Mandatory requirements

Sona is generally 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, 2014 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 except, clause 49 1A (ii) of the said Listing Agreement for the period 01st April, 2013 to 30th April, 2013.

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. 001152 N

Place : New Delhi
Dated: 30th May, 2014

(RAJIV PURI)
PARTNER
Membership No. 084318

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date	:	23 rd September, 2014
Venue	:	The Air Force Auditorium Subroto Park New Delhi 110 010.
Time	:	3.00 P.M

FINANCIAL CALENDAR

Financial year	:	1 st April to 31 st March
----------------	---	---

For the year ended 31st March, 2014, results were announced on:

• 10 th August, 2013	:	First Quarter
• 6 th November, 2013	:	Second Quarter
• 12 th February, 2014	:	Third Quarter
• 30 th May, 2014	:	Annual

BOOK CLOSURE

The dates of book closure are from 18th September, 2014 to 23rd September, 2014 inclusive of both days.

DIVIDEND RATE

The Board of Directors of Sona, in their meeting held on 30th May, 2014, have recommended payment of 80% dividend on Equity Share Capital. The same shall be paid between 29th September, 2014 and 8th October, 2014, 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, 2014.

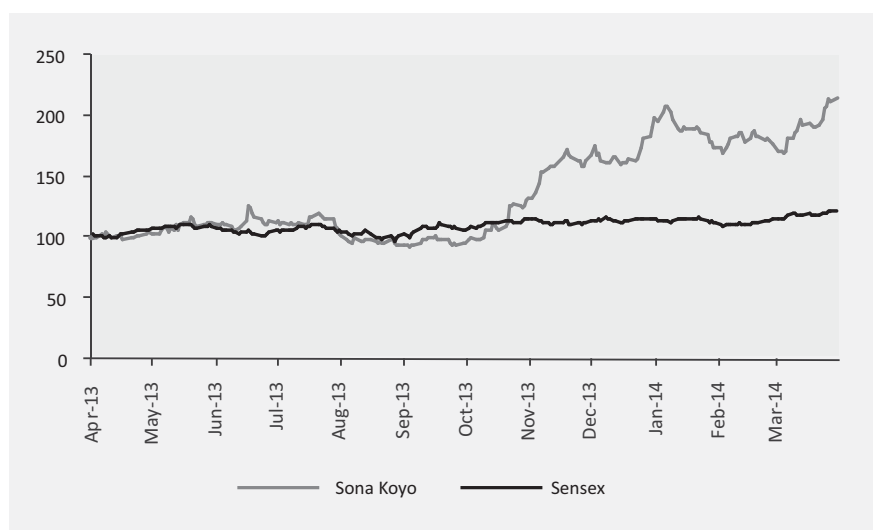
Table 2: Monthly share price* (In ₹) data and volumes on BSE and NSE

Month and year	BSE			NSE		
	High	Low	Volumes	High	Low	Volumes
April, 2013	10.65	9.40	358065	10.70	9.50	873655
May, 2013	11.80	10.00	887522	11.85	9.90	1671265
June, 2013	12.68	10.21	1020973	12.70	10.15	2013618
July, 2013	11.91	10.10	629456	11.95	10.10	1400213
August, 2013	10.50	9.10	374832	10.55	9.10	827736
September, 2013	10.15	9.00	433866	10.15	8.95	948728
October, 2013	13.30	9.05	2989428	13.35	9.05	5202318
November, 2013	17.50	12.70	3975714	17.50	12.70	9103137
December, 2013	19.45	15.55	1331902	19.60	15.50	2683459
January, 2014	21.20	16.70	2046402	21.25	16.70	3425812
February, 2014	18.95	16.40	1033708	19.10	16.50	1394110
March, 2014	22.00	16.45	3371631	21.95	16.40	5325247

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

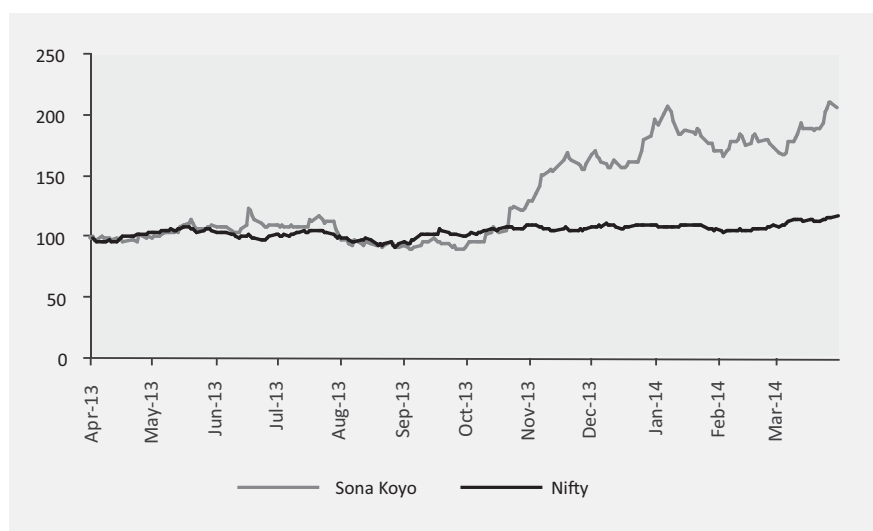
* Face Value of Sona's Share is ₹ 1/- each.

Chart A: Sona's adjusted closing share price with BSE Sensex for 2013-2014.



Note: Sona Koyo share price at the BSE and the BSE Sensex have been indexed to 100 as on the first working day of 2013-2014.

Chart B: Sona's adjusted closing share price with Nifty for 2013-2014.



Note: Sona Koyo share price at the NSE and the NSE Nifty have been indexed to 100 as on the first working day of 2013-14.

DISTRIBUTION OF SHAREHOLDING

Table 3 and 4 give the distribution pattern of shareholding of Sona as on 31st March, 2014.

Table 3 : Distribution of shareholding by size class as on 31st March, 2014.

Amount	Number of shareholders	Number of shares held	Shareholding %
Upto 5000	51154	25054035	12.61%
5001-10000	1005	7523200	3.79%
10001-20000	433	6412430	3.23%
20001-30000	132	3368060	1.69%
30001-40000	54	1903679	0.96%
40001-50000	39	1832190	0.92%
50001-100000	77	5575394	2.81%
100001 & above	74	147072844	74.00%
Total	52968	198741832	100.00%

Table 4: Distribution of shareholding by ownership as on 31st March, 2014

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)	Shareholding of Promoter and Promoter Group							
1.	Indian							
a)	Individuals/Hindu Undivided Family	12	948760	948760	0.48	0.48	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)	15	64697064	64697064	32.55	32.55	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)	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)	16	104644172	104644172	52.65	52.65	0.00	0.00
B)	Public Shareholding							
1.	Institutions						NA	NA
a)	Mutual Funds/UTI	4	1008000	1002000	0.51	0.51		
b)	Financial Institutions / Banks	1	1300	1300	0.00	0.00		
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	6	529296	529296	0.09	0.09		
g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
h)	Any Other	0	0	0	0.00	0.00		
	Sub-Total (B)(1)	12	2738596	2732596	1.20	1.20		
2.	Non-Institutions						NA	NA
a)	Bodies Corporate	558	11326178	11295512	5.70	5.70		
b)	Individuals							
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	51258	44599019	42710964	22.44	22.44		
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	49	27257147	27257147	13.71	13.71		

c)	Any Other							
	Trust	3	2500	2500	0.00	0.00		
	HUF	892	2610541	2610541	1.31	1.31		
	Clearing Members	179	372120	372120	0.19	0.19		
	Sona Koyo Steering Systems Ltd.- Unclaimed Suspense Account *	1	5191559	5191559	2.61	2.61		
	Sub-Total (B)(2)	52940	91359064	89440343	45.97	45.97		
	Total Public Shareholding (B) = (B1+B2)	52952	94097660	92172939	47.17	47.17	NA	NA
	Total (A)+(B)	52968	198741832	196817111	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)	52968	198741832	196817111	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, 2014, 99.03 percent of Sona's shares were held in dematerialized form and the rest in physical form. The promoter, co-promoter and their associates own 52.65 percent 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.

Table 5 : The details of Equity Shares held in the Unclaimed Suspense Account as on 31st March, 2014

Sl.No.	Particulars	No. 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.	141	3,91,044
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account after dematerialization of unclaimed shares.	141	3,91,044
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account as on 31 st March, 2014	3326	51,91,559

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:

- | | |
|---|---|
| <p>1) Karvy Computershare Pvt. Ltd.
(Unit : Sona Koyo Steering Systems Limited)
305, New Delhi House
27, Barakhamba Road, Connaught Place
New Delhi – 110 001</p> | <p>2) The Company Secretary
Sona Koyo Steering Systems Ltd.
UGF-6, Indra Prakash
21, Barakhamba Road
New Delhi – 110 001.</p> |
|---|---|

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, 1956, 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 2007 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government. Table 7 gives the unclaimed dividend amount since 2007.

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

Year	Type	Date of declaration	Date due for transfer to Central Government
2007	Final	18th July, 2007	17th August, 2014
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

Table 7: Unclaimed dividend as on 31st March, 2014

Year	Type	No. of warrants issued	No. of warrants unclaimed	% unclaimed	Amount of dividend (₹ Lacs)	Dividend unclaimed (₹ Lacs)	% unclaimed
2007	Final	31875	2021	6.34	678.64	6.64	0.98
2008	Final	28886	2207	7.64	695.61	6.32	0.91
2010	Final	39648	3115	7.86	596.23	8.15	1.37
2011	Final	49286	4538	9.21	1291.85	17.87	1.38
2012	Final	48779	8385	17.19	1291.87	41.51	3.21
2013	Final	53987	12752	23.62	1291.89	41.01	3.17

NUMBER AND NATURE OF COMPLAINTS REGARDING SHARES

Table 8 gives the data on Investors' complaints during the year ended 31st March, 2014.

Table 8: Details of Investor complaints regarding shares for the year 2013-2014.

Nature of complaint	Number of complaints	Number redressed
Non-receipt of dividend / Interest / Redemption	5	5
Non-receipt of Annual Report	10	10
Non-receipt of Share Certificates	5	5
Total	20	20

PLANTS' LOCATION

- 38/6, NH-8, Delhi-Jaipur Road, Gurgaon-122001 (Haryana).
- P.O. Box 14, Chennai-Bangalore Highway, Sriperumbudur, Distt. Chinglepet, Tamil Nadu – 602 105.
- Plot No. 32, Industrial Area Phase II, Dharuhera, Dist. Rewari (Haryana).
- Plot No. D-9, TML Vendor Park, Survey No. 1, Village Northcotepura, Sanand, Ahmedabad, Gujarat.
- 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)

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, President, 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:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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:
 - Significant changes in internal control over financial reporting during the year;
 - Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - 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 : New Delhi
Dated : 30.05.2014

Sunder Rajan
President

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, 2014

For Sona Koyo Steering Systems Limited

Place : New Delhi
Dated : 30.05.2014

Sunjay Kapur
Vice Chairman & Managing Director

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their Annual Report together with audited accounts of the Company for the year ended 31st March, 2014.

Consolidated Performance	2013-14	2012-13
	₹/Lacs	₹/Lacs
Sales and other income	153202	146937
Profit before interest & depreciation	21822	17390
- Interest	3923	4109
- Depreciation & write offs	6795	5850
Profit before tax	11104	7431
Less : Provision for tax	2987	1638
Provision for deferred tax liability/(assets)	86	1202
Earlier years excess provision of tax written back	11	(151)
Minimum alternate tax (MAT) credit entitlement	(610)	(55)
Profit after tax	8630	4797
Less : Share of profit transferred to minority	1778	988
Less : Share of loss of an associate	77	-
Consolidated profit for the year	6775	3809
Add : Profit brought forward	7524	5552
Add : Adjustment on account of amalgamation	740	-
Profit available for appropriations	15039	9361
Appropriations		
Proposed dividend	1590	1292
Tax on dividend	283	220
Transfer to General Reserve	525	325
Balance carried forward	12641	7524
	15039	9361

Dividend

Your directors are pleased to recommend a dividend of 80% on equity share capital of the Company for the financial year 2013-2014 as against the dividend paid at the rate of 65% on the equity share capital for the previous financial year.

Subsidiary Companies

The Company has the following Subsidiaries:

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, Chennai and Bengaluru. During the year ended 31st March, 2014, JSAL has achieved total income of ₹ 605.26 crores and earned net profit of ₹ 30.15 crores.

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, 2014, SFAL has achieved total income of ₹ 55.90 crores and earned net profit of ₹ 6.37 crores. As recommended by the Board, the shareholders of SFAL have in their Annual General Meeting held on 28th July, 2014 declared maiden dividend @ 7.5% on the equity shares of the Company.

Subsidiary Companies Accounts

In terms of general exemption granted by the Ministry of Corporate Affairs vide General Circular Number 2/2011 dated

8th February, 2011, copy of the balance sheets, statement of profit & loss, reports of the Board of Directors and Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any member of the Company interested in obtaining the same. However, as per the requirement of the said Circular, the financial data of the subsidiaries have been disclosed under 'Summarised Statement of Financials of Subsidiary Companies' forming part of the Annual Report. The Annual Accounts of the subsidiary companies will be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

Consolidation of Accounts

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

Amalgamation of Sona Stampings Limited (SSL) with the Company

SSL was established with a business objective of sheet metal processing, comprising of press work and welding within automotive component sector. Keeping in view the benefits arising out of better business synergies, reduced cost and tax advantage etc., the Board of Directors of the Company had through resolutions passed on 15th May, 2013 and 1st June, 2013, approved of a Scheme of Amalgamation ("Scheme") between SSL and your Company. The said Scheme was sanctioned by the Hon'ble High Courts of Delhi and Chandigarh on 16th April, 2014 and 28th April, 2014 respectively. The Orders of the Hon'ble High Courts have been filed with the Registrar of Companies on 27th May, 2014. The said Scheme has also been approved by various capital market regulators viz. SEBI, Stock Exchanges and Depositories. Accordingly, SSL stands merged with your Company with effect from the appointed date i.e. 1st April, 2013. The standalone financial results of the Company for the financial year ended 31st March, 2014 thus comprised the financials of SSL also.

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.

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

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.

Fixed Deposits

During the year the Company has not invited any deposits from the public.

Directors

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 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. 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. 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.

JTEKT has now nominated Mr. Hidekazu Omura and the Board of Directors of the Company in their meeting held on 30th May, 2014 appointed Mr. Omura as an Additional Director of the Company. He shall hold office up to the ensuing Annual General Meeting of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013. Requisite notice has been received under Section 160 of the Companies Act, 2013 from a member for the appointment of Mr. Hidekazu Omura.

To fill the casual vacancy caused due to the resignation of Mr. B.L. Passi, the Board of Directors have in their meeting held on 1st August, 2014 appointed Mr. Prasan Abhaykumar Firodia, as an Independent Director. Mr. Passi would have become due for retirement at the ensuing Annual General Meeting, had he not submitted his resignation. Since Mr. Firodia has been appointed to fill the casual vacancy caused due to the resignation of Mr. Passi, he shall pursuant to the provisions of Section 161(4) of the Companies Act, 2013 retire at this Annual General Meeting.

As the existing tenure of the appointment of Mr. Sunjay Kapur, Managing Director of the Company is expiring on 22nd October, 2014, keeping in view the recommendation of the Remuneration Committee of Directors, the Board of Directors of the Company in its meeting held on 30th May, 2014 have, subject to the approval of Shareholders and such sanction(s) as may be necessary, approved the re-appointment of Mr. Sunjay Kapur as Managing Director of the Company for a further period of three years, with remuneration, effective from 22nd October, 2014, on the revised terms and conditions.

The requisite resolutions pertaining to the appointment of Mr. Hidekazu Omura, Mr. Prasan Abhaykumar Firodia and Mr. Sunjay Kapur as detailed at item nos. 5, 6 and 12 of the Notice and relevant Explanatory Statement is commended for the Members' approval.

Impending notification of Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. Ravi Bhoothalingam, Mr. Prem Kumar Chadha, Mr. Ramesh Suri, Mr. Prasan Abhaykumar Firodia, Lt.Gen.(Retd.) Shamsher Singh Mehta and Mrs. Ramni Nirula as Independent Directors for five consecutive years i.e. upto 22nd September, 2019. Details of the proposal for appointment of Mr. Ravi Bhoothalingam, Mr. Prem Kumar Chadha, Mr. Ramesh Suri, Mr. Prasan Abhaykumar Firodia, Lt.Gen.(Retd.) Shamsher Singh Mehta and Mrs. Ramni Nirula are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 30th Annual General Meeting.

Pursuant to Article 122 of the Articles of Association of the Company, Mr. Kazuhiko Ayabe will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

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

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm having:

- i) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures;
- ii) selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv) prepared the Annual Accounts on a going concern basis.

Auditors

M/s. S.P. Puri & Co., Chartered Accountants, hold office as Auditors until the conclusion of the forthcoming Annual General Meeting and have indicated their willingness to be re-appointed as Auditors. The requisite certificate under Section 224(1B) of the Companies Act, 1956, has been received from them. The notes to accounts referred to in the Auditors' Report are self-explanatory.

Cost Auditors

In accordance with the Order dated June 3, 2011 issued by the Ministry of Corporate Affairs pursuant to Section 233B of the Companies Act, 1956, your Company was required to get its cost accounting records audited by a Cost Auditor and had accordingly appointed M/s. Gurdeep Singh & Associates, Cost Accountants for this purpose for FY 2013-14. The cost audit for FY 2012-13 was completed within specified time and report was filed with the Registrar of Companies.

The Board in its meeting held on 30th May, 2014 has on the recommendation of the Audit committee, re-appointed M/s. Gurdeep Singh & Associates, Cost Accountants to conduct the audit of the cost accounting records for FY 2014-15.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

A statement containing the necessary information as required under the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014 is given as **Annexure - 'A'** to this report.

Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are given in **Annexure - 'B'** forming part of this report.

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 employees of the Company and are thankful to the Shareholders for their continued patronage.

For and on behalf of the Board

Place : Gurgaon
Dated : 1st August, 2014

Dr. Surinder Kapur
Chairman

ANNEXURE - 'A' TO THE DIRECTORS' REPORT

Form - A : Particulars with respect to Conservation of Energy

Power and Fuel Consumption		2013-2014							2012-2013					
		Gurgaon ¹	Dharuhera(1) ²	Chennai ³	Sanand ⁴	Dharuhera(2) ⁵	Dharuhera(3)	Stamping Unit	Gurgaon	Dharuhera-1	Chennai	Sanand	Dharuhera(2)	Dharuhera(3)
1.	State Electricity Board (Units)	7677810	2650536	1940370	220904	1053656	1266592	299154	5952320	1154796	1111330	389912	11786	–
	Power Units purchased (KWH)													
	Total Amount	₹ 56775762	22024290	13906630	1697228	8992089	10522833	2511505	36954291	8416612	8263723	2748550	188845	–
	Rate per unit	₹ 7.39	8.31	7.17	7.68	8.53	8.30	8.40	6.21	7.29	7.44	7.05	16.02	–
2.	Captive Generation (Units)	186346	852605	840411	–	777441	846966	20692	3403451	2572984	2136970	–	1529157	557448
	DG Set (KWH)													
	Total Amount	₹ 3094227	18839197	18303166	–	15954524	15389785	290244	47023147	35543105	31922898	–	21705188	8559505
	Rate per unit	₹ 16.60	22.10	21.78	–	20.52	18.17	14.03	13.82	13.81	14.94	–	14.19	15.40
3.	Diesel Consumption (Litres)	174832	264827	266644	–	234657	248077	7003	1011606	742488	627377	–	447014	161243
	Total Amount	₹ 9939199	14856563	16109516	–	12938616	12742607	406296	38597709	29687317	29128183	–	17254337	7098727
	Rate per litre	₹ 56.85	56.10	60.42	–	55.14	51.36	58.02	38.15	39.98	46.43	–	38.60	44.58
	Litre per unit	0.94	0.31	0.32	–	0.30	0.29	0.34	0.30	0.29	0.29	–	0.29	0.29
4.	Furnace Oil Consumption (Litres)	–	–	–	–	–	218857	–	–	–	–	–	–	–
	Total Amount	₹ –	–	–	–	–	11651400	–	–	–	–	–	–	–
	Rate per litre	₹ –	–	–	–	–	53.24	–	–	–	–	–	–	–

- Total saving achieved at Gurgaon Plant during financial year 2013-14 - ₹ 0.58 million.
Above saving achieved by taking the following initiatives :
 - Installation of 20000 CFM Blower instead of 30000 CFM Blower (2 nos.) in Plant-4, saving of ₹ 0.05 million.
 - Reduced hydraulic motor rating from 3.7KW to 1.5 KW on hydraulic power packs at 4 locations in Plant-1, savings ₹ 0.24 million.
 - Provided auto off/ on timers on exhaust fans at 12 locations, savings of ₹ 0.29 million.
- Total saving achieved at Dharuhera Plant (1) during financial year 2013-14 - ₹ 2.78 million.
Above saving achieved by taking the following initiatives :
 - Reduced power consumption of air compressor by reducing pressure setting and by eliminating line leakages, saving of ₹ 0.5 million.
 - Timer installed on ACs at admn. and purchase departments. Timer installed on force draft ventilation, saving of ₹ 0.5 million
 - Installation of 250 KVA DG in place of 500 KVA DG resulting in saving in hiring cost and other charges, saving of ₹ 1.78 million.
- Total saving achieved at Chennai Plant during financial year 2013-14 - ₹ 0.70 million.
Above saving achieved by taking the following initiatives :
 - Major contribution is by utilization of solar thermal system which is a non conventional energy resource for paint shop boiler. This system has reduced diesel cost by ₹ 0.57 million.
 - Chiller pipeline insulation provided and maintained the water temperature in all pinion and rack bar line to increase the compressor off time and reduce the run time. The total savings is ₹ 0.06 million.
 - Shop floor light & fan auto cut off in tea break, lunch and shift end time. It gives the savings of ₹ 0.07 million.
- Total saving achieved at Sanand Plant during financial year 2013-14 - ₹ 0.05 million.
Above saving achieved by taking the following initiatives :
 - Saving of 2136 units achieved through better power factor improvement leading to a saving of ₹ 0.02 million in the year under review.
 - Timer switches were installed in all air conditioners in the unit, timed to cut off after every 2 hours for an interval of 1 hour leading to a saving of 2194 units of power of the value of ₹ 0.02 million.
 - All the tube lights of 56 W of the unit were changed to install 40W LED lights leading to a saving of 984 units of power of the value of ₹ 0.01 million.
- Total saving achieved at Dharuhera Plant (2) during financial year 2013-14 - ₹ 0.49 million.
Above saving achieved by taking the following initiatives :
 - Cost saving by running VFD based compressors by ₹ 0.33 million.
 - Cost saving by optimizing the DG hiring plans as per requirement by ₹ 0.13 million.
 - Energy saving by eliminating 1 no. 1 HP pump to transfer the rejected water from pit to STP -ETP by ₹ 0.01 million.
 - Installation of pressure accumulator in DM water and soft water line by ₹ 0.02 million.

Form - B : Particulars with respect to Technology Absorption

A. Technology Absorption

- | | |
|---|--|
| <p>1. Efforts in brief towards technology absorption and innovation</p> | <p>a) Design and development of low friction high performance sliding shaft.</p> <p>b) Design & development of new high performance tilt and guided collapsible steering column for SUV meeting global standards.</p> <p>c) Design and development of high performance compact double chamfer, integral pinion valve housing hydraulic power steering gear for a global project.</p> <p>d) Design and development of high performance low wear R&P steering gear of C-EPS system.</p> <p>e) Localisation of specific critical components of column electric power steering.</p> |
| <p>2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.</p> | <p>a) With the development of low friction high performance sliding shaft, the Company is able to offer a product preventing road vibrations getting transferred to the driver through steering wheel and thereby offer comfortable driving. This has helped Company to win an important business.</p> <p>b) With the development of high performance tilt and guided collapsible steering column, offering superior product at competitive price to customer meeting global standards. This has helped us to win an important business.</p> <p>c) With the development of high performance compact double chamfer, integral PV housing HPS leads to one more milestone in achieving self reliance. This has also helped in winning an important business.</p> <p>d) With the development of high performance low wear R&P steering gear of C-EPS system added a new feather in offering new feature. This has helped Company to win an important business.</p> <p>e) With the localization of components of C-EPS, reduces material cost, lowers the risk of being exposed to foreign exchange fluctuation and become more cost competitive. The Company is able to achieve good results meeting the planned targets.</p> |

B. Research and Development

- | | |
|---|---|
| <p>1. Specific areas in which R&D carried out by the Company.</p> | <p>a) Research and development activities for manual and power steering for farm tractors have been carried out. One patent application filed and six designs of tractor EPAM mechanical parts have been registered in the Indian Patent Office. Prototypes of electric power assist module for farm tractors developed and currently under testing in select model of tractors.</p> <p>b) Prototype autonomous steering system for tractor developed and demonstrated in an international exhibition at Indian Agriculture Research Institute, New Delhi.</p> <p>c) Research and development work to provide speed sensitive based assist using CAN Interface for off highway vehicles is in progress.</p> |
|---|---|

2. Benefits derived as a result of the above R&D.

- d) Prototype development of electric power steering based on brushless motor for off-road vehicles is in progress.
- e) Technology exploration studies carried out on 3D printing/additive manufacturing for automotive, aerospace and medical applications.
- 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 two 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 ₹ 12.74 lacs
- b) Revenue expenditure of ₹ 294.05 lacs

Form - C : Foreign Exchange Earning and Outgo

During the year the Company's export sales amounted to ₹ 8902.62 lacs (FOB Basis). Foreign Exchange outflow on account of import of raw material, spares and tools during the year was ₹ 13578.69 lacs.

ANNEXURE – 'B' TO THE DIRECTORS' REPORT

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the financial year ended 31st March, 2014.

Sl. No.	Name	Age (Years)	Designation/ Nature of Duties	Remuneration (₹)	Qualification(s)	Experience (Years)	Date of Employment	Last Employment (Designation)
1.	Mr. Chopra Sudhir	56	President & Company Secretary	13,419,225/-	B.Com, FCS, LL.B.	36	15.05.1993	Samtel India Limited (Company Secretary)
2.	Mr. Deshmukh K.M.	60	Dy. Managing Director	1,041,596/-	B.Tech. (Metallurgy)	37	01.08.1986	Bharat Gears Limited (Dy.Manager-Development)
3.	Mr. Kamiki Kiyozumi	58	Dy. Managing Director	6,401,900/-	Master Degree of Engineering	32	07.03.2013	JTEKT Corporation, Japan Plant Managar (Plant Head) of Tadamisaki Plant
4.	Mr. Kapur Sunjay	43	Vice Chairman & Managing Director	16,036,955/-	Graduate in Business Admn. from Buckingham University, U.K.	18	22.10.2008	Sona Management Services Ltd. (Managing Director)
5.	Dr. Kapur Surinder	70	Chairman	9,951,485/-	Ph.D.(Mech.Engg) Michigan State University, U.S.A.	40	01.10.1990	Bharat Gears Ltd. (Vice Chairman & Managing Director)
6.	Mr. Rajan Govindrajan Sunder	51	President	13,519,600/-	B.Sc., MBA & Master of Information Management	29	01.12.2008	Sona Autocomp Holding Limited (V.P. - Strategy & Innovations)
7.	Mr. Singh Bahadur Ramesh	58	Chief (VSME Programme)	7,653,300/-	B.E. (Production)	35	01.09.2011	Somic ZF Components Ltd. (Managing Director)

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
SONA KOYO STEERING SYSTEMS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of SONA KOYO STEERING SYSTEMS LIMITED ("the Company") which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:-

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- in the case of the Statement of Profit & Loss, of the Profit for the year ended on that date; and
- in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note 45 to the financial statements relating to remuneration paid in respect of the Managerial Personnel of the Company for the financial year 2013-2014 in excess of the limits prescribed under section 198 of the Companies Act, 1956 which is subject to the approval of the Central Government. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together "the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
 - On the basis of written confirmations received from the directors of the Company as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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

Place : New Delhi
Dated : 30th May, 2014

(Rajiv Puri - Partner)
Membership No. 084318

Annexure referred to in paragraph 1 under the heading "Report on the other legal and regulatory requirements" of our Report of even date.

Re. SONA KOYO STEERING SYSTEMS LIMITED (the Company)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) 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 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.
- (c) In our opinion, and according to the information and explanations given to us, fixed assets disposals during the year were not substantial and therefore do not affect the going concern assumption.
- 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 neither granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the paragraphs 4 iii(b), 4 iii(c), 4 iii(d), 4 iii(f) and 4 iii(g) 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 procedures commensurate with the size of

the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.

- v. Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not entered into any transactions during the financial year that needs to be entered into the Register maintained under section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public covered under section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- vii. The Company has an adequate internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Company's automotive products pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (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, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, 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, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess were outstanding, as at 31st March, 2014 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, customs duty, wealth-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 excise duty have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount (₹ / Lacs)*	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Wrong availment of cenvat credit & penalty	2.85	2007-2008 & 2008-2009	Commissioner of Appeals (Central Excise & Service Tax)
Central Excise Act, 1944	Excise duty and penalty	62.95	2008-2009	CESTAT, Chennai
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	86.1	2007-2008 & 2008-2009	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	4.08	2009-2010	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	17.71	2010-2011	CESTAT, New Delhi
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	48.73	2005-2006 to 2009-2010	CESTAT, New Delhi
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	9.87	2008-2009 & 2009-2010	Commissioner of Appeals (Central Excise & Service Tax)
Income Tax Act, 1961	Income Tax	170.57	2011-2012	Assessing Officer New Delhi

* includes penalty wherever indicated in the order

- x. 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.
- xi. Based on our audit procedures and on the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xiv. According to information and explanations given to us, the Company is not dealing or trading in Shares, Securities, Debentures and other investments.
- xv. 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.
- xvi. 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 raised.
- xvii. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we are of the opinion that no funds raised on short term basis have been used for long term investment by the Company.
- xviii. The Company has not made any preferential allotment of shares during the year.
- xix. The Company has no outstanding debentures during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. 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 : New Delhi
Dated: 30th May, 2014

(Rajiv Puri - Partner)
Membership No. 084318

BALANCE SHEET

AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1987.42	1987.42
Reserves and surplus	3	24656.42	22321.48
Sub-total		26643.84	24308.90
Non-current liabilities			
Long-term borrowings	4	16105.73	19733.17
Deferred tax liabilities (net)	5	3900.58	3912.81
Other long-term liabilities	6	50.80	44.46
Long-term provisions	7	452.90	435.52
Sub-total		20510.01	24125.96
Current liabilities			
Short-term borrowings	8	4823.01	4989.76
Trade payables	9	15288.32	14670.57
Other current liabilities	10	8642.91	8867.72
Short-term provisions	7	2091.09	1767.34
Sub-total		30845.33	30295.39
Total		77999.18	78730.25
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	40250.72	40140.74
Intangible assets	11	1896.41	1957.60
Capital work-in-progress		5532.00	2499.01
Intangible assets under development		1211.16	647.94
Non-current investments	12	3462.81	6877.07
Long-term loans and advances	13	846.35	836.72
Other non-current assets	14	20.69	19.22
Sub-total		53220.14	52978.30
Current assets			
Inventories	15	7108.44	5445.95
Trade receivables	16	13909.08	15580.06
Cash and bank balances	17	206.11	147.25
Short-term loans and advances	13	2633.49	2358.47
Other current assets	14	921.92	2220.22
Sub-total		24779.04	25751.95
Total		77999.18	78730.25

Significant accounting policies &
Notes on financial statements

1 to 47

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 : New Delhi
Dated : 30th May, 2014

Rajiv Chanana
Chief Financial Officer

Prem Kumar Chadha
Director - (DIN - 00245680)

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
Income			
Revenue from operations (gross)	18	118585.42	127228.72
Less : Excise duty		14285.90	15372.46
Revenue from operations (net)		104299.52	111856.26
Other income	19	4031.28	556.61
Total revenue (I)		108330.80	112412.87
Expenses			
Cost of materials consumed [refer note 39(a)]		71418.83	76993.70
Purchases of stock-in-trade [refer note 39(d)]		1948.51	1784.31
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(1243.13)	(428.49)
Employee benefits expense	21	11048.92	10673.77
Finance costs	22	3189.43	3352.27
Depreciation and amortization expense	23	4909.85	4317.81
Research & development expenses	24	294.05	277.62
Other expenses	25	10934.34	10752.31
Total expenses (II)		102500.80	107723.30
Profit before tax (I - II)		5830.00	4689.57
Tax expense			
- Current year		1275.00	1087.00
- Earlier year		11.17	(150.99)
- Minimum alternate tax (MAT) credit entitlement		(610.09)	-
- Deferred tax		(12.23)	692.48
Total tax expenses		663.85	1628.49
Profit for the year		5166.15	3061.08
Earnings per equity share (face value of ₹ 1/- each) :			
Basic / Diluted (in ₹)	26	2.60	1.54

Significant accounting policies &
Notes on financial statements

1 to 47

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 : New Delhi
Dated : 30th May, 2014

Rajiv Chanana
Chief Financial Officer

Prem Kumar Chadha
Director - (DIN - 00245680)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax	5830.00	4689.57
Adjustment for :		
Depreciation & amortization	4909.85	4317.81
(Profit)/loss on sale of fixed assets	25.25	(0.21)
(Profit)/loss on sale of long term investment	(3543.03)	-
Dividend from long term investment-trade	(14.00)	(11.67)
Unrealized foreign exchange (gain)/loss	(127.48)	(351.78)
Provision for doubtful advances	-	10.00
Provision for doubtful advances no longer required written back	(10.00)	-
Unrecovered advances written off	49.22	-
Premium on forward contract amortized	307.82	242.83
Interest expense	3130.24	3204.49
Interest income	(10.20)	(43.76)
Operating profit before working capital changes	10547.67	7367.71
(Increase)/decrease in trade receivables	1771.37	(3024.62)
(Increase)/decrease in inventories	(1582.30)	(1569.78)
(Increase)/decrease in long term loans & advances	39.49	1253.05
(Increase)/decrease in other current assets	1298.29	(53.30)
(Increase)/decrease in short term loans & advances	339.07	53.51
Increase/(decrease) in trade payables	47.74	(1932.80)
Increase/(decrease) in other current liabilities	(1595.67)	(218.49)
Increase/(decrease) in other long term liabilities	6.34	27.96
Increase/(decrease) in long term provisions	15.97	73.21
Increase/(decrease) in short term provisions	24.54	1.36
Cash generated from operations	10912.51	6667.38
Income tax paid (net of income tax refund)	(1286.67)	(980.73)
Net cash from operating activities	9625.84	5686.65
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of fixed assets (including CWIP)	(7862.04)	(7635.85)
Proceeds from sale of fixed assets	30.33	44.35
Proceeds from sale of long term investment	6475.13	-
Purchase of non current investment	(155.00)	(88.87)
Bank deposit having original maturity of more than 3 months	(1.47)	(1.36)
Dividend received	14.00	11.67
Interest received	10.20	2.87
Net cash (used)/raised from investing activities	(1488.85)	(7667.19)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	4471.23	9372.94
Repayment of long term borrowings	(7457.04)	(5804.92)
Proceeds / (Repayment) of short/long term borrowings	(295.74)	3487.49
Interest paid	(3322.78)	(3585.63)
Dividend paid	(1291.82)	(1291.82)
Tax on dividend paid	(219.55)	(209.57)
Net cash (used)/raised from financing activities	(8115.70)	1968.49
Increase/(decrease) in cash & cash equivalents (A+B+C)	21.29	(12.05)
Cash & cash equivalents at the begining of the year	59.13	71.18
Cash & cash equivalents acquired on account of amalgamation	4.19	-
Cash & cash equivalents at the end of the year	84.61	59.13

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 statements".
- 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 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 : New Delhi

Dated : 30th May, 2014

Rajiv Chanana

Chief Financial Officer

Prem Kumar Chadha

Director - (DIN - 00245680)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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 Company listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

II. Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards in India notified under section 211 (3C) of the Companies Act, 1956 which as per General Circular 15/2013 dated 13th September, 2013, issued by the Ministry of Corporate Affairs continue to apply under Section 133 of the Companies Act, 2013. Financial statements have also been prepared in accordance with relevant presentation requirements of the Companies Act, 1956 of India.

III. Basis of accounting

The financial statements are prepared under the historical cost convention on an accrual basis.

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. Fixed assets and depreciation/amortisation

Fixed Assets (except freehold land which is carried at cost) 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.

The Company provides depreciation on fixed assets on the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 on a pro-rata basis from the month in which the asset is put to use, except for certain fixed assets where, based on management's estimate of the useful lives of the assets, higher depreciation has been provided on the straight line method as stated below:

- Leasehold improvements are depreciated at the rate of 20% per annum or over the period of lease if less than five years.
- Assets situated at employee's residence are depreciated at the rate of 33.33% per annum.
- Vehicles are depreciated at the rate of 18.75% per annum.
- Computers are depreciated at the rate of 25% per annum.
- Dies are depreciated at the rate of 25% per annum.

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 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.

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 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

Long term Investments are valued at their acquisition cost. Provision for diminution, other than temporary, is made wherever necessary.

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 costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

X. Foreign currency transactions

- Initial recognition:

Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of transactions.

- 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.
- 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) 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 relatable 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.

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 assets are recognised and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

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.

Particulars	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
-------------	---	---

NOTE 2 - SHARE CAPITAL

Authorised shares (in nos.)

27,10,00,000 (previous year 25,00,00,000) equity shares
of ₹ 1/- each

2710.00

2500.00

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, 2014		As at 31st March, 2013	
	(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, 2014		As at 31st March, 2013	
	No. of shares	% of holding	No. of shares	% of holding
Equity share of ₹ 1/- each fully paid				
• Sona Autocomp Holding Ltd. (Earlier known as Sona Autocomp Holding Pvt 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, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / 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	120.66
Less : Adjustment pursuant to amalgamation of Sona Stampings Ltd. - Debit balance in statement of profit & loss as on 01-04-2013 (refer note 44)	(120.66)	-
Capital redemption reserve	<u>-</u>	<u>120.66</u>
Securities premium account		
Balance as per the last financial statements	8921.17	8921.17
Add: Addition on account of amalgamation of Sona Stampings Ltd. (refer note 44)	442.21	-
Less : Adjustment pursuant to amalgamation of Sona Stampings Ltd. - Debit balance in statement of profit & loss as on 01-04-2013 (refer note 44)	(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 (refer note 44)	(434.38)	-
	<u>8070.76</u>	<u>8921.17</u>
General Reserve		
Balance as per the last financial statements	7665.71	7340.71
Add: Amount transferred from surplus balance in the statement of profit & loss	525.00	325.00
Closing Balance	<u>8190.71</u>	<u>7665.71</u>
Surplus in the statement of profit & loss		
Balance as per last financial statements	5613.50	4388.79
Profit for the year	5166.15	3061.08
Less: Appropriations		
Proposed dividend (refer note below)	1589.93	1291.82
Tax on proposed dividend	270.21	219.55
Transfer to general reserve	525.00	325.00
Net surplus in the statement of profit & loss	<u>8394.51</u>	<u>5613.50</u>
Total reserve and surplus	<u>24656.42</u>	<u>22321.48</u>

For the year ended 31st March, 2014, the amount of dividend proposed to be distributed to equity shareholders is ₹ 0.80 per share (previous year ₹ 0.65 per share).

	Non-current portion		Current maturities	
	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
NOTE 4 - LONG TERM BORROWINGS				
Term loans				
From banks				
Indian rupee loans from banks (secured)	9140.07	16199.13	4043.60	4653.20
Foreign currency loans from banks (secured)	6764.68	3242.39	2375.98	1188.13
From Financial Institution				
Indian rupee loan from financial institution (secured)	103.76	-	29.00	-
From others				
Indian rupee loan from NBFC (secured)	97.22	291.65	194.43	194.43
	<u>16105.73</u>	<u>19733.17</u>	<u>6643.01</u>	<u>6035.76</u>
Amount disclosed under the head "other current liabilities" (refer note 10)	-	-	(6643.01)	(6035.76)
	<u>16105.73</u>	<u>19733.17</u>	<u>-</u>	<u>-</u>

1. Indian rupee loans from banks include:

- Rupee term loans of ₹ 13073.38 lacs (previous year ₹ 19963.34 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 ₹ 1085.00 lacs (previous year ₹ 1550.00 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.
- Rupees term loan of ₹ Nil (previous year ₹ 750.00 lacs) from State Bank of India is secured by way of first pari-passu charge on current assets and second pari-passu charge on movable and immovable fixed assets of the Company. The Loan is further secured by way of exclusive mortgage on land situated at Plot No. 19, Dharuhera Industrial Area, Phase II, District Rewari (Haryana). The rate of interest on aforesaid loan is linked to bank's base rate.
- Rupee term loan of ₹ 110.29 lacs (previous year ₹ 138.99 lacs) from Allahabad Bank, 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 ₹ 132.76 lacs (previous year Nil) from financial institution is secured by way of hypothecation on all moveable 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 ₹ 291.65 lacs (previous year ₹ 486.08 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 2.5 millions equivalent to ₹ 1370.00 lacs (previous year USD 3.5 millions equivalent to ₹ 1918.02 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 3.75 million equivalent to ₹ 1884.38 lacs (previous year USD 5 million equivalent to ₹ 2512.50 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 6 million equivalent to ₹ 3598.80 lacs (previous year Nil) 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 3.81 million equivalent to ₹ 2287.48 lacs (previous year Nil) 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	2014-15	2015-16	2016-17	2017-18	2018-19
1.	3751.35	10	375.00	Quarterly	1125.00	1500.00	1126.35	-	-
2.	2145.40	10	229.20	Quarterly	687.60	916.80	541.00	-	-
3.	1085.00	7	155.00	Quarterly	620.00	465.00	-	-	-
4.	1715.00	10	172.00	Quarterly	688.00	688.00	339.00	-	-
5.	1875.00	15	125.00	Quarterly	500.00	500.00	500.00	375.00	-
6.	291.64	6	48.61	Quarterly	194.43	97.22	-	-	-
7.	1370.00	10	274.00	Half yearly	548.00	548.00	274.00	-	-
8.	1884.40	12	157.03	Quarterly	628.13	628.13	628.13	-	-
9.	2437.50	13	187.50	Quarterly	375.00	750.00	750.00	562.50	-
10.	2351.61	13	187.50	Quarterly	750.00	750.00	750.00	101.62	-
11.	3598.80	16	224.93	Quarterly	449.85	899.70	899.70	899.70	449.85
12.	110.28		4.22	Monthly	48.00	48.00	14.29	-	-
13.	132.76	11	3.66	Monthly	29.00	41.00	53.00	9.76	-
	22748.74				6643.01	7831.85	5875.47	1948.58	449.85

Particulars	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
-------------	---	---

NOTE 5 - DEFERRED TAX LIABILITIES (NET)

Deferred tax liability

Depreciation	4118.64	4051.32
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.	30.46	32.48

Gross deferred tax liability	4149.10	4083.80
-------------------------------------	----------------	----------------

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.	248.52	167.59
Provision for doubtful advances	-	3.40

Gross deferred tax assets	248.52	170.99
----------------------------------	---------------	---------------

Net deferred tax liability	3900.58	3912.81
-----------------------------------	----------------	----------------

NOTE 6 - OTHER LONG TERM LIABILITIES

Security deposit	20.06	16.50
Other payables *	30.74	27.96
	50.80	44.46

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

Long-term		Short-term	
As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)

NOTE 7 - PROVISIONS

Provision for employee benefits

Gratuity (refer note 27)	-	-	2.83	-
Leave Encashment (refer note 27)	414.15	400.52	45.56	41.54
	414.15	400.52	48.39	41.54

Other provisions

Provision for income tax [net of advance tax and TDS of ₹ 2351.10 lacs (previous year ₹ 4704.82 lacs)]	-	-	51.31	109.43
Proposed dividend	-	-	1589.93	1291.82
Corporate dividend tax	-	-	270.21	219.55
Product warranty (refer note 43)	38.75	35.00	131.25	105.00
	38.75	35.00	2042.70	1725.80
	452.90	435.52	2091.09	1767.34

As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
---	---

NOTE 8 - SHORT TERM BORROWINGS

Cash credit / other loans repayable on demand from banks (secured)	4823.01	4989.76
	4823.01	4989.76

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, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
-------------	---	---

NOTE 9 - TRADE PAYABLES

Trade payables (including acceptances) (refer note 41 for details of dues to micro and small enterprises)	15288.32	14670.57
	<u>15288.32</u>	<u>14670.57</u>

NOTE 10 - OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (refer note 4)	6643.01	6035.76
Interest accrued but not due on borrowings	131.11	64.81
Unclaimed dividends *	121.50	88.12
Security deposits	22.19	13.19
Advance from customer	337.34	310.52
Taxes payable **	245.69	632.43
Other payables***	1142.07	1722.89
	<u>8642.91</u>	<u>8867.72</u>

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956.

** 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 01.04.13	Additions on Amalgamation [§]	Additions	Sales / Disposals	Other Adjustments [#]	As at 31.03.14	As at 01.04.13	Depreciation on Amalgamation [§]	For the year	Written back	Up to 31-03-14	As at 31.03.14	As at 31.03.13
Tangible assets														
1.	Freehold land	1949.04	72.83	-	-	-	2021.87	0.00	-	-	-	0.00	2021.87	1949.04
2.	Leasehold land	221.50	-	-	-	-	221.50*	7.86	-	2.55	-	10.41	211.09	213.64
3.	Buildings	11120.54	198.31	723.35	0.58	-	12041.62**	1654.41	30.60	390.84	0.58	2075.27	9966.35	9466.13
4.	Lease hold improvements	19.51	11.39	15.38	-	-	46.28	12.04	2.13	9.00	-	23.17	23.11	7.47
5.	Plant & equipments	43641.82	240.84	2659.58	28.47	-	46513.77	18971.17	58.47	3385.79	26.66	22388.77	24125.00	24670.65
6.	Jigs & fixtures	560.44	29.51	66.53	2.25	-	654.23	232.87	13.04	46.65	2.25	290.31	363.92	327.57
7.	Electric installations	2490.70	28.33	225.64	0.41	-	2744.26	907.62	5.43	180.36	0.41	1093.00	1651.26	1583.08
8.	Furniture & fixtures	814.34	8.96	11.09	186.44	-	647.95	426.03	1.68	46.00	176.20	297.51	350.44	388.31
9.	Office equipments	2143.60	17.09	262.06	53.55	-	2369.20	1259.23	6.71	194.93	37.10	1423.77	945.43	884.37
10.	Vehicles	551.33	-	81.09	53.57	-	578.85	217.94	-	96.02	26.50	287.46	291.39	333.39
11.	R&D-plant & equipments	458.09	-	12.74	-	-	470.83	152.97	-	25.28	-	178.25	292.58	305.12
12.	R&D-office equipments	103.33	-	-	-	-	103.33	91.36	-	3.69	-	95.05	8.28	11.97
Sub Total		64074.24	607.26	4057.46	325.27	0.00	68413.69	23933.50	118.06	4381.11	269.70	28162.97	40250.72	40140.74
Previous year		55385.64	0.00	8209.94	74.98	553.64	64074.24	20163.74	0.00	3800.58	30.82	23933.50	40140.74	
Intangible Assets														
1.	R&D-computer softwares	62.33	-	-	-	-	62.33	52.48	-	3.04	-	55.52	6.81	9.85
2.	Computer softwares	618.90	1.52	2.66	-	-	623.08	140.30	1.19	24.50	-	165.99	457.09	478.60
3.	Product development cost	2758.49	-	464.56	-	-	3223.05***	1289.34	-	501.20	-	1790.54	1432.51	1469.15
Sub total		3439.72	1.52	467.22	-	-	3908.46	1482.12	1.19	528.74	0.00	2012.05	1896.41	1957.60
Previous year		3073.37	0.00	366.35	0.00	-	3439.72	964.89	-	517.23	0.00	1482.12	1957.60	
Total		67513.96	608.78	4524.68	325.27	-	72322.15	25415.62	119.25	4909.85	269.70	30175.02	42147.13	42098.34
Previous year		58459.01	-	8576.29	74.98	553.64	67513.96	21128.63	-	4317.81	30.82	25415.62	42098.34	

Capital work in progress - tangible assets

5532.00 2499.01

Capital work in progress - intangible assets under development ***

1211.16 647.94

6743.16 3146.95

* 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 ₹ 1014.08 lacs (previous year ₹ 1014.08 lacs), net block ₹ 916.00 lacs (previous year ₹ 949.86 lacs) is constructed on leasehold land.

*** Internally generated intangible assets.

Other adjustments comprises of borrowing cost and foreign currency exchange differences.

\$ During the year Sona Stampings Ltd. has merged with the Company on amalgamation (refer note 44).

Particulars	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
-------------	---	---

NOTE 12 - NON CURRENT INVESTMENTS

Long-term investments (at cost)

Trade investments

Unquoted equity instruments, fully paid up

Domestic :

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

Overseas :

Nil (previous year 49,29,636) equity shares of Euro 1 each, in Fuji Autotech, Europe S.A.S., (incorporated in France)	0.00	2932.10
--	------	---------

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
---	---------	---------

Nil (previous year 2,02,772) equity shares of ₹ 100/- each, in Sona Stampings Ltd.*	0.00	637.16
---	------	--------

In Associate Company:

14,03,790 (previous year Nil) equity shares of ₹ 10/- each in Sona Skill Development Centre Ltd.	155.00	0.00
--	--------	------

3462.81

6877.07

* During the year Sona Stampings Ltd. has merged with the Company on amalgamation (refer note 44).

Non-current		Current	
As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)

NOTE 13 - LOANS AND ADVANCES

(Unsecured, considered good)

Capital advances	532.26	536.56	-	-
	532.26	536.56	-	-

Security deposits	272.14	275.35	94.66	73.77
	272.14	275.35	94.66	73.77

Loans and advances to related parties (subsidiary)	-	-	-	450.00
	-	-	-	450.00

Other loans and advances

Advance recoverable in cash or kind				
Considered good	-	-	101.68	446.67
Considered doubtful	-	-	-	10.00
Less : Provision for doubtful advance	-	-	-	(10.00)
Loans and advances to employees	14.02	11.10	33.82	46.58
Prepaid expenses	12.81	10.64	206.46	109.62
Balance with custom, excise and sales tax authorities etc.	15.12	3.07	1161.84	749.27
Minimum alternate tax (MAT) credit entitlement	-	-	1035.03	482.56
	41.95	24.81	2538.83	1834.70
	846.35	836.72	2633.49	2358.47

Particulars	Non-current		Current	
	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)

NOTE 14 - OTHER ASSETS

(Unsecured, considered good)

Non-current bank balances (refer note 17)*	20.69	19.22	-	-
Unamortized premium on forward contracts	-	-	157.09	22.95
Interest accrued but not due on fixed deposits with banks	-	-	0.09	0.09
Claims receivable	-	-	196.41	497.36
Unbilled revenue	-	-	247.89	929.66
Other receivable	-	-	320.44	770.16
	<u>20.69</u>	<u>19.22</u>	<u>921.92</u>	<u>2220.22</u>

* Held as margin money deposits against bank guarantees

As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
---	---

NOTE 15 - INVENTORIES

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

Raw materials and components *	3040.85	2943.54
Work-in-progress **	829.47	759.20
Finished goods ***	1894.35	658.93
Stock-in-trade	2.19	5.08
Stores and spares	579.52	433.11
Loose tools	762.06	646.09
	<u>7108.44</u>	<u>5445.95</u>

* Includes material in transit ₹ 60.07 lacs (previous year ₹ 139.35 lacs).

** Includes material with the vendors sent for job work ₹ 60.85 lacs (previous year ₹ 172.97 lacs).

*** Includes goods in transit ₹ 1203.16 lacs (previous year ₹ 25.12 lacs).

NOTE 16 - TRADE RECEIVABLES

(Unsecured, considered good)

Receivables outstanding for a period exceeding six months from the date they are due for payment	90.39	2473.47
Other receivables	<u>13818.69</u>	<u>13106.59</u>
	<u>13909.08</u>	<u>15580.06</u>

Non-current		Current	
As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)

NOTE 17 - CASH AND BANK BALANCES

Cash and cash equivalents

Balances with banks:

Current accounts	-	-	74.52	54.05
Cash on hand	-	-	10.09	5.08
Sub total	<u>-</u>	<u>-</u>	<u>84.61</u>	<u>59.13</u>

Other bank balances

Fixed deposits with original maturity for more than 12 months *	20.69	19.22	-	-
Unpaid dividend accounts	-	-	121.50	88.12
Sub total	<u>20.69</u>	<u>19.22</u>	<u>121.50</u>	<u>88.12</u>
Amount disclosed under non-current assets (refer note 14)	<u>(20.69)</u>	<u>(19.22)</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>206.11</u>	<u>147.25</u>

* Held as margin money deposits against bank guarantees.

Particulars	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
-------------	--	--

NOTE 18 - REVENUE FROM OPERATIONS

Sale of products [refer note 39(c)]	117735.10	126486.29
Sale of services	39.66	70.13
Other operating revenues :		
Scrap sales	599.25	537.00
Others	211.41	135.30
Revenue from operations (gross)	118585.42	127228.72
Less: Excise duty (refer note 40)	14285.90	15372.46
Revenue from operations (net)	104299.52	111856.26

NOTE 19 - OTHER INCOME

Interest income	10.20	43.76
Foreign exchange gain (net)	130.79	132.28
Dividend from long term trade investments	14.00	11.67
Lease rental income [refer note 28(b)]	38.84	36.99
Gain on sale of fixed assets (net)	-	0.21
Profit on sales of non-current trade investment	3543.03	-
Other non-operating income	294.42	331.70
	4031.28	556.61

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	759.20	663.94
Finished goods	658.93	295.28
Stock-in-trade	5.08	4.51
Work-in-progress acquired on account of amalgamation	28.09	-
Finished goods acquired on account of amalgamation	10.43	-
	1461.73	963.73

Inventories at the end of the year

Work-in-progress	829.47	759.20
Finished goods	1894.35	658.93
Stock-in-trade	2.19	5.08
	2726.01	1423.21

Changes in inventories

	(1264.28)	(459.48)
Excise duty on increase / (decrease) in finished goods (refer note 40)	21.15	30.99
	(1243.13)	(428.49)

NOTE 21 - EMPLOYEE BENEFITS EXPENSE

Salaries, wages and allowances	8895.20	8448.32
Contribution to provident and other funds	697.75	821.08
Employees welfare expenses	1455.97	1404.37
	11048.92	10673.77

NOTE 22 - FINANCE COSTS

Interest on loans	3084.42	3177.37
Other borrowing costs	12.70	-
Other interest	33.12	27.12
Bank and other finance charges	57.65	47.52
Cash discount	1.54	100.26
	3189.43	3352.27

Particulars	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
-------------	--	--

NOTE 23 - DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation/amortization of tangible assets	4381.11	3800.58
Amortization of intangible assets	528.74	517.23
	<u>4909.85</u>	<u>4317.81</u>

NOTE 24 - RESEARCH & DEVELOPMENT EXPENSES

Travelling expenses	6.05	4.02
Salary & allowances	240.42	249.11
Components, tools & spares	37.70	18.40
Professional charges	9.50	5.68
Others	0.38	0.41
	<u>294.05</u>	<u>277.62</u>

NOTE 25 - OTHER EXPENSES

Stores and spare parts consumed	1381.26	1309.71
Loose tools consumed	1205.35	1172.25
Power and fuel	2122.58	2115.50
Repairs and maintenance - plant & machinery	470.43	542.96
Royalty	292.41	370.14
Rent	251.31	157.51
Rates and taxes	18.45	67.12
Insurance	81.08	57.33
Repair and maintenance - buildings	49.39	71.71
Repair and maintenance - others	412.75	341.69
Travelling, conveyance and vehicle expenses	626.14	730.06
Communication & stationery expenses	195.17	215.60
Legal & professional charges	935.27	1052.19
Security charges	181.18	164.29
Business promotion	112.42	120.17
Premium on forward exchange contract amortized	307.82	242.83
Forwarding expenses	1400.83	1084.79
Packing material	541.79	587.43
Commission to non whole time directors	27.00	52.69
Directors' sitting fees	7.30	6.86
Provision for doubtful advance	-	10.00
Unrecovered advance written off	49.22	-
Loss on sale of fixed assets (net)	25.25	-
Payments to auditors		
As auditor		
Audit fee	15.75	12.25
Tax audit fee	3.00	2.80
Limited review & consolidation	9.95	8.80
In other capacity		
Taxation matters	3.00	-
Other services (certifications fee)	3.46	0.75
Miscellaneous expenses	204.78	254.88
	<u>10934.34</u>	<u>10752.31</u>

NOTE 26 - EARNINGS PER SHARE

Net profit after tax		5166.15	3061.08
Profit/(loss) attributable to the equity shareholders	(A)	5166.15	3061.08
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)	2.60	1.54
Diluted	(A/B)	2.60	1.54

Particulars	Current year (₹ / Lacs)	Previous year (₹ / Lacs)
-------------	----------------------------	-----------------------------

NOTE 27 - EMPLOYEES BENEFIT

Defined contribution plans:

- i) The Company has recognised, in the statement of profit & loss for the year ended March 31, 2014 an amount of ₹ 612.60 lacs (previous year ₹ 592.07 lacs) as expenses under defined contribution plans. Expenses under defined contribution plans include:

a) Employer's contribution to Provident fund	408.46	396.04
b) Employer's contribution to Superannuation fund	180.57	166.94
c) Employer's contribution to Employee State Insurance Corporation	20.00	26.48
d) Punjab labour welfare fund (PLWF)	3.57	2.61
	612.60	592.07

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 ₹ 27.84 lacs (previous year ₹ 38.71 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, 2014.

- 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	778.41	742.47	1380.07	1131.02	442.07	366.43
b) Liability transfer on account of merger of Sona Stampings Ltd.	-	-	6.07	-	1.57	-
c) Current service cost	27.84	36.35	119.79	115.99	67.24	71.30
d) Interest cost	54.77	59.95	112.28	98.40	35.93	31.88
e) Actuarial (gain) / loss	(182.44)	(19.24)	(46.70)	100.84	(3.89)	39.54
f) Benefits paid	(283.79)	(96.58)	(104.31)	(66.18)	(83.21)	(67.08)
g) Employee contribution	40.78	53.55	-	-	-	-
h) Settlements	(5.52)	-	-	-	-	-
i) Change in reserves	4.60	1.91	-	-	-	-
j) Closing defined benefit obligation	434.65	778.41	1467.20	1380.07	459.71	442.07
2. Change in plan assets (reconciliation of opening and closing balances) :						
a) Opening fair value of plan assets	786.85	742.98	1387.51	1150.71	-	-
b) Assets transfer on account of merger of Sona Stampings Ltd.	-	-	11.46	-	-	-
c) Prior period adjustment	-	-	-	-	-	-
d) Expected return on plan asset	41.01	63.21	131.47	108.17	-	-
e) Employer contributions	27.84	36.35	49.47	188.94	-	-
f) Benefits paid	(283.79)	(96.58)	(104.31)	(66.18)	-	-
g) Employee contribution	40.78	53.55	-	-	-	-
h) Settlements	(5.52)	-	-	-	-	-
i) Actuarial gain / (loss) on plan assets	(166.56)	(12.66)	(2.09)	5.87	-	-
j) Closing fair value of plan assets	440.61	786.85	1473.51	1387.51	-	-

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	434.65	778.41	1467.20	1380.07	459.71	442.07
b) Fair value of plan (assets)	(440.61)	(786.85)	(1473.51)	(1387.51)	-	-
c) Unfunded (asset) / liability recognised in the balance sheet	.*	.*	.*	.*	459.71	442.07
d) Experience adjustments on plan liabilities-(loss)/gain	-	-	43.35	(28.44)	3.86	(20.11)
e) Experience adjustments on plan assets-(loss)/gain	-	-	(2.09)	5.87	-	-
*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	27.84	36.35	119.79	115.99	67.24	71.30
b) Interest cost	54.77	59.95	112.28	98.40	35.93	31.88
c) Expected return on plan assets	(41.01)	(63.21)	(131.47)	(108.17)	-	-
d) Actuarial (gain) / loss	(15.88)	(6.58)	(44.61)	94.97	(3.89)	39.54
e) Expenses recognised during the year	25.72	26.51	55.99	201.19	99.28	142.72
5. Assumptions :						
a) Discount rate (per annum)	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
b) Expected rate of return on plan assets (per annum)	-	-	9.3% to 9.40%	9.40%	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.

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	7.55%	19.03%
- State government securities	20.71%	21.09%
- Securities of Public financial institutions	58.97%	49.04%
- Private sector bonds / securities	12.77%	10.84%

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 2012		31st March 2011		31st March 2010	
Gratuity	Leaves	Gratuity	Leaves	Gratuity	Leaves

iv) Reconciliation of fair value of assets and obligations for the past years

a) Present value of obligation	1131.01	366.43	904.10	363.15	700.56	242.39
b) Fair value of plan (assets)	(1150.70)	-	(933.82)	-	(860.02)	-
c) Unfunded (asset)/liability recognised in the balance sheet	.*	366.43	.*	363.15	.*	242.39
d) Experience adjustments on plan liabilities- (loss) / gain	(69.75)	28.76	(96.22)	(58.48)	29.13	(65.04)
e) Experience adjustments on plan assets-(loss) / gain	-	-	-	-	6.24	-

* 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

The Company has taken various residential, office premises and vehicle under operating lease on lease and license agreements. These are cancellable; have a term of 11 months and five years. The agreements for premises cannot be terminated by either party before the expiry of one year. Agreements for leasing of vehicles can generally be terminated early by payment of nominal fees. The lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement. Lease payments are recognised in the statement of profit & loss in the year incurred.

- (i) The Company has taken vehicles for its employees under operating lease agreement. An amount of ₹ 17.34 lacs (previous year ₹ 15.88 lacs) is recognized in the statement of profit & loss for the year ended March 31, 2014. The future minimum lease payment are as follows:

	Current year (₹/ Lacs)	Previous year (₹/ Lacs)
Within one year	17.06	9.11
After one year but not more than five years	26.17	5.32
	<u>43.23</u>	<u>14.43</u>

- (ii) The Company has taken office premises under non cancellable operating lease agreement. An amount of ₹ 10.37 lacs (previous year ₹ Nil) is recognized in the statement of profit & loss for the year ended March 31, 2014. The future minimum lease payments are as follows:

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

b) Operating lease : Company as lessor*

The Company has given part of its factory building at Chennai under operating lease on lease and licence agreement for the period of four years. The agreement for premises can be terminated by either party early by payment of compensation fees. The lease arrangement is renewable on the expiry of lease period subject to mutual agreement. Lease receipts of ₹ 38.84 lacs (previous year ₹ 36.99 lacs) are recognised in the statement of profit & loss as per terms of agreement. The future lease receipts are as follows.

Within one year	40.78	25.47
After one year but not more than five years	118.74	-
	<u>159.52</u>	<u>25.47</u>

* Above reported lease rentals are net of service tax.

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

a) Technical know-how fees	-	28.13
b) Professional charges	58.49	44.92
c) Technical support charges	464.73	95.68
d) Components, tools & spares	414.69	912.41
e) Travelling expenses	49.09	55.09
f) Interest to bank	258.84	458.05
g) Loss on foreign exchange fluctuations on ECB loan	-	158.48
h) Others	63.01	363.84
i) Salary	326.26	462.55
	<u>1635.11</u>	<u>2579.15</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 is less than ten percent of the total turnover and hence there are no reportable secondary geographical segments.

NOTE 31 - CONTINGENT LIABILITIES

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

	Period covered	Current year* (₹/ Lacs)	Previous year (₹/ Lacs)
a) Excise duty			
i) Show cause notice received and pending with Adjudication Authority	2004-05 to 2007-08 & 2012-13	1608.58	1529.44
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals	2009-10 to 2010-11	84.52	3.71
	Total	<u>1693.10</u>	<u>1533.15</u>
b) Service Tax			
i) Show cause notice received and pending with Adjudication Authority	2008-09 to 2013-14	114.09	30.65
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals/ show cause notices	2009-10 to 2011-12	228.81	261.73
	Total	<u>342.90</u>	<u>292.38</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 2013-14	809.86	636.15

	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	6.25	5.76
ii) Case of valuation of import goods with Special Valuation Branch under Custom Act	2013-14	77.20	-
*Includes penalty wherever indicated in the order and interest calculated up to 31-03-2014			
e) Income Tax			
i) Cases pending before Courts / Appellate Authorities in respect of which the Company has filed appeal.		-	30.53
f) Customer's claims against Company		-	696.41
II) Customer bills discounted		300.00	1879.00
III) Letter of credit opened by banks for purchase of inventory / capital goods		397.57	395.47
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:

Nature of contracts	Buy / Sell	Current year		Previous year	
		Contracts (nos.)	Amount (in Lacs)	Contracts (nos.)	Amount (in Lacs)
Forward contracts (JPY)	Buy	96	4660.79	137	4959.33
Rupee equivalent value	Buy	96	2897.69	137	3017.45
Forward contracts (USD)	Buy	14	42.00	3	2.25
Rupee equivalent value	Buy	14	2812.91	3	123.74
Currency cum interest rates swaps (ECB) (USD)	Buy	3	122.50	2	85.00
Rupee equivalent value(ECB)	Buy	3	6853.18	2	4430.50
Forward contracts (SGD)	Buy	-	-	3	2.54
Rupee equivalent value	Buy	-	-	3	118.50

Un-hedged foreign currency exposure :

(In Lacs)

	Current 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
ECB loan	-	-	-	-	-	-
Rupee equivalent value	-	-	-	-	-	-
Trade receivables and loans & advances	-	5.60	27.62	0.13	-	-
Rupee equivalent value	-	457.75	1649.65	0.08	0.30	-

	Previous year					
	CHF	EURO	USD	YEN	GBP	SGD
Trade payables	1.35	0.51	15.75	480.13	-	0.11
Rupee equivalent value	76.68	35.17	855.37	276.99	-	5.01
ECB loan	-	-	-	-	-	-
Rupee equivalent value	-	-	-	-	-	-
Trade receivables and loans & advances	-	13.24	27.66	10.65	-	-
Rupee equivalent value	-	919.75	1501.10	6.14	-	-

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 Company, during the year has capitalized an exchange loss arising on long term foreign currency loans to depreciable fixed assets amounting to ₹ Nil (previous year ₹ 158.48 lacs).

The net amount of exchange loss capitalized to depreciable assets and remaining to be amortized as on March 31, 2014 is ₹ 308.17 lacs (previous year ₹ 327.00 lacs).

	Current year (₹ / Lacs)	Previous year (₹ / Lacs)
--	----------------------------	-----------------------------

NOTE 34 - CAPITAL AND OTHER COMMITMENTS

I) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2698.80	3672.17
II) Other commitments		
The Company has given a letter of comfort to banks to lend support to its subsidiaries against the sanctioned limit :		
a) Sona Stampings Ltd.	-	175.00
b) Sona Fuji Kiko Automotive Ltd.	2144.00	2144.00

NOTE 35 - VALUE OF IMPORTS CALCULATED ON CIF BASIS

Capital goods	2405.22	2881.66
Raw material	318.11	976.16
Components, spares & tools	13260.58	13113.05
	<u>15983.91</u>	<u>16970.87</u>

NOTE 36 - EXPENDITURE IN FOREIGN CURRENCY

Books and periodicals	-	0.06
Royalty	385.85	310.24
Technical services	355.26	265.44
Foreign travels	42.99	73.92
Legal and professional charges	67.28	28.94
Training fees	-	23.32
Warehouse charges	-	26.80
Interest	-	3.57
Others	-	3.71
	<u>851.38</u>	<u>736.00</u>

NOTE 37 - REMITTANCE IN FOREIGN CURRENCY

Dividend	272.62	278.31
No. of non resident shareholders	338	357
No. of shares held by non resident shareholders	4,19,41,377	4,28,16,549
Year to which the dividend relates	2012-13	2011-12

NOTE 38 - EARNINGS IN FOREIGN EXCHANGE

FOB value of export of goods	8902.62	6244.31
------------------------------	---------	---------

NOTE 39 (a) - PARTICULARS OF MATERIALS CONSUMED *

Raw material : steel bars	2178.38	1424.61
Components	69240.45	75569.09
Total	<u>71418.83</u>	<u>76993.70</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	13548.15	18.97%	15175.46	19.71%
Indigenous	57870.68	81.03%	61818.24	80.29%
	<u>71418.83</u>	<u>100.00%</u>	<u>76993.70</u>	<u>100.00%</u>
Stores & spares				
Imported	23.76	1.72%	81.33	6.21%
Indigenous	1357.50	98.28%	1228.37	93.79%
	<u>1381.26</u>	<u>100.00%</u>	<u>1309.70</u>	<u>100.00%</u>
Tools (includes loose tools)				
Imported	216.84	17.99%	148.29	12.65%
Indigenous	988.51	82.01%	1023.95	87.35%
	<u>1205.35</u>	<u>100.00%</u>	<u>1172.24</u>	<u>100.00%</u>
	Current year (₹ / Lacs)		Previous year (₹ / Lacs)	

c) DETAILS OF PRODUCTS SOLD

Steering gear assembly	92230.43	100394.13
Axle assembly including components	11707.35	13156.67
Others include sale of stock-in-trade and bought out components	13797.32	12935.49
	<u>117735.10</u>	<u>126486.29</u>

d) STOCK-IN-TRADE (CURRENT 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	-

STOCK-IN-TRADE (PREVIOUS YEAR)

Description of Goods	Opening Stock (₹/Lacs)	Purchase (₹/Lacs)	Sales (₹/Lacs)	Closing Stock (₹/Lacs)
Reservoir	4.51	1429.49	1664.29	5.08
Others	-	354.82	441.16	-

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, 2014 (₹ / Lacs)	31st March, 2013 (₹ / 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, untill 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 ₹ 2184.06 lacs (previous year ₹ 2559.19 lacs) being the value of dispatches made to vendors for job work.

NOTE 43 - 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 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	140.00	140.00
Add: addition during the year	684.51	225.95
Less: charged off to the statement of profit & loss	654.51	225.95
Closing balance	170.00	140.00

The warranty expenses of ₹ 654.51 lacs (previous year ₹ 225.95 lacs) are charged off to statement of profit & loss included under the head forwarding expenses.

NOTE 44 - AMALGAMATION OF WHOLLY OWNED SUBSIDIARY COMPANY

- a) Pursuant to the Scheme of Amalgamation('the Scheme') of erstwhile Sona Stampings Limited with the Company under Sections 391 to 394 of the Companies Act, 1956 sanctioned by Hon'ble High Courts of Delhi and Punjab & Haryana on 16th April, 2014 and 28th April, 2014 respectively, entire business and all assets and liabilities of Sona Stampings Limited were transferred and vested in the Company effective from April 01, 2013. Accordingly the Scheme has been given effect to in these financial statements.

Sona Stampings Limited was engaged in manufacture and sale of sheet metal stampings, welded assemblies and modules for automotive industry.

- b) The amalgamation has been accounted for under the "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standard) Rules, 2006 (as amended under Section 211(3C) of Companies Act, 1956. Accordingly, the accounting treatment has been given as under:-
- The assets and liabilities as at April 01, 2013 were incorporated in the financial statement of the Company at its book value.
 - Debit balance in the statement of profit & loss of Sona Stampings Limited as at April 01, 2013 amounting to ₹ 978.90 lacs was adjusted in capital redemption reserve account for ₹ 120.66 lacs and the balance ₹ 858.24 lacs in securities premium account.
 - 2,02,778 equity shares of ₹ 100/- each fully paid in Sona Stampings Limited, held as investment by the Company stands cancelled and difference between the book value and face value of such shares amounting to ₹ 434.38 lacs was adjusted against the securities premium account of the Company.

NOTE 45 - REMUNERATION TO MANAGERIAL PERSONNEL

Remuneration paid to the managerial personnel consisting of Chairman, Vice Chairman & Managing Director and Deputy Managing Director, during the financial year 2013-2014, though approved by the shareholders, due to inadequacy of profits has exceeded the limits prescribed under Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 by ₹ 177.90 lacs for the year. In addition to excess payment, the Company has also made a provision of ₹ 72.80 lacs for the year, to be paid to managerial personnel after requisite approvals.

After obtaining approval from its Board of Directors, the Company has applied to Central Government on 30th January, 2014 for its approval under Section 269 and 309 and other applicable provisions of Companies Act, 1956 for payment of the aforesaid remuneration as "Minimum Remuneration" for the year 2013-2014 and the Company is also seeking the required shareholders' approval.

46(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)
PURCHASE OF GOODS	-	6627.21	1266.72	3826.72	-	-	-	11720.65
Purchase of goods (previous year)	-	(7847.00)	(3020.64)	(4133.30)	-	-	-	(15000.94)
PURCHASE OF CAPITAL GOODS	-	298.47	-	-	-	-	-	298.47
Purchase of capital goods (previous year)	-	(224.34)	-	(1.33)	-	-	-	(225.67)
SALE OF GOODS	-	0.48	62705.15	15943.49	-	-	0.73	78649.85
Sale of goods (previous year)	-	(6.12)	(63851.86)	(11599.47)	-	-	-	(75457.45)
SALE OF CAPITAL GOODS	-	-	-	-	-	-	41.03	41.03
Sale of capital goods (previous year)	-	-	-	-	-	-	-	-
RENDERING OF SERVICES	-	-	124.67	96.85	-	-	-	221.52
Rendering of services (previous year)	-	-	(129.57)	(131.13)	-	-	-	(260.70)
RECEIVING OF SERVICES	-	757.60	0.89	-	-	-	21.59	780.08
Receiving of services (previous year)	-	(544.43)	(4.79)	(13.84)	-	-	-	(563.06)
REIMBURSEMENT OF EXPENSES RECOVERED	-	16.87	60.90	2.68	-	-	-	80.45
Reimbursement of expenses recovered (previous year)	-	(28.91)	(10.49)	(29.40)	-	-	-	(68.80)
INTEREST INCOME	-	-	-	-	-	-	-	-
Interest Income (previous year)	-	-	-	(40.89)	-	-	-	(40.89)
REIMBURSEMENT OF EXPENSES PAID	-	14.70	9.95	0.57	-	-	-	25.22
Reimbursement of expenses paid (previous year)	-	(15.92)	(3.76)	-	-	-	-	(19.68)
CASH DISCOUNT PAID	-	-	1.54	-	-	-	-	1.54
Cash discount paid (previous year)	-	-	(80.49)	-	-	-	-	(80.49)
OTHER INCOME	-	-	-	11.31	-	-	-	11.31
Other income (previous year)	-	-	(0.05)	-	-	-	-	(0.05)
LEASING OF PREMISES RECEIVED	-	-	-	43.64	-	-	-	43.64
Leasing of premises received (previous year)	-	-	-	(41.56)	-	-	-	(41.56)
LEASING OF PREMISES PAID	-	-	23.42	-	-	-	-	23.42
Leasing of premises paid (previous year)	-	-	(12.84)	-	-	-	-	(12.84)
ADVANCE PAID	-	-	-	-	-	-	19.21	19.21
Advance paid (previous year)	-	-	-	(266.25)	-	-	-	(266.25)
INVESTMENT	-	-	-	-	-	-	150.00	150.00
Investment (previous year)	-	-	-	-	-	-	-	-
ADVANCE RECEIVED	-	-	-	7.10	-	-	-	7.10
Advance received (previous year)	-	-	-	(43.75)	-	-	-	(43.75)
SECURITY DEPOSIT PAID	-	-	11.07	-	-	-	-	11.07
Security Deposit Paid (previous year)	-	-	-	-	-	-	-	-
REMUNERATION *	99.51	-	-	-	508.54	-	-	608.05
Remuneration (previous year)	(132.78)	-	-	-	(656.34)	-	-	(789.12)
DIVIDEND PAID	0.04	259.66	414.15	-	0.02	-	-	673.87
Dividend paid (previous year)	(0.04)	(259.66)	(414.15)	-	(0.38)	-	-	(674.23)
DIRECTOR SITTING FEE	-	-	-	-	-	1.03	-	1.03
Director Sitting Fee (previous year)	-	-	-	-	-	(0.62)	-	(0.62)
SECURITY DEPOSIT RECEIVED	-	-	-	3.56	-	-	-	3.56
Security Deposit Received (previous year)	-	-	-	-	-	-	-	-
OUTSTANDING BALANCE AS ON 31.03.2014 (DEBIT)	-	-	6565.48	550.67	-	-	29.23	7145.38
Outstanding balance as on 31.03.2013 (Debit)	-	-	(5219.31)	(1439.25)	-	-	-	(6658.56)
OUTSTANDING BALANCE AS ON 31.03.2014 (CREDIT)	-	2843.58	148.45	-	-	-	-	2992.03
Outstanding balance as on 31.03.2013 (Credit)	-	(2930.90)	(101.47)	-	-	-	-	(3032.37)

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:

- The individual/entity exercise control over the Company
- The entity having substantial interest in the Company
- Others (significant influence)

4. Subsidiaries

5. Key Management Personnel

6. Relative to Key Management Personnel

7 Associates

- Dr. Surinder Kapur
- JTEKT Corporation

- Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.) transactions upto 25th April, 2012
- Maruti Suzuki India Ltd.
- Pune Heat Treat Pvt. Ltd.
- Sona Autocomp Holding Ltd. (Formerly known as Sona Autocomp Holding Pvt. Ltd.)
- Koyo Bearings India Pvt. Ltd.
- Somic ZF Components Ltd. (Formerly known as Sona Somic Lemforder Components Ltd.) transaction & balance up to 25th April, 2012
- Sona Fuji Kiko Automotive Ltd.
- JTEKT Sona Automotive India Ltd.

- Dr. Surinder Kapur - (Transactions Disclosed Under Category (1) Above)
- Mr. Sudhir Chopra
- Mr. Govindraj Sunder Rajan
- Mr. K.M. Deshmukh (Transaction up to 30.04.2013)
- Mr. J.M. Kapur
- Sona Skill Development Centre Ltd.

- Sona Skill Development Centre Ltd.
- ** Merged with Company w.e.f. April 1, 2013.

- Mahindra Sona Ltd.

- Sona e-design & Technologies Ltd.
- Kapur Properties & Investment
- Mandira Marketing Ltd.

- Sona BLW Präzisionsschmiede GmbH
- Wheels Mobility Solutions Ltd. (Formerly known as Sona Mobility Services Ltd.) transaction up to 11th January, 2013
- Sona Stampings Ltd.** (Merged with Company w.e.f. 01-04-2013)

- Mr. Sunjay Kapur
- Mr. Kiyozumi Kamiki
- Mr. P.V. P. Parriker (Transaction up to 30.04.2013)

NOTE 46(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 31.03.14	For the year ended 31.03.13
Subsidiaries Substantial interest	JTEKT Sona Automotive India Ltd. JTEKT Corporation	Purchase of goods Purchase of goods	3826.72 6627.21	3631.48 7847.00
Substantial interest	JTEKT Corporation	Purchase of fixed assets	298.47	224.34
Other significant influence Subsidiaries	Maruti Suzuki India Ltd. JTEKT Sona Automotive India Ltd.	Sales Sales	60984.91 11204.99	62422.12 10894.07
Associates	Sona Skill Development Centre Ltd.	Sale of fixed assets	41.03	-
Other significant influence Other significant influence	Sona Fuji Kiko Automotive Ltd. Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Rendering of services Rendering of services	25.07 124.67	- 129.57
Subsidiaries Subsidiaries	Sona Stampings Ltd.* JTEKT Sona Automotive India Ltd.	Rendering of services Rendering of services	- 71.78	- 53.44
Substantial interest	JTEKT Corporation	Receiving of services	757.60	544.43
Subsidiaries Other significant influence	Sona Stampings Ltd.* Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Reimbursement of expenses recovered Reimbursement of expenses recovered	- 45.71	23.13 -
Substantial interest	JTEKT Corporation	Reimbursement of expenses recovered	16.87	28.91
Subsidiaries	Sona Stampings Ltd.*	Interest income	-	40.89
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Reimbursement of expenses paid	6.22	-
Other significant influence Substantial interest	Mandira Marketing Ltd. JTEKT Corporation	Reimbursement of expenses paid Reimbursement of expenses paid	3.02 14.70	- 15.92
Other significant influence	Maruti Suzuki India Ltd.	Cash discount paid	1.54	80.49
Subsidiaries	JTEKT Sona Automotive India Ltd.	Other income	11.31	0.05
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Leasing of premises paid	10.37	-
Other significant influence Other significant influence	Pune Heat Treat Pvt. Ltd. Kapur Properties & Investment	Leasing of premises paid Leasing of premises paid	9.24 3.81	9.24 3.60
Subsidiaries	JTEKT Sona Automotive India Ltd.	Leasing of premises received	43.64	41.56
Subsidiaries Associates	Sona Stampings Ltd.* Sona Skill Development Centre Ltd.	Advance given Advance given	- 19.21	266.25 -
Subsidiaries Subsidiaries	Sona Fuji Kiko Automotive Ltd. JTEKT Sona Automotive India Ltd.	Advance received Advance received	3.10 4.00	- -
Associates	Sona Skill Development Centre Ltd.	Investment	150.00	-
Significant control Key management personnel Key management personnel Key management personnel Key management personnel Key management personnel	Dr. Surinder Kapur Mr. Sunjay Kapur Mr. Kiyozumi Kamiki Mr. Sudhir Chopra Mr. Govindrajn Sunder Rajan Mr. Kiran Deshmukh	Remuneration & commission Remuneration & commission Remuneration Remuneration Remuneration Remuneration & commission	99.51 160.37 64.02 134.19 135.20 -	132.78 263.47 - 112.00 108.95 130.67
Other significant influence Other significant influence Substantial interest	Maruti Suzuki India Ltd. Sona Autocomp Holding Ltd. JTEKT Corporation	Dividend paid Dividend paid Dividend paid	89.70 324.45 259.66	89.70 324.45 259.66
Related to key management personnel	Mr. J.M. Kapur	Director sitting fee	1.03	0.62
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Security deposit paid	11.07	-
Subsidiaries	JTEKT Sona Automotive India Ltd.	Security deposit received	3.56	-
Subsidiaries Other significant influence	JTEKT Sona Automotive India Ltd. Maruti Suzuki India Ltd.	Balances (debit) Balances (debit)	- 5970.78	713.41 4849.43
Substantial interest	JTEKT Corporation	Balances (credit)	2843.58	2930.90

* Merged with Company w.e.f. April 1, 2013.

NOTE 47 - Previous year's figures have been regrouped/reclassified, wherever necessary.

Signature to Note 1 to 47

As per our report of even date attached
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 : New Delhi
Dated : 30th May, 2014

Rajiv Chanana
Chief Financial Officer

Prem Kumar Chadha
Director - (DIN - 00245680)

In terms of general exemption granted by Ministry of Corporate Affairs vide General Circular number 2/2011 dated 8th February, 2011, copy of balance sheets, statements of profit & loss reports of Board of Directors and Auditors of the Subsidiary Companies have not been attached with the balance sheet of the Company. These documents will be made available upon request by any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the Subsidiaries have been furnished as per the annexure given below under "Summarized Statement of Financials of Subsidiary Companies".

SUMMARISED STATEMENT OF FINANCIALS OF SUBSIDIARY COMPANIES PURSUANT TO GENERAL EXEMPTION U/S 212(8) OF THE COMPANIES ACT, 1956.

(₹/Lacs)

Sl. No.	Name of Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Detail of Investments	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
1.	JTEKT Sona Automotive India Ltd. (w.e.f.10/10/2007)	5669.00	7887.63	27410.36	27410.36	-	60416.60	4370.65	1498.18	2872.47	-
2.	Sona Fuji Kiko Automotive Ltd. (w.e.f.22/11/2007)	1000.00	826.40	4099.11	4099.11	-	5559.27	948.91	311.46	637.45	75.00

Note : The above information has been drawn up to co-relate with the Consolidated Financial Statements.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Sl. No.	Particulars	JTEKT SONA Automotive India Ltd.	Sona Fuji Kiko Automotive Ltd.
1.	The Financial year of the subsidiary company ended on	31.03.2014	31.03.2014
2.	Number of shares in the subsidiary company held by Sona Koyo Steering Systems Limited at the above date	2,77,78,094	50,99,993
	Extent of holding (%)	49%	51%
3.	The net aggregate of profit/(loss) of the subsidiary company so far as these concern the members of Sona Koyo Steering Systems Limited.		
	i) dealt with in the Accounts of Sona Koyo Steering Systems Limited amounted to:		
	a) for subsidiary's Financial Year ended on 31st March, 2014	Nil	Nil
	b) for previous Financial Years of the subsidiary since it become subsidiary of Sona Koyo Steering Systems Limited.	Nil	Nil
	ii) not dealt with in the Accounts of Sona Koyo Steering Systems Limited amounted to:		
	a) for subsidiary's Financial Year ended on 31st March, 2014 (₹/Lacs)	2872.47	637.45
	b) for previous Financial Years of the subsidiary since it become subsidiary of Sona Koyo Steering Systems Limited (₹/Lacs)	5015.16	276.69

For and on behalf of the Board

Sudhir Chopra
President & Company Secretary

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

Place : New Delhi
Dated : 30th May, 2014

Rajiv Chanana
Chief Financial Officer

Prem Kumar Chadha
Director - (DIN - 00245680)

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
SONA KOYO STEERING SYSTEMS LIMITED

We have audited the accompanying consolidated financial statements of SONA KOYO STEERING SYSTEMS LIMITED ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgments, 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the entity's internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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 the report of the other auditor on the financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of matter

We draw attention to Note 37 to the financial statements relating to remuneration paid in respect of the Managerial Personnel of the Company for the financial year 2013-2014 in excess of the limits prescribed under section 198 of the Companies Act, 1956 which is subject to the approval of the Central Government. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 27410.36 lakhs as at March 31, 2014, total revenues of ₹ 60526.11 lakhs and net cash outflows from operation of activities amounting to ₹ 6213.98 lakhs for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion is based solely on the reports of the other auditor. Our opinion is not qualified in respect of this matter.

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

Place : New Delhi
Dated : 30th May, 2014

(Rajiv Puri - Partner)
Membership No. 084318

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1987.42	1987.42
Reserves and surplus	3	28902.87	24231.79
Sub-Total		30890.29	26219.21
Minority interest		7851.81	6074.50
Non-current liabilities			
Long-term borrowings	4	16957.10	24033.71
Deferred tax liabilities (net)	5	5259.73	5173.82
Other long term liabilities	6	30.74	29.36
Long-term provisions	7	605.09	546.07
Sub-total		22852.66	29782.96
Current liabilities			
Short-term borrowings	8	6537.96	7032.94
Trade payables	9	19508.63	19347.57
Other current liabilities	10	13982.24	14423.88
Short-term provisions	7	2277.94	1891.46
Sub-total		42306.77	42695.85
Total		103901.53	104772.52
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	57149.79	57832.59
Intangible assets	11	3029.24	2868.03
Capital work-in-progress		6318.37	2543.21
Intangible assets under development		1217.81	652.41
Goodwill on consolidation		-	242.23
Non-current investments	12	97.53	2952.10
Long-term loans and advances	13	1034.34	1369.90
Other non-current assets	14	43.83	39.22
Sub-total		68890.91	68499.69
Current assets			
Inventories	15	9358.45	8137.10
Trade receivables	16	20817.75	22744.91
Cash and bank balances	17	281.94	253.87
Short-term loans and advances	13	3608.52	2918.06
Other current assets	14	943.96	2218.89
Sub-total		35010.62	36272.83
Total		103901.53	104772.52
Significant accounting policies & Notes on financial statements	1 to 39		

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 : New Delhi
Dated : 30th May, 2014

Rajiv Chanana
Chief Financial Officer

Prem Kumar Chadha
Director - (DIN - 00245680)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
Income			
Revenue from operations (gross)	18	167632.92	164423.28
Less : Excise duty		<u>18401.54</u>	<u>18421.24</u>
Revenue from operations (net)		149231.38	146002.04
Other income	19	<u>3970.19</u>	<u>934.90</u>
Total Revenue (I)		<u>153201.57</u>	<u>146936.94</u>
Expenses			
Cost of materials consumed		100541.27	100422.85
Purchases of stock-in-trade		3002.14	2690.46
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	<u>(936.30)</u>	<u>(653.03)</u>
Employee benefits expense	21	13418.84	12589.54
Finance costs	22	3923.42	4108.80
Depreciation and amortization expenses	23	6794.92	5849.61
Research & development expenses		294.05	277.62
Other expenses	24	<u>15059.46</u>	<u>14220.32</u>
Total expenses (II)		<u>142097.80</u>	<u>139506.17</u>
Consolidated profit before tax (I - II)		<u>11103.77</u>	<u>7430.77</u>
Tax expense			
- Current year		2986.50	1638.09
- Earlier years excess provision of tax written back		11.17	(150.99)
- Minimum alternate tax (MAT) credit entitlement		<u>(610.09)</u>	<u>(54.96)</u>
- Deferred tax		85.91	1201.86
Total tax expenses		<u>2473.49</u>	<u>2634.00</u>
Consolidated profit after tax [before adjustment for Minority interest and share of profit / (loss) of associate]		8630.28	4796.77
Add : Share of profit / (loss) of associate		<u>(77.47)</u>	<u>-</u>
Less : Share of profit transferred to minority		<u>1777.31</u>	<u>988.17</u>
Consolidated profit for the year [after adjustment for Minority interest and share of profit / (loss) of associate]		<u>6775.50</u>	<u>3808.60</u>
Earnings per equity share (face value of ₹ 1/- each):			
Basic / Diluted (In ₹)	25	3.41	1.92

Significant accounting policies &
Notes on financial statements

1 to 39

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 : New Delhi
Dated : 30th May, 2014

Rajiv Chanana
Chief Financial Officer

Prem Kumar Chadha
Director - (DIN - 00245680)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and minority interest and share of profit/loss of associate	11103.77	7430.77
Adjustment for :		
Depreciation & amortization	6794.92	5849.61
(Profit)/loss on sale of fixed assets	36.43	1.27
(Profit)/loss on sale of long term investments	(3543.03)	-
Dividend from long term investment-trade	(14.00)	(11.67)
Unrecovered advances written off	53.56	0.88
Provision for doubtful advances	-	10.00
Provision for doubtful advances no longer required written back	(10.00)	-
Unrealized foreign exchange (gain)/loss	(102.23)	(376.16)
Premium on forward contract amortized	313.56	245.56
Interest expense	3858.64	3958.86
Interest income	(41.57)	(5.21)
Operating profit before working capital changes	<u>7346.28</u>	<u>9673.14</u>
(Increase)/decrease in trade receivables	1814.36	(5221.16)
(Increase)/decrease in inventories	(1221.35)	(2066.95)
(Increase)/decrease in long term loans & advances	50.49	1216.91
(Increase)/decrease in other current assets	1273.23	164.74
(Increase)/decrease in short term loans & advances	(255.30)	442.65
Increase/(decrease) in trade payables	(25.15)	(856.27)
Increase/(decrease) in other current liabilities	(1253.71)	485.29
Increase/(decrease) in other long term liabilities	1.37	27.96
Increase/(decrease) in long term provisions	59.02	100.34
Increase/(decrease) in short term provisions	85.97	31.42
Cash generated from operations	<u>18978.98</u>	<u>11428.84</u>
Income tax paid (net of income tax refunds)	<u>(2637.93)</u>	<u>(1510.29)</u>
Net cash from operating activities	<u>16341.05</u>	<u>9918.55</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Cash paid for acquisition of minority interest	-	(88.87)
Purchase of fixed assets (including CWIP)	(10567.09)	(9650.68)
Proceeds from sale of fixed assets	35.54	52.32
Proceeds from sale of long term investments	6475.13	-
Purchase of long term investments	(155.00)	-
Bank deposit having original maturity of more than 3 months	(4.60)	53.53
Dividend received	14.00	11.67
Interest received	43.26	5.21
Net cash (used) / raised from investing activities	<u>(4158.76)</u>	<u>(9616.82)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	4991.74	9394.28
Repayment of long term borrowings	(11228.98)	(7790.18)
Proceeds from short term borrowings	-	3511.43
Repayment of short term borrowings	(365.97)	-
(Gain)/loss on revaluation of foreign currency loans	-	(510.91)
Interest paid	(4073.02)	(4360.12)
Dividend paid	(1291.82)	(1291.82)
Tax on dividend paid	(219.55)	(209.57)
Net cash (used) / raised from financing activities	<u>(12187.60)</u>	<u>(1256.89)</u>
Increase/(decrease) in cash & cash equivalents (A+B+C)	<u>(5.31)</u>	<u>(955.16)</u>
Cash & cash equivalents at the beginning of the year	<u>165.75</u>	<u>1120.91</u>
Cash & cash equivalents at the end of the year	<u>160.44</u>	<u>165.75</u>

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 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 : New Delhi

Dated : 30th May, 2014

Rajiv Chanana

Chief Financial Officer

Prem Kumar Chadha

Director - (DIN - 00245680)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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, 2014
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	50

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

Notes:

- Each of the above companies is incorporated in India & financials statements are drawn up to the same reporting date as that of the parent Company i.e March 31, 2014
- 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 and presented in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. A summary of important accounting policies is set out below.

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" issued by the Institute of Chartered Accountants of India. 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 non-consolidated 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 (except freehold land which is carried at Cost) 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.

The Group provides depreciation on fixed assets on the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 on a pro-rata basis from the month in which the asset is put to use, except for certain fixed assets where, based on management's estimate of the useful lives of the assets, higher depreciation has been provided on the straight line method as stated below:

- Leasehold improvements are depreciated at the rate of 20% per annum or over the period of lease if less than five years.
- Assets situated at employee's residence are depreciated at the rate of 33.33% per annum.
- Vehicles are depreciated at the rate of 18.75% per annum.
- Computers are depreciated at the rate of 25% per annum.
- Dies are depreciated at the rate of 25% per annum.
- Depreciation has been provided on straight line method at the rate different from the parent company (impact of which is not material), for a subsidiary company as follows:
 - Vehicles - 12% per annum
 - Computers - 16.21% per annum (as per Schedule XIV)

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 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.

- **Investments**

Long term Investments are valued at their acquisition cost. Provision for diminution, other than temporary, is made wherever necessary.

- **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 costs of conversion and other costs incurred in bringing the inventories to their present location and condition
- **Foreign currency transactions**
 - Initial recognition:
Foreign currency transactions are recorded at the exchange rates prevailing on the date of transactions.
 - 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.
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.
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 draw back 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 relatable 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.

- **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/ 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.

- **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 and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

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.

Particulars	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
-------------	---	---

NOTE 2 - SHARE CAPITAL

Authorised shares (in nos.)

27,10,00,000 (previous year 25,00,00,000) equity shares of ₹ 1/- each

2710.00

2500.00

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, 2014		As at 31st March, 2013	
	(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, 2014		As at 31st March, 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity share of ₹ 1/- each fully paid				
- Sona Autocomp Holding Ltd. (Earlier known as Sona Autocomp Holding Pvt. 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, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / 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	120.66
Less: Adjustment on account of scheme of arrangement on amalgamation of Sona Stampings Ltd. (refer note 36)	(120.66)	-
	-	120.66
Securities premium account		
Balance as per the last financial statements	8921.17	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	8921.17
General reserve		
Balance as per the last financial statements	7665.71	7340.71
Add: amount transferred from surplus balance in the statement of profit & loss	525.00	325.00
Closing balance	8190.71	7665.71
Surplus in the statement of profit & loss		
Balance as per last financial statements	7523.81	5551.58
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)	-
	8263.35	5551.58
Profit for the year	6775.50	3808.60
Less: Appropriations		
Proposed dividend (refer note below)	1589.93	1291.82
Tax on proposed dividend	282.96	219.55
Transfer to general reserve	525.00	325.00
Net surplus in the statement of profit & loss	12640.96	7523.81
Total reserve and surplus	28902.87	24231.79

For the year ended 31st March, 2014, the amount of dividend proposed to be distributed to equity shareholders is ₹ 0.80 per share (previous year ₹ 0.65 per share).

	Non-current portion		Current maturities	
	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
NOTE 4 - LONG TERM BORROWINGS				
Term loans				
From banks				
Indian rupee loans from banks (secured)	9554.15	16993.43	4626.73	5131.53
Foreign currency loans from banks (secured)	6764.68	3242.38	2375.98	1188.13
Indian rupee loans from banks (unsecured)	-	428.00	428.00	286.00
Foreign currency loans from banks (unsecured)	437.29	3078.25	2996.85	3079.71
From financial institution				
Indian rupee loan from financial institution (secured)	103.76	-	29.00	48.96
From others				
Indian rupee loan from NBFC (secured)	97.22	291.65	194.43	194.43
	16957.10	24033.71	10650.99	9928.76
Amount disclosed under the head "other current liabilities" (refer note 10)	-	-	(10650.99)	(9928.76)
	16957.10	24033.71	-	-

1. Indian rupee loans from banks include:

- (a) Rupee term loans of ₹ 13073.38 lacs (previous year ₹ 19963.33 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 ₹ 1085.00 lacs (previous year ₹ 1550.00 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 ₹ Nil (previous year ₹ 750.00 lacs) from State Bank of India is secured by way of first pari-passu charge on current assets and second parri-passu charge on movable and immovable fixed assets of the Company. The Loan is further secured by way of exclusive mortgage on land situated at Plot no. 19, Dharuhera Industrial Area, Phase II, District Rewari (Haryana). The rate of interest on aforesaid loan is linked to bank's base rate.
- (c) Rupee term loan of ₹ 110.29 lacs (previous year ₹ 138.99 lacs) from Allahabad Bank, 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.
- (d) Rupee term loan (unsecured) of ₹ 428.00 lacs (previous year of ₹ 714.00 lacs) against corporate guarantee given by JTEKT Corporation, Japan. The loan carries fixed interest rate of 9.75% p.a.
- (e) Rupee term loans of ₹ 997.21 lacs (previous year ₹ 1272.63 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 banks 'base rate'.

2. Indian rupee loan from financial institution :

Working capital term loan of ₹ 132.76 lacs (previous year Nil) 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 of ₹ 291.65 lacs (previous year ₹ 486.08 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 2.5 millions equivalent to ₹ 1370.00 lacs (previous year USD 3.5 millions equivalent to ₹ 1918.01 lacs) from Standard Chartered Bank is secured by first charge on movable and immovable fixed assets except assets exclusively charged to other banks. The loan carries interest @ LIBOR plus 3% and has been fully hedged during the year.
- (b) Foreign currency loan of USD 3.75 million equivalent to ₹ 1884.38 lacs (previous year USD 5 million equivalent to ₹ 2512.50 lacs) from Standard Chartered Bank on fully hedged basis is secured by first 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 6 million equivalent to ₹ 3598.80 lacs (previous year ₹ Nil) from Standard Chartered Bank on fully hedged basis is secured by first 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 3.81 million equivalent to ₹ 2287.48 lacs (previous year Nil) 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 ₹ 3434.14 lacs (previous year ₹ 6157.96 lacs) against corporate guarantee given by JTEKT Corporation, Japan. The loan carries interest @ JPY LIBOR + 0.65% and is partially 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	2014-15	2015-16	2016-17	2017-18	2018-19
1.	3751.35	10	375.00	Quarterly	1125.00	1500.00	1126.35	-	-
2.	2145.40	10	229.20	Quarterly	687.60	916.80	541.00	-	-
3.	1085.00	7	155.00	Quarterly	620.00	465.00	-	-	-
4.	1715.00	10	172.00	Quarterly	688.00	688.00	339.00	-	-
5.	1875.00	15	125.00	Quarterly	500.00	500.00	500.00	375.00	-
6.	291.65	6	48.61	Quarterly	194.43	97.22	-	-	-
7.	1370.00	10	274.00	Half yearly	548.00	548.00	274.00	-	-
8.	1884.38	12	157.03	Quarterly	628.13	628.13	628.13	-	-
9.	2437.50	13	187.50	Quarterly	375.00	750.00	750.00	562.50	-
10.	2351.62	13	187.50	Quarterly	750.00	750.00	750.00	101.62	-
11.	3598.80	16	224.93	Quarterly	449.85	899.70	899.70	899.70	449.85
12.	110.29	0	4.22	Monthly	48.00	48.00	14.29	-	-
13.	132.76	11	3.66	Monthly	29.00	41.00	53.00	9.76	-
14.	640.66	6	106.78	Quarterly	427.11	213.55	-	-	-
15.	144.33	10	15.13	Quarterly	60.52	60.52	23.29	-	-
16.	212.21	12	95.50	Quarterly	95.50	116.71	-	-	-
17.	428.00	3	214.00	Half yearly	428.00	-	-	-	-
18.	782.82	2	391.42	Half yearly	782.82	-	-	-	-
19.	1505.08	2	752.54	Half yearly	1505.08	-	-	-	-
20.	708.95	2	354.47	Half yearly	708.95	-	-	-	-
21.	437.29	6	72.88	Half yearly	-	72.88	145.76	145.76	72.88
	27608.09				10650.99	8295.51	6044.52	2094.34	522.73

Particulars	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
NOTE 5 - DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
Depreciation	5635.91	5646.60
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.	30.46	32.48
Gross deferred tax liability	5666.37	5679.08
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.	322.23	211.47
Preliminary expenses allowable u/s 35D of I.T Act	-	0.04
Provision for doubtful advances	-	3.40
Carry forward of unabsorbed depreciation & business loss as per income tax provisions	-	61.10
Others	84.41	229.25
Gross deferred tax assets	406.64	505.26
Net deferred tax liability	5259.73	5173.82

NOTE 6 - OTHER LONG TERM LIABILITIES

Other payables *	30.74	29.36
	30.74	29.36

* Comprises of dues on account of capital items.

Long-term		Short-term	
As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)
NOTE 7 - PROVISIONS			
Provision for employee benefits			
Gratuity (refer note 26)	-	16.32	32.36
Leave encashment (refer note 26)	557.66	484.28	68.30
	557.66	500.60	56.40
Other provisions			
Income tax [net of advance tax and TDS of ₹ 2541.10 lacs (previous year ₹ 4753.45 lacs)]	-	-	52.77
Proposed dividend	-	-	1589.93
Corporate dividend tax	-	-	282.96
Product warranty (refer note 35)	47.43	45.47	251.62
	47.43	45.47	1835.06
	605.09	546.07	1891.46

Particulars	As At	As At
	31st March, 2014	31st March, 2013
	(₹ / Lacs)	(₹ / Lacs)
NOTE 8 - SHORT TERM BORROWINGS		
Cash credit/loans repayable on demand from banks (secured)	5119.44	5143.94
Loans repayable on demand from financial institution (secured)	-	129.00
Loans repayable on demand from banks (unsecured)	1418.52	1760.00
	6537.96	7032.94

Cash credit/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 financial institution (secured) are secured by hypothecation on whole of the current assets, both present and future of the Company. The loans are further secured by way of hypothecation of all the tangible movable machineries, present and future. The loans are further secured by way of equitable mortgage of all the immovable properties 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 (including acceptances)	19508.63	19347.57
	19508.63	19347.57

NOTE 10 - OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (refer note 4)	10650.99	9928.76
Interest accrued but not due on borrowings	143.32	86.85
Unclaimed dividends *	121.50	88.12
Security deposits	22.19	13.19
Taxes payable **	490.02	1006.42
Interest free advances from customers	337.34	314.26
Other payables ***	2216.88	2986.28
	13982.24	14423.88

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956.

** 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.	Gross block (at cost)					Depreciation/Amortization				Net block	
	As at 01.04.13	Additions	Sales/disposal	Other adjustments ^a	As at 31.03.14	As at 01.04.13	For the year	Written back	Up to 31.03.14	As at 31.03.14	As at 31.03.13
Tangible assets :											
1. Freehold land	3218.56	-	-	-	3218.56	-	-	-	-	3218.56	3218.56
2. Leasehold land	221.50	-	-	-	221.50*	7.86	2.55	-	10.41	211.09	213.64
3. Buildings	15426.19	743.97	5.62	-	16164.54**	2173.75	531.08	1.20	2703.63	13460.91	13252.44
4. Lease hold improvements	30.90	15.38	-	-	46.28	14.16	9.00	-	23.16	23.12	16.74
5. Plant & equipments	57722.34	3883.66	35.45	(162.80)	61407.75	21580.20	4573.27	27.55	26125.92	35281.83	36142.14
6. Jigs & fixtures	731.74	72.26	2.25	-	801.75	277.43	57.38	2.25	332.56	469.19	454.31
7. Electric installations	3232.89	248.56	0.41	-	3481.04	1068.12	231.78	0.41	1299.49	2181.55	2164.77
8. Furniture & fixtures	951.46	22.95	187.41	-	787.00	471.88	54.57	176.41	350.04	436.96	479.58
9. Office equipments	2637.49	302.65	57.40	-	2882.74	1416.28	249.67	38.38	1627.57	1255.17	1221.21
10. Vehicles	575.76	87.06	57.73	-	605.09	223.65	98.99	28.10	294.54	310.55	352.11
11. R&D-Plant & equipments	458.09	12.74	-	-	470.83	152.98	25.28	-	178.26	292.57	305.11
12. R&D-Office equipments	103.33	-	-	-	103.33	91.35	3.69	-	95.04	8.29	11.98
Sub total	85310.25	5389.23	346.27	(162.80)	90190.41	27477.66	5837.26	274.30	33040.62	57149.79	57832.59
Previous year sub total	74200.85	10147.15	86.51	1048.76	85310.25	22354.19	5156.37	32.90	27477.66	57832.59	

Sl. No.	Gross block (at cost)					Depreciation/Amortization				Net block	
	As at 01.04.13	Additions	Sales/disposal	Other adjustments [#]	As at 31.03.14	As at 01.04.13	For the year	Written back	Up to 31.03.14	As at 31.03.14	As at 31.03.13
Intangible assets :											
1. R&D-Computer softwares	62.33	-	-	-	62.33	52.48	3.04	-	55.52	6.81	9.85
2. Computer softwares	793.05	30.82	-	-	823.87	219.31	55.66	-	274.97	548.90	573.74
3. Technical know-how	1077.26	623.49	-	-	1700.75	261.95	397.76	-	659.71	1041.04	815.31
4. Product development cost	2758.49	464.56	-	-	3223.05***	1289.36	501.20	-	1790.56	1432.49	1469.13
Sub total	4691.13	1118.87	-	-	5810.00	1823.10	957.66	-	2780.76	3029.24	2868.03
Previous year sub total	3771.10	917.80	-	2.23	4691.13	1129.86	693.24	-	1823.10	2868.03	
Total	90001.38	6,508.10	346.27	(162.80)	96000.41	29300.76	6794.92	274.30	35821.38	60179.03	60700.62
Previous year total	77971.95	11064.95	86.51	1050.99	90001.38	23484.05	5849.61	32.90	29300.76	60700.62	
Capital work in progress - Tangible assets										6318.37	2543.21
Capital work in progress - Intangible assets under development***										1217.81	652.41
										7536.18	3195.62

* 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 ₹ 1014.08 lacs (previous year ₹ 1014.08 lacs), net block ₹ 916.00 lacs (previous year ₹ 949.87 lacs) is constructed on leasehold land.

*** Internally generated intangible assets.

Other adjustments comprises of borrowing cost and foreign currency exchange differences.

Particulars	As At		As At	
	31st March, 2014		31st March, 2013	
	(₹ / Lacs)		(₹ / Lacs)	

NOTE 12 - NON CURRENT INVESTMENTS

Long-term investments (at cost)

Trade investments

Unquoted equity instruments, fully paid up

Domestic :

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

Overseas :

Nil (previous year 49,29,636) equity shares of Euro 1 each, in Fuji Autotech, Europe S.A.S., (incorporated in France) - 2932.10

In Associate Company:

14,03,790 (previous year Nil) equity shares of ₹ 10/- each in Sona Skill Development Centre Ltd. 155.00 -

Add : Share in profit / (loss) of associate (77.47) 77.53 - 97.53 2952.10

Non Current		Current	
As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2014 (₹ / Lacs)	As at 31st March, 2013 (₹ / Lacs)

NOTE 13 - LOANS AND ADVANCES

(Unsecured, considered good)

Capital advances	631.76	651.70	-	-
	631.76	651.70	-	-
Security deposits	317.37	342.43	95.21	73.89
	317.37	342.43	95.21	73.89
Other loans and advances				
Advance recoverable in cash or kind				
Considered good	-	-	172.90	288.46
Considered doubtful	-	-	-	10.00
Less :- Provision for doubtful advance	-	-	-	(10.00)
Loans and advances to employees	14.02	11.10	81.00	80.82
Prepaid expenses	12.81	10.64	270.36	167.39
Balance with custom, excise and sales tax authorities	15.12	25.70	1917.77	1710.61
Minimum alternate tax (MAT) credit entitlement	-	-	1071.28	596.89
Advance income tax [net of provision for income tax ₹ 3248.25 lacs (previous year ₹ 1796.78 lacs)]	43.26	328.33	-	-
	85.21	375.77	3513.31	2844.17
	1034.34	1369.90	3608.52	2918.06

Particulars	Non Current		Current	
	As at	As at	As at	As at
	31st March, 2014 (₹ / Lacs)	31st March, 2013 (₹ / Lacs)	31st March, 2014 (₹ / Lacs)	31st March, 2013 (₹ / Lacs)
NOTE 14 - OTHER ASSETS				
(Unsecured, considered good)				
Non-current bank balances (refer note 17)*	43.83	39.22	-	-
Unamortized premium on forward contracts	-	-	157.09	22.95
Interest receivable	-	-	0.32	-
Claims receivable	-	-	196.41	497.36
Interest accrued but not due on fixed deposits with banks	-	-	1.75	3.76
Unbilled revenue	-	-	267.95	924.66
Other receivable	-	-	320.44	770.16
	<u>43.83</u>	<u>39.22</u>	<u>943.96</u>	<u>2218.89</u>

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

Particulars	As At	As At
	31st March, 2014	31st March, 2013
	(₹ / Lacs)	(₹ / Lacs)
NOTE 15 - INVENTORIES		
(At cost or net realisable value, whichever is lower)		
Raw materials and components *	4,059.70	4122.12
Work-in-progress **	1228.06	1338.85
Finished goods ***	2083.34	1027.44
Stock-in-trade ****	5.00	13.53
Stores and spares	1163.72	984.66
Loose tools	818.63	650.50
	<u>9358.45</u>	<u>8137.10</u>

* Includes material in transit ₹ 171.80 lacs (previous year ₹ 295.23 lacs)

** Includes goods in transit ₹ 79.11 lacs (previous year ₹ 111.75 lacs)

** Includes material with the vendors sent for job work ₹ 60.85 lacs (previous year ₹ 188.15 lacs)

*** Includes goods in transit ₹ 1203.16 lacs (previous year ₹ 61.51 lacs)

**** Includes goods in transit ₹ Nil (previous year ₹ 8.45 lacs)

NOTE 16 - TRADE RECEIVABLES

(Unsecured, considered good)

Receivables outstanding for a period exceeding six months from the date they are due for payment	95.76	2493.71
Other receivables	20721.99	20251.20
	<u>20817.75</u>	<u>22744.91</u>

Non-current		Current	
As at	As at	As at	As at
31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
(₹ / Lacs)	(₹ / Lacs)	(₹ / Lacs)	(₹ / Lacs)

NOTE 17 - CASH AND BANK BALANCES

(Unsecured, considered good)

Cash and cash equivalents

Balances with banks:

Current accounts	-	-	149.22	158.33
Cash on hand	-	-	11.22	7.42
Sub Total	<u>-</u>	<u>-</u>	<u>160.44</u>	<u>165.75</u>

Other bank balances

Fixed deposits with original maturity for more than 3 months and less than 12 months	-	-	-	-
Fixed deposits with original maturity for more than 12 months	43.83	39.22	-	-
Unpaid dividend accounts	-	-	121.50	88.12
Sub Total	<u>43.83</u>	<u>39.22</u>	<u>121.50</u>	<u>88.12</u>
Amount disclosed under non-current assets (refer note 14)	<u>(43.83)</u>	<u>(39.22)</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>281.94</u>	<u>253.87</u>

Particulars	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
NOTE 18 - REVENUE FROM OPERATIONS		
Sale of products	166679.98	163522.42
Sale of services	39.66	70.15
Other operating revenues		
Scrap sales	648.78	660.44
Others	264.50	170.27
Revenue from operations (gross)	167632.92	164423.28
Less: Excise duty (Refer note 34)		
	18401.54	18421.24
Revenue from operations (net)	149231.38	146002.04
NOTE 19 - OTHER INCOME		
Interest income	41.57	5.21
Foreign exchange gain (net)	130.79	665.44
Dividend from long term trade investments	14.00	11.67
Gain on sale of fixed assets	-	0.21
Profit on sales of non-current trade investment	3543.03	-
Other non-operating income	240.80	252.37
	3970.19	934.90
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	1338.85	1192.38
Finished goods	1027.44	483.22
Stock-in-trade	13.53	4.51
	2379.82	1680.11
Inventories at the end 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
Changes in inventories	(936.58)	(699.71)
Excise duty on increase / (decrease) in finished goods (refer note 34)	0.28	46.68
	(936.30)	(653.03)
NOTE 21 - EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances	10781.84	9961.66
Contribution to provident and other funds	809.67	919.64
Gratuity expenses	11.42	27.72
Employees welfare expenses	1815.91	1680.52
	13418.84	12589.54
NOTE 22 - FINANCE COSTS		
Interest on loans	3776.64	3906.73
Other borrowing costs	36.38	20.37
Other interest	45.62	31.76
Bank and other finance charges	63.24	49.68
Cash discount	1.54	100.26
	3923.42	4108.80

Particulars	Year ended 31st March, 2014 (₹ / Lacs)	Year ended 31st March, 2013 (₹ / Lacs)
-------------	--	--

NOTE 23 - DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation / amortization of tangible assets	5837.26	5156.37
Amortization of intangible assets	957.66	693.24
	<u>6794.92</u>	<u>5849.61</u>

NOTE 24 - OTHER EXPENSES

Stores and spare parts consumed	1715.85	1721.11
Loose tools consumed	1205.35	1171.25
Power and fuel	2536.95	2504.00
Testing and development expenses	-	5.04
Repairs and maintenance - plant & machinery	734.51	781.54
Royalty	1787.87	1446.96
Rent	349.85	300.48
Rates and taxes	112.05	143.27
Insurance	115.95	75.26
Repair and maintenance - buildings	104.19	108.27
Repair and maintenance - others	477.65	404.63
Travelling, conveyance and vehicle expenses	912.83	1019.56
Communication & stationery expenses	231.87	259.53
Legal & professional charges	1038.22	1205.03
Security charges	214.93	200.62
Business promotion	132.74	149.32
Premium on forward exchange contract amortized	307.82	242.83
Foreign exchange loss (net)	287.69	92.40
Forwarding expenses	1683.38	1318.79
Packing material	595.30	604.46
Commission to non whole time directors	27.00	52.69
Directors sitting fees	13.30	11.26
Provision for doubtful advance	-	10.00
Bad debts/advances written off	53.56	0.88
Loss on sale of fixed assets	36.43	1.47
Payments to auditors		
As auditor		
Audit fee	30.00	26.88
Tax audit fee	6.15	6.15
Limited review & consolidation	21.20	20.35
In other capacity		
Taxation matters	9.10	1.25
Other services (certifications fee)	3.46	10.60
Miscellaneous expenses	314.26	324.44
	<u>15059.46</u>	<u>14220.32</u>

NOTE 25 - EARNINGS PER SHARE

Net profit after tax		6775.50	3808.60
Profit/(loss) attributable to the equity shareholders	(A)	6775.50	3808.60
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)	3.41	1.92
Diluted	(A/B)	3.41	1.92

Particulars	Current year (₹ / Lacs)	Previous year (₹ / Lacs)
-------------	----------------------------	-----------------------------

NOTE 26 - EMPLOYEES BENEFIT

Defined Contribution Plans:

- i) The Group has recognised, in the statement of profit & loss for the year ended March 31, 2014 an amount of ₹ 739.48 Lacs (previous year ₹ 701.84 lacs) as expenses under defined contribution plans.

Contribution to defined contribution plans include :

a) Employer's contribution to provident fund	519.09	491.27
b) Employer's contribution to superannuation fund	180.57	166.94
c) Employer's contribution to Employee State Insurance Corporation	35.43	40.33
d) Punjab labour welfare fund (PLWF)	4.39	3.30
	739.48	701.84

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 ₹ 27.84 lacs (previous year ₹ 38.71 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 short fall as at March 31, 2014.

- 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	778.41	742.47	1449.85	1171.36	540.54	446.51
b) Current service cost	27.84	36.35	149.54	140.09	148.90	106.03
c) Interest cost	54.77	59.95	117.49	101.90	43.86	43.03
d) Actuarial (gain) / loss	(182.44)	(19.24)	(48.67)	102.69	(8.28)	22.26
e) Benefits paid	(283.79)	(96.58)	(105.39)	(66.18)	(99.07)	(77.29)
f) Employee contribution	40.78	53.55	-	-	-	-
g) Settlements	(5.52)	-	-	-	-	-
h) Change in reserves	4.60	1.91	-	-	-	-
i) Closing defined benefit obligation	434.65	778.41	1562.82	1449.86	625.95	540.54
2. Change in Plan assets (reconciliation of opening and closing balances) :						
a) Opening fair value of plan assets	786.85	742.98	1430.48	1182.32	-	-
b) Prior period adjustment	-	-	-	-	-	-
c) Expected return on plan asset	41.01	63.21	134.31	111.09	-	-
d) Employer contributions	27.84	36.35	81.36	197.26	-	-
e) Benefits paid	(283.79)	(96.58)	(104.98)	(66.18)	-	-
f) Employee contribution	40.78	53.55	-	-	-	-
g) Settlements	(5.52)	-	-	-	-	-
h) Actuarial gain / (loss) on plan assets	(166.56)	(12.66)	(1.54)	5.99	-	-
i) Closing fair Value of plan assets	440.61	786.85	1539.63	1430.48	-	-

	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	434.65	778.41	1562.82	1449.86	625.95	540.54
b) Fair value of plan (assets)	(440.61)	(786.85)	(1539.63)	(1430.48)	-	-
c) Unfunded (asset)/liability recognised in the balance sheet	-*	-*	23.19	19.38	625.95	540.54
d) Experience adjustments on plan liabilities - (loss)/gain	-	-	43.35	(27.45)	3.86	7.31
e) Experience adjustments on plan assets - (loss)/gain	-	-	(2.09)	5.99	-	-
* 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	27.84	36.35	149.54	140.09	148.90	106.03
b) Interest cost	54.77	59.95	117.49	101.90	43.86	43.03
c) Expected return on plan assets	(41.01)	(63.21)	(134.31)	(111.09)	-	-
d) Actuarial (gain) / loss	(15.88)	(6.59)	(47.14)	96.70	(8.29)	22.26
e) Expenses recognised during the year	25.72	26.50	85.58	227.60	184.47	171.32
5. Assumptions :						
a) Discount Rate (per annum)	8.10%	8.10%	8.10%	8.10% to 8.20%		
b) Expected rate of return on plan assets (per annum)	-	-	9% to 9.4%	9.00% to 9.40%		
c) Rate of increase in compensation level (per annum)	-	-	6.50% to 10%	6.50% 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.

	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			7.55%			19.03%
- State Government Securities			20.71%			21.09%
- Securities of Public Financial Institutions			58.97%			49.04%
- Private Sector Bonds / Securities			12.77%			10.84%
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.						
	(₹ /Lacs)					
	31st March, 2012		31st March, 2011		31st March, 2010	
	Gratuity	Leaves	Gratuity	Leaves	Gratuity	Leaves

iv) Reconciliation of fair value of assets and obligations for the past years

a) Present value of obligation	1171.35	446.50	935.42	417.58	716.10	273.57
b) Fair value of plan (assets)	(1,182.32)	-	(949.29)	-	(866.01)	-
c) Unfunded (asset)/liability recognised in the balance sheet	- *	446.50	- *	417.58	-*	273.57
d) Experience adjustments on plan liabilities - (loss)/gain	(70.22)	28.25	(92.21)	(55.40)	29.80	(68.84)
e) Experience adjustments on plan assets - (loss)/gain	1.06	-	-	-	6.24	-

* 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

The Group has taken various residential, office premises and vehicle under operating lease or licence agreements. These are cancellable; have a term of 11 months and five years. The agreements for premises cannot be terminated by either party before the expiry of one year. Agreements for leasing of vehicles can generally be terminated early by payment of nominal fees. The lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement. Lease payments are recognised in the statement of profit & loss in the year incurred.

- i) The Group has also entered into lease agreements relating to vehicles for its employees under operating lease agreement and for office premises, some of which are on non-cancellable basis for period specified in the agreements. The lease rentals for the current year and future minimum lease payment are as follows:

	Current Year (₹ / Lacs)	Previous Year (₹ / Lacs)
Lease rentals paid for the year	57.30	158.27
Lease rentals payable within one year	60.99	142.27
Lease rentals payable after one year but not more than five year	117.40	116.81
	<u>235.69</u>	<u>417.35</u>

- ii) The Company has taken office premises under non cancellable operating lease agreement. An amount of ₹ 10.37 lacs (previous year ₹ Nil) is recognized in the statement of profit & loss for the year ended March 31, 2014. The future minimum lease payments are as follows.

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

NOTE 28 - FIXED ASSETS / CAPITAL WORK IN PROGRESS INCURRED DURING THE YEAR INCLUDES :

a) Technical know-how fees	623.49	537.62
b) Professional charges	58.49	44.92
c) Technical support charges	464.73	98.07
d) Components, tools & spares	591.41	912.41
e) Travelling expenses	49.37	61.43
f) Interest to bank	270.84	464.91
g) Loss on foreign exchange fluctuations on ECB loan	(162.80)	639.96
h) Others	63.01	364.54
i) Salary	326.26	462.55
	<u>2284.80</u>	<u>3586.41</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	3650.60	4762.24
	<u>3650.60</u>	<u>4762.24</u>

NOTE 31 - CONTINGENT LIABILITIES

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

(a) Excise Duty

i) Show cause notice received and pending with Adjudication Authority	2004-05 to 2007-08 & 2012-13	1615.42	1536.28
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals.	2009-10 to 2010-11	84.52	3.71
	Total	<u>1699.93</u>	<u>1539.99</u>

(b) Service Tax

i) Show cause notice received and pending with Adjudication Authority	2008-09 to 2013-14	114.09	30.65
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals/ show cause notices.	2009-10 to 2011-12	228.81	261.73
	Total	<u>342.90</u>	<u>292.38</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 2013-14	809.86	636.15
---	--------------------	--------	--------

	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	6.25	5.76
ii) Case of valuation of import goods with special valuation branch under custom act	2013-14	81.25	-
* Includes penalty wherever indicated in the order and interest calculated up to 31-03-2014			
(e) Income Tax			
i) Cases pending before Courts / Appellate Authorities in respect of which the Company has filed appeal		-	30.53
(f) Customer's claim against Company		-	696.41
II) Customer bills discounted		300.00	1879.00
III) Letter of credit opened by banks for purchase of inventory / Capital goods		397.57	395.47
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	Current year			Previous year	
	Buy / Sell	Contracts (nos.)	Amount (in lacs)	Contracts (nos.)	Amount (in lacs)
Forward contracts (JPY)	Buy	135	6531.67	137	4959.33
Rupee equivalent value	Buy	135	4037.13	137	3017.45
Forward contracts (USD)	Buy	23	49.15	3	2.25
Rupee equivalent value	Buy	23	3253.71	3	123.74
Currency cum interest rates swaps (ECB) (USD)	Buy	3	122.50	2	85.00
Rupee equivalent value (ECB)	Buy	3	6853.18	2	4430.50
Currency swaps (ECB) (JPY)	Buy	-	-	1	4430.12
Rupee equivalent value (ECB)	Buy	-	-	1	2985.01
Forward contracts (SGD)	Buy	-	-	3	2.54
Rupee equivalent value	Buy	-	-	3	118.50

Un-hedged Foreign Currency Exposure :

(In Lacs)

	Current 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
ECB / long term borrowing	-	-	-	-	-	-
Rupee equivalent value	-	-	-	-	-	-
Trade receivables and loans & advances	-	5.60	28.74	70.56	0.0030	-
Rupee equivalent value	-	457.75	1716.67	151.57	0.30	-

(In Lacs)

	Previous Year					
	CHF	EURO	USD	YEN	GBP	SGD
Trade payables	1.35	0.51	17.96	1472.63	-	0.11
Rupee equivalent value	76.68	35.17	975.34	849.56	-	5.01
ECB / long term borrowing	-	-	-	5500.00	-	-
Rupee equivalent value	-	-	-	3172.95	-	-
Trade receivables and loans & advances	-	13.24	27.68	26.56	-	-
Rupee equivalent value	-	919.75	1502.47	15.32	-	-

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.

During the year, the Group has de-capitalized the net exchange gain arising on long term foreign currency loans to depreciable fixed assets amounting to ₹ 162.80 lacs previous year, the Group had capitalized the net exchange loss arising on long term foreign currency loans to depreciable assets amounting to ₹ 129.06 lacs.

The net amount of exchange loss capitalized to depreciable assets and remaining to be amortized as on March 31, 2014 is ₹ 792.40 lacs (previous year ₹ 1026.73 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 and loss.

NOTE 35 - 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 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	255.37	220.22
Add: addition during the year	751.97	323.14
Less: Charged off to the statement profit & loss	708.29	288.00
Closing balance	299.05	255.37

The warranty expenses of ₹ 708.29 lacs (previous year ₹ 288.00 lacs) are charged off to statement of profit & loss included under the head forwarding expenses (note 24).

NOTE 36 - AMALGAMATION OF WHOLLY OWNED SUBSIDIARY COMPANY

a) Pursuant to the scheme of amalgamation ('the Scheme') of erstwhile Sona Stampings Limited with the Company under Sections 391 to 394 of the Companies Act, 1956 sanctioned by Hon'ble High Courts of Delhi and Punjab & Haryana on 16th April 2014 and 28th April 2014 respectively, entire business and all assets and liabilities of Sona Stampings Limited were transferred and vested in the Company effective from April 01, 2013. Accordingly the Scheme has been given effect to in these financial statements.

The Sona Stampings Limited was engaged in manufacture and sale of sheet metal stampings, welded assemblies and modules for automotive industry.

b) The amalgamation has been accounted for under the "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" notified under the companies (Accounting Standard) Rules, 2006 (as amended under Section 211(3C) of Companies Act, 1956). Accordingly, the accounting treatment has been given as under:-

- The assets and liabilities as at April 01, 2013 were incorporated in the financial statement of the Company at its book value.
- Debit balance in the statement of profit & loss of Sona Stampings Limited as at April 01, 2013 amounting to ₹ 978.90 lacs was adjusted in Capital Redemption Reserve account for ₹ 120.66 lacs and the balance ₹ 858.24 lacs in Securities Premium account.
- 2,02,778 equity shares of ₹100 each fully paid in Sona Stampings Limited. held as investment by the Company stands cancelled and difference between the book value and face value of such shares amounting to ₹ 434.38 lacs was adjusted against the securities premium account of the Company.

NOTE 37 - REMUNERATION TO MANAGERIAL PERSONNEL

Remuneration paid to the Managerial Personnel consisting of Chairman, Vice Chairman & Managing Director and Deputy Managing Director, during the financial year 2013-2014, though approved by the Shareholders, due to inadequacy of profits has exceeded the limits prescribed under Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 by ₹ 177.90 lacs for the year. In addition to excess payment, the Company has also made a provision of ₹ 72.80 lacs for the year, to be paid to Managerial Personnel after requisite approvals.

After obtaining approval from its Board of Directors, the Company has applied to Central Government on 30th January, 2014 for its approval under Section 269 and 309 and other applicable provisions of Companies Act, 1956 for payment of the aforesaid remuneration as "Minimum Remuneration" for the year 2013-2014 and the Company is also seeking the required Shareholders' approval.

38(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)
PURCHASE OF GOODS	-	9750.47	4342.57	-	-	-	14093.04
Purchase of goods (previous year)	-	(11089.04)	(5515.66)	-	-	-	(16604.70)
PURCHASE OF CAPITAL GOODS	-	298.47	-	-	-	-	298.47
Purchase of capital goods (previous year)	-	(270.27)	-	-	-	-	(270.27)
CORPORATE GUARANTEE ON LOANS FROM BANK	-	7648.14	-	-	-	-	7648.14
Corporate guarantee on loans from banks (previous year)	-	(10586.11)	-	-	-	-	(10586.11)
SALE OF GOODS	-	173.72	63913.61	-	-	0.73	64088.06
Sale of goods (previous year)	-	(55.56)	(63983.27)	-	-	-	(64038.83)
RENDERING OF SERVICES	-	-	124.67	-	-	-	124.67
Rendering of services (previous year)	-	-	(129.57)	-	-	-	(129.57)
RECEIVING OF SERVICES	-	2206.42	126.66	-	-	21.59	2354.67
Receiving of services (previous year)	-	(1899.83)	(83.80)	-	-	-	(1983.63)
REIMBURSEMENT OF EXPENSES RECOVERED	-	55.22	66.57	-	-	-	121.79
Reimbursement of expenses recovered (previous year)	-	(94.72)	(35.05)	-	-	-	(129.77)
REIMBURSEMENT OF EXPENSES PAID	-	14.70	21.38	-	-	-	36.08
Reimbursement of expenses paid (previous year)	-	(16.26)	(3.76)	-	-	-	(20.02)
CASH DISCOUNT PAID	-	-	1.54	-	-	-	1.54
Cash discount paid (previous year)	-	-	(80.49)	-	-	-	(80.49)
OTHER INCOME	-	-	-	-	-	-	-
Other income (previous year)	-	-	(0.05)	-	-	-	(0.05)
LEASING OF PREMISES PAID	-	-	23.42	-	-	-	23.42
Leasing of premises paid (previous year)	-	-	(12.84)	-	-	-	(12.84)
SALE OF CAPITAL GOODS	-	-	-	-	-	41.03	41.03
Sale of capital goods (previous year)	-	-	-	-	-	-	-
ADVANCE PAID	-	-	-	-	-	19.21	19.21
Advance paid (previous year)	-	-	-	-	-	-	-
SECURITY DEPOSIT PAID	-	11.07	-	-	-	-	11.07
Security deposit paid (previous year)	-	-	-	-	-	-	-
INVESTMENT	-	-	-	-	-	150.00	150.00
Investment (previous year)	-	-	-	-	-	-	-
PURCHASE OF BOOK	-	0.05	-	-	-	-	0.05
Purchase of book (previous year)	-	-	-	-	-	-	-
REMUNERATION *	99.51	-	-	653.67	-	-	753.18
Remuneration (previous year)	(132.78)	-	-	(781.92)	-	-	(914.70)
DIRECTOR SITTING FEE	0.20	-	-	3.11	1.03	-	4.34
Director sitting fee (previous year)	(0.20)	-	-	(1.60)	(0.62)	-	(2.42)
DIVIDEND PAID	0.04	259.66	414.15	0.02	-	-	673.87
Dividend paid (previous year)	(0.04)	(259.66)	(414.15)	(0.38)	-	-	(674.23)
OUTSTANDING BALANCE AS ON 31.3.2014 (DEBIT)	-	-	6842.23	-	-	29.23	6871.46
Outstanding balance as on 31.03.2013 (Debit)	-	-	(5303.38)	-	-	-	(5303.38)
OUTSTANDING BALANCE AS ON 31.03.2014 (CREDIT)	-	3796.42	457.60	-	-	-	4254.02
Outstanding balance as on 31.03.2013 (Credit)	-	(4559.30)	(397.88)	-	-	-	(4957.18)

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

3. Others (Significant Influence)

1. JTEKT Corporation

1. Sona BLW Precision Forgings Ltd (Formerly known as Sona Okegawa Precision Forgings Limited)

3. Maruti Suzuki India Ltd.

5. Pune Heat Treat Pvt. Ltd.

7. Sona Autocomp Holding Ltd. (Formerly known as Sona Autocomp Holding Pvt. Ltd.)

9. Koyo Bearings India Pvt. Ltd.

11. Koyo Singapore Bearings PTE Ltd.

13. Summit Fuji Kiko Kuarata Co. Ltd., Thailand

15. Douglas Autotech Corporation, USA

17. PT JTEKT Indonesia

19. Somic ZF Components Limited (Formerly known as Sona Somic Lemforder Components Limited) transaction & balance upto 25th April, 2012

2. Mahindra Sona Ltd.

4. Sona e-design & Technologies Ltd.

6. Kapur Properties & Investment

8. Mandira Marketing Ltd.

10. Sona BLW Prazisionsschmiede GMBH

12. Fuji Kiko Company Ltd., JAPAN

14. Shye FU Koyo Mechanical Industry Co Ltd., China

16. Fuji Kiko Company - Czech republic

18. JTEKT Automotive Malaysia

20. Wheels Mobility Solutions Limited (Formerly known as Sona Mobility Services Limited) transaction upto 11th January, 2013

4. Key Management Personnel

1. Dr. Surinder Kapur - (Transactions disclosed under category (1) above)

2. Mr. Sudhir Chopra

4. Mr. Govindrajan Sunder Rajan

6. Mr. Keiichi Sakamoto

8. Mr. Takeshi Suzuki

10. Mr. K.M. Deshmukh (transaction upto 30-Apr-13)

3. Mr. Sunjay Kapur

5. Mr. Kiyozumi Kamiki

7. Mr. R Balaji

9. Mr. Y.Takeda

11. Mr. P.V. P. Parriker (transaction upto 30-Apr-13)

5. Relative To Key Management Personnel

6. Associates

1. Mr. J.M. Kapur

1. Sona Skill Development Centre Ltd.

NOTE 38(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 31.03.14	For the year ended 31.03.13
Other significant influence	Koyo Bearings India Pvt. Ltd.	Purchase of goods	3101.21	2695.16
Substantial interest	JTEKT Corporation	Purchase of goods	9750.47	11089.04
Substantial interest	JTEKT Corporation	Purchase of fixed assets	298.47	270.27
Other significant influence	Maruti Suzuki India Ltd.	Sales	60984.91	62422.12
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Rendering of services	124.67	129.57
Substantial interest	JTEKT Corporation	Receiving of services	2206.42	1899.83
Associates	Sona Skill Development Centre Ltd.	Sale of fixed assets	41.03	-
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Reimbursement of expenses recovered	45.71	-
Other significant influence	Koyo Bearings India Pvt. Ltd.	Reimbursement of expenses recovered	-	23.82
Substantial interest	JTEKT Corporation	Reimbursement of expenses recovered	55.22	94.72
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Reimbursement of expenses paid	7.40	-
Other significant influence	Koyo Bearings India Pvt. Ltd.	Reimbursement of expenses paid	7.93	-
Substantial interest	JTEKT Corporation	Reimbursement of expenses paid	14.70	16.26
Other significant influence	Maruti Suzuki India Ltd.	Cash discount paid	1.54	80.49
Associates	Sona Skill Development Centre Ltd.	Advance paid	19.21	-
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Other income	-	0.05
Substantial interest	JTEKT Corporation	Purchase of books	0.05	-
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Leasing of premises paid	10.37	-
Other significant influence	Pune Heat Treat Pvt. Ltd.	Leasing of premises paid	9.24	9.24
Other significant influence	Kapur Properties & Investment	Leasing of premises paid	3.81	3.60
Substantial interest	JTEKT Corporation	Corporate guarantee on Loans from bank	7648.14	10586.11
Significant control	Dr. Surinder Kapur	Remuneration & commission	99.51	132.78
Key management personnel	Mr. Sunjay Kapur	Remuneration & commission	160.37	263.47
Key management personnel	Mr. K.M. Deshmukh	Remuneration & commission	-	130.67
Key management personnel	Mr. Sudhir Chopra	Remuneration	134.19	112.00
Key management personnel	Mr. Govindrajan Sunder Rajan	Remuneration	135.20	108.95
Other significant influence	Maruti Suzuki India Ltd.	Dividend paid	89.70	89.70
Other significant influence	Sona Autocomp Holding Ltd.	Dividend paid	324.45	324.45
Substantial interest	JTEKT Corporation	Dividend paid	259.66	259.66
Associates	Sona Skill Development Centre Ltd.	Investment	150.00	-
Other significant influence	Sona BLW Precision Forgings Ltd. (Formerly known as Sona Okegawa Precision Forgings Ltd.)	Security deposit paid	11.07	-
Significant control	Dr. Surinder Kapur	Director sitting fee	-	0.20
Relative to key management personnel	Mr. J.M. Kapur	Director sitting fee	1.03	0.62
Key management personnel	Mr. K.M. Deshmukh	Director sitting fee	-	0.80
Key management personnel	Mr. Sudhir Chopra	Director sitting fee	1.10	0.80
Key management personnel	Mr. Sunjay Kapur	Director sitting fee	1.60	-
Other significant influence	Maruti Suzuki India Ltd.	Balances (Debit)	5970.78	4849.43
Substantial interest	JTEKT Corporation	Balances (Credit)	3796.42	4559.30

NOTE 39 - Previous year's figures have been regrouped/reclassified, wherever necessary.

Signature to Note1 to 39

As per our report of even date attached
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 : New Delhi
Dated : 30th May, 2014

Rajiv Chanana
Chief Financial Officer

Prem Kumar Chadha
Director - (DIN - 00245680)



▲ Agrimach India 2013
International conference on Agri-
machinery and equipment

◀ Auto Expo 2014



Sona Group, together with India's leading television network CNBC, created the platform of **Masterpreneur India** to unleash the potential of entrepreneurship in India.

Nurturing Future Leaders :
Masterpreneur India





Sona Koyo Steering Systems Ltd. - Cradle of Excellence



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

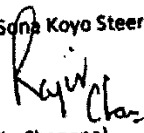
www.sonakoyosteering.com

Form - 'A'

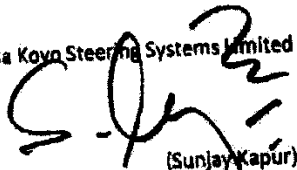
COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1.	Name of the Company	Sona Koyo Steering Systems Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit Observation	Un-qualified
4.	Frequency of Observation	Not Applicable

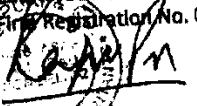
For Sona Koyo Steering Systems Limited


(Rajiv Chanana)
Chief Financial Officer


For Sona Koyo Steering Systems Limited


(Sunjay Kapur)
Vice Chairman & Managing Director

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


(Rajiv Puri)
Partner
Membership No. 84318

For Sona Koyo Steering Systems Limited


(Ravi Bhoothalingam)
Chairman - Audit Committee